



Consolidated Financial Statements

The Corporation of the Municipality of
Sioux Lookout

December 31, 2020

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 2020 Financial Statements have been reported on by The Corporation of the Municipality of Sioux Lookout's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Michelle Larose, Chief Administrative Officer



Doug Lawrance, Mayor

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Independent Auditor's Report

Grant Thornton LLP

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Sioux Lookout ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Sioux Lookout as at December 31, 2020, and its results of consolidated operations, its consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Grant Thornton LLP

Thunder Bay, Canada
May 19, 2021

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Sioux Lookout

Consolidated Statement of Financial Position

| As at December 31 | 2020 | 2019 |
|--|--------------------|--------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash and cash equivalents <i>[note 3]</i> | 9,805,274 | 8,048,971 |
| Taxes receivable <i>[note 4[a]]</i> | 1,896,583 | 1,227,860 |
| User charges receivable <i>[note 4[b]]</i> | 415,976 | 261,693 |
| Accounts receivable | 3,018,411 | 4,016,105 |
| Inventories for resale | 151,966 | 170,720 |
| Investment in government business enterprise <i>[note 5]</i> | 3,329,829 | 3,252,722 |
| Total financial assets | 18,618,039 | 16,978,071 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 2,662,849 | 1,848,347 |
| Deferred revenue <i>[note 6]</i> | 432,477 | 435,330 |
| Debt <i>[note 8]</i> | 19,501,082 | 20,556,376 |
| Landfill closure and post-closure liability <i>[note 9]</i> | 520,444 | 397,676 |
| Employee benefits liability <i>[note 10]</i> | 446,473 | 318,709 |
| Total liabilities | 23,563,325 | 23,556,438 |
| NET DEBT | (4,945,286) | (6,578,367) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets - net <i>[note 11] [schedule 2]</i> | 76,426,327 | 75,867,809 |
| Prepaid expenses | 177,824 | 413,338 |
| | 76,604,151 | 76,281,147 |
| Accumulated surplus <i>[schedule 1]</i> | 71,658,865 | 69,702,780 |

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 2020 \$ [note 16] | Actual 2020 \$ | Actual 2019 \$ |
|---|-----------------------------------|----------------------|----------------------|
| REVENUES [schedule 3] | | | |
| Taxation | | | |
| Residential and farm taxation | 8,569,216 | 8,436,463 | 7,587,808 |
| Commercial and industrial | 2,218,011 | 2,161,659 | 2,142,387 |
| Taxation from other governments | 708,466 | 709,262 | 696,016 |
| | 11,495,693 | 11,307,384 | 10,426,211 |
| User charges | | | |
| Water and sewer billings | 2,807,184 | 2,926,313 | 2,868,123 |
| Other fees and service charges | 6,236,864 | 4,900,885 | 6,688,318 |
| | 20,539,741 | 19,134,582 | 19,982,652 |
| Government transfers | | | |
| Government of Canada | 1,837,208 | 554,872 | 1,301,790 |
| Province of Ontario | 5,662,496 | 3,900,269 | 5,068,897 |
| | 7,499,704 | 4,455,141 | 6,370,687 |
| Other | | | |
| Investment income | 77,742 | 104,758 | 165,365 |
| Penalties, fines and late payment charges | 250,550 | 200,484 | 272,696 |
| Sale of fuel | 11,255,500 | 5,186,683 | 11,595,888 |
| Fundraising and donations from the public | 4,850 | 8,696 | 5,145 |
| Other municipalities (POA) | 140,000 | 15,411 | 137,390 |
| Licences, permits and rents | 93,860 | 78,968 | 156,231 |
| Income from investment in government business | 150,000 | 292,107 | 72,783 |
| Other | 226,155 | 90,281 | 246,058 |
| | 12,198,657 | 5,977,388 | 12,651,556 |
| Total revenues | 40,238,102 | 29,567,111 | 39,004,895 |

| | Budget 2020 \$ [note 16] | Actual 2020 \$ | Actual 2019 \$ |
|--|---|-------------------------------|-------------------------------|
| EXPENSES [note 12] [schedule 3] | | | |
| General government | 3,089,561 | 3,240,689 | 2,946,375 |
| Protection to persons and property | 2,521,788 | 2,380,472 | 3,597,140 |
| Transportation services | 18,457,691 | 11,995,789 | 18,211,074 |
| Environmental services | 3,788,356 | 3,672,238 | 3,518,199 |
| Health services | 1,207,714 | 1,399,084 | 1,420,861 |
| Social and family services | 2,329,666 | 1,704,469 | 2,136,486 |
| Social housing | 400,321 | 399,857 | 418,804 |
| Recreation and cultural services | 2,293,595 | 2,208,844 | 2,562,149 |
| Planning and development | 1,633,246 | 606,325 | 773,285 |
| | 35,721,938 | 27,607,767 | 35,584,373 |
| NET REVENUES BEFORE UNDERNOTED ITEM | | | |
| | 4,516,164 | 1,959,344 | 3,420,522 |
| OTHER | | | |
| Loss on disposal of tangible capital assets | - | (3,259) | (330,918) |
| Annual surplus | 4,516,164 | 1,956,085 | 3,089,604 |
| Accumulated surplus, beginning of year | 69,702,780 | 69,702,780 | 66,613,176 |
| Accumulated surplus, end of year [schedule 1] | 74,218,944 | 71,658,865 | 69,702,780 |

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 2020 \$ <i>[note 16]</i> | Actual 2020 \$ | Actual 2019 \$ |
|---|--|----------------------|----------------------|
| Annual surplus | 4,516,164 | 1,956,085 | 3,089,604 |
| Acquisition of tangible capital assets | (8,377,121) | (3,876,170) | (3,580,668) |
| Amortization of tangible capital assets | 3,314,391 | 3,314,391 | 3,327,346 |
| Loss on disposal of tangible capital assets | - | 3,261 | 330,918 |
| Acquisition of prepaid expenses | - | (177,824) | (413,338) |
| Use of prepaid expenses | - | 413,338 | 99,222 |
| Decrease in net debt | (546,566) | 1,633,081 | 2,853,084 |
| Net debt, beginning of year | (6,578,367) | (6,578,367) | (9,431,451) |
| Net debt, end of year | (7,124,933) | (4,945,286) | (6,578,367) |

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 | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| OPERATIONS | | |
| Annual surplus | 1,956,085 | 3,089,604 |
| Non-cash charges | | |
| Amortization of tangible capital assets | 3,314,391 | 3,327,346 |
| Loss on disposal of tangible capital assets | 3,261 | 330,918 |
| Landfill closure and post-closure costs | 122,768 | 41,088 |
| Employee future benefits | 127,764 | (103,568) |
| Income from government business enterprise | (292,107) | (292,217) |
| | 5,232,162 | 6,393,171 |
| Net change in non-cash working capital balances | | |
| Decrease (increase) in taxes receivable | (668,723) | 110,783 |
| Decrease in user charges receivable | (154,283) | (40,605) |
| Decrease (increase) in accounts receivable | 997,694 | (688,283) |
| Decrease inventories for resale | 18,754 | 16,902 |
| Increase (decrease) in accounts payable and accrued liabilities | 814,502 | (631,336) |
| Decrease in deferred revenue | (2,853) | (47,164) |
| Decrease (increase) in prepaid expenses | 235,514 | (314,116) |
| Cash provided by operating transactions | 6,472,767 | 4,799,352 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (3,876,170) | (3,580,668) |
| Cash used in capital transactions | (3,876,170) | (3,580,668) |
| INVESTING | | |
| Dividends from government business enterprise | 215,000 | 215,000 |
| Cash provided by investing transactions | 215,000 | 215,000 |
| FINANCING | | |
| Debt principal repayments | (1,228,268) | (1,432,819) |
| Long-term debt proceeds | 172,974 | 1,006,032 |
| Cash provided by financing transactions | (1,055,294) | (426,787) |
| Increase in cash and cash equivalents during year | 1,756,303 | 1,006,897 |
| Cash and cash equivalents, beginning of year | 8,048,971 | 7,042,074 |
| Cash and cash equivalents, end of year | 9,805,274 | 8,048,971 |

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

GENERAL

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

[a] Basis of consolidation

Reporting entity

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

Sioux Lookout Public Library Board
Sioux Lookout Airport

All interfund balances and transactions have been eliminated.

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

Sioux Lookout Hydro Inc.

Local boards

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

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

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020

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, 2020

[b] Inventories

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

Reserves and reserve funds

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

Taxation revenue

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

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

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

Government transfers

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

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

The Municipality receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended [note 6].

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020

2. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$225,431 [2019 - \$225,322] 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

| | 2020 \$ | 2019 \$ |
|----------------------|------------------|------------------|
| Cash in bank | 10,521,230 | 9,489,796 |
| Outstanding deposits | 133,540 | 319,724 |
| Outstanding cheques | (849,496) | (1,760,549) |
| | 9,805,274 | 8,048,971 |

The Municipality has available an operating line of credit of \$4,000,000 for which the Municipality has provided a borrowing by-law, of which \$nil [2019 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime minus .5% and is due on demand [3.45% at year-end]. The airport has an operating line of credit of \$500,000 with an interest rate of prime and is due on demand. The library has an operating line of credit of \$20,000 with an interest rate of prime and is due on demand.

4. TAXES AND USER CHARGES RECEIVABLE

[a] Taxes receivable

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Property and business taxes receivable | 3,404,542 | 2,558,954 |
| Allowance for property and business tax arrears | (1,507,959) | (1,331,094) |
| | 1,896,583 | 1,227,860 |

[b] User charges receivable

| | 2020 \$ | 2019 \$ |
|-------------------|------------|------------|
| Water receivables | 415,976 | 261,693 |

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

5. 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, 2020:

| | 2020 | 2019 |
|--|---------------------|--------------|
| | \$ | \$ |
| Financial position | | |
| Current assets | 3,391,384 | 3,622,472 |
| Tangible capital assets | 5,873,732 | 5,826,503 |
| Goodwill/regulatory assets | 196,185 | 161,975 |
| Right-of-use assets | 412,362 | 133,475 |
| | 9,873,663 | 9,744,425 |
| Current liabilities | | |
| Current liabilities | 5,057,841 | 4,920,942 |
| Non-current liabilities | 1,112,490 | 791,629 |
| Net assets, end of year | 3,703,332 | 4,031,854 |
| | 9,873,663 | 9,744,425 |
| Results of operations and changes in net assets | | |
| Revenues | 13,901,938 | 12,278,964 |
| Expenses | (13,605,331) | (11,986,747) |
| Net income for the year | 296,607 | 292,217 |
| Net assets, beginning of year | 3,252,722 | 3,175,505 |
| Dividends | (219,500) | (215,000) |
| Net assets, end of year | 3,329,829 | 3,252,722 |

There was a dividend declared and payable of \$219,500 [2019 - \$215,000]. During the year, Sioux Lookout Hydro Inc. billed electricity and services to The Corporation of the Municipality of Sioux Lookout in the amount of \$962,731 [2019 - \$1,052,136].

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, 2020

6. DEFERRED REVENUE

| | Government Transfer \$ | Other \$ | Total 2020 \$ | Total 2019 \$ |
|------------------------------|------------------------------|----------------|---------------------|---------------------|
| Obligatory reserve funds | | | | |
| Unearned Gas Tax proceeds | 21,930 | - | 21,930 | 4,586 |
| Other deferred revenue | | | | |
| Restricted donations | - | 242,935 | 242,935 | 244,417 |
| KDSB Child Care | - | 136,968 | 136,968 | 80,020 |
| OPP Policing | - | 30,644 | 30,644 | 106,307 |
| | 21,930 | 410,547 | 432,477 | 435,330 |

The continuity of deferred revenue is as follows:

| | 2020 \$ | 2019 \$ |
|-----------------------------------|----------------|------------|
| Balance, beginning of year | 435,330 | 482,494 |
| Grant proceeds - Gas Tax | 321,889 | 646,708 |
| Grant proceeds - other | 112,929 | 915,771 |
| Gas Tax revenue earned | (304,546) | (886,167) |
| Other grant revenue earned | (133,125) | (723,476) |
| Balance, end of year | 432,477 | 435,330 |

7. 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 2020 was \$560,717 [2019 - \$560,754] for current service.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

8. DEBT

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

| | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| Bank of Montreal | | |
| Fixed term loan, 3.75%, blended monthly payments of \$4,813; due 2020, to be repaid. | 4,278 | 8,543 |
| Fixed term loan, 2.86%, blended monthly payments of \$5,649; due 2024. | 558,986 | 609,995 |
| Fixed term loan, 2.86%, blended monthly payments of \$2,074; due in 2022. | 1,123,962 | 1,179,061 |
| Fixed term loan, 2.98%, blended monthly payments of \$3,187; due 2025. | 177,401 | 209,836 |
| Fixed term loan, 3.98%, blended monthly payments of \$9,177; due 2028. | 732,892 | 812,152 |
| Fixed term loan, 3.03%, blended monthly payments of \$1,798; due 2023. | 51,859 | 71,545 |
| Fixed term loan, 3.28%, blended monthly payments of \$3,200; due 2028. | 254,908 | 284,427 |
| Fixed term loan, 1.69%, blended monthly payments of \$912; due 2030. | 108,539 | - |
| Fixed term loan, 1.22%, blended monthly payments of \$1,092; due 2025. | 64,368 | - |
| TD Canada Trust | | |
| Bank loan, 3.71%, blended monthly payments to be determined at drawdown; due 2021. | 581,380 | 670,429 |
| Bank loan, 2.62%, blended monthly payments of \$6,045; due 2028. | 559,854 | 630,895 |
| Fixed term loan, 2.55%, blended monthly payments of \$3,200; due 2029. | 223,249 | 243,537 |
| Fixed term loan, 2.70%, blended monthly payments of \$16,438; due 2030. | 1,587,364 | 1,740,060 |
| Ontario Infrastructure and Lands Corporation | | |
| Fixed term loan, 2.36.%, blended monthly payments of \$8,044; due 2022. | 193,053 | 289,579 |
| Loan, 2.27 - 3.55%, blended semi-annual payments of \$219,682; due 2029 - 2038. | 5,320,965 | 5,576,619 |
| Carried Forward | 11,543,058 | 12,326,678 |

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

| | | |
|---|-------------------|------------|
| Brought Forward | 11,543,058 | 12,326,678 |
| Ontario Infrastructure and Lands Corporation | | |
| Loan, 1.68%, blended semi-annual payments of \$3,843; due 2021. | 7,591 | 15,056 |
| Loan, 2.27%, blended semi-annual payments of \$37,060; due 2026. | 362,625 | 423,063 |
| Loan, 3.13%, blended semi-annual payments of \$30,302; due 2036. | 739,785 | 776,372 |
| Sioux Lookout Airport | | |
| Fixed term loan, 2.88.%, blended monthly payments of \$142,519; due 2049. | 5,578,251 | 5,700,000 |
| Provincial Infrastructure Financing Authority | | |
| Loan, 2.73%, blended semi-annual payments of \$15,173; due 2035. | 361,359 | 381,428 |
| Loan, 3.05%, blended semi-annual payments of \$26,824; due 2044. | 908,413 | 933,779 |
| Total municipal debt | 19,501,082 | 20,556,376 |

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

| | |
|------------|-------------------|
| | \$ |
| 2021 | 1,224,740 |
| 2022 | 1,215,979 |
| 2023 | 1,092,657 |
| 2024 | 1,071,942 |
| 2025 | 1,071,942 |
| Thereafter | 13,823,822 |
| | 19,501,082 |

[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 \$678,595 [2019 - \$548,973].

9. LANDFILL CLOSURE AND POST-CLOSURE

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

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

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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 2.96%. The change in the recorded liability is \$122,768 [2019 - \$41,088] based on a total estimated undiscounted outflow in the future of \$3,934,103 [2019 - \$2,162,245], leaving an amount to be recognized in the future of \$3,772,123 [2019 - \$2,084,497] over the closure and post-closure period. The liability is not currently funded. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the site is 25 years and the remaining capacity of the site is 296,000 cubic metres. Post-closure care is estimated to continue for a range of approximately 11 - 25 years for the two sites.

10. EMPLOYEE FUTURE BENEFITS

Employee Future Benefits Liabilities

| | 2020 | 2019 |
|--|----------------|----------|
| | \$ | \$ |
| Vested and non-vested sick leave payable | 234,300 | 249,990 |
| Vacation payable | 83,642 | (63,724) |
| Banked stats and overtime | 43,531 | 36,243 |
| Post employment benefits payable | 85,000 | 96,200 |
| | 446,473 | 318,709 |

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, 2020 was determined by an actuarial valuation prepared for the year ended December 31, 2020.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020 are based on actuarial valuations for accounting purposes as at December 31, 2020. 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:

| | 2020 | 2019 |
|---|------|------|
| | % | % |
| Wage and salary escalation | 2.5 | 2.5 |
| Discount on accrued benefit obligations | 2.9 | 3.3 |

11. TANGIBLE CAPITAL ASSETS

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

| | 2020 | 2019 |
|---------------------------|-------------------|-------------------|
| | \$ | \$ |
| Land and land improvement | 6,164,002 | 6,356,487 |
| Buildings | 27,461,331 | 28,494,887 |
| Machinery and equipment | 3,325,701 | 3,661,658 |
| Vehicles | 2,840,437 | 2,967,477 |
| Library collections | 66,696 | 80,338 |
| Sanitary and storm sewer | 7,844,871 | 7,985,013 |
| Roads | 13,308,005 | 14,397,586 |
| Water distribution | 7,196,154 | 7,317,989 |
| Assets under construction | 8,219,130 | 4,606,374 |
| | 76,426,327 | 75,867,809 |

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 2020 [2019 - \$nil].

Interest capitalized during 2020 was \$nil [2019 - \$nil].

There were no contributed tangible capital assets in 2020 [2019 - \$nil].

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

12. SEGMENTED INFORMATION

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

General government

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

Protection to persons and property

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

Transportation services

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

Environmental services

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

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

Health services

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

Social and family services

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

Recreation and cultural services

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

Planning and development

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

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

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

13. 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:

| | 2020 \$ | 2019 \$ |
|-----------------------------|------------------|------------------|
| Reserves | | |
| Balance, beginning of year | 6,812,541 | 8,242,878 |
| Increases | | |
| Transfers to reserves | 1,567,755 | 2,587,617 |
| Decreases | | |
| Transfers from reserves | 1,242,999 | 4,017,954 |
| Balance, end of year | 7,137,297 | 6,812,541 |

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| Reserve funds | | |
| Balance, beginning of year | 5,983,599 | 4,566,521 |
| Increases | | |
| Transfers to reserve funds | 557,750 | 1,381,052 |
| Interest | 66,369 | 56,827 |
| | 624,119 | 1,437,879 |
| Decreases | | |
| Transfer from reserves for capital projects | 382,415 | 20,801 |
| | 382,415 | 20,801 |
| Balance, end of year | 6,225,303 | 5,983,599 |

14. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$7,345,375 [2019 - \$6,467,722] to support reserve funds.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

15. BUDGET FIGURES

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

| | Approved Fiscal Plan \$ | Adjustments \$ | Fiscal Plan per Financial Statements \$ |
|------------------------------------|----------------------------------|--------------------|--|
| Revenues | | | |
| Taxation | 11,495,693 | - | 11,495,693 |
| User charges | 9,044,048 | - | 9,044,048 |
| Government transfers | 7,499,704 | - | 7,499,704 |
| Other | 12,198,657 | - | 12,198,657 |
| | 40,238,102 | - | 40,238,102 |
| Expenses | | | |
| General government | 3,736,160 | (646,599) | 3,089,561 |
| Protection to persons and property | 2,613,809 | (92,021) | 2,521,788 |
| Transportation services | 19,754,073 | (1,296,382) | 18,457,691 |
| Environmental services | 2,974,780 | 813,576 | 3,788,356 |
| Health services | 1,434,232 | (226,518) | 1,207,714 |
| Social and family services | 2,677,487 | 52,500 | 2,729,987 |
| Recreation and cultural services | 3,053,687 | (760,092) | 2,293,595 |
| Planning and development | 3,993,874 | (2,360,628) | 1,633,246 |
| | 40,238,102 | (4,516,164) | 35,721,938 |
| Annual surplus | - | 4,516,164 | 4,516,164 |
| Interfund transfers | - | 676,298 | |
| Capital items | - | (8,395,121) | |
| Debt proceeds | - | 1,623,605 | |
| Debt repayments | - | (1,735,337) | |
| Amortization | - | 3,314,391 | |
| Approved surplus | - | (4,516,164) | |

16. 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 \$620,645 [2019 - \$893,088] and the loan was not in default.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2020

17. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been restated from statements previously presented to conform to the presentation of the 2020 financial statements.

18. IMPACTS OF COVID-19

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

Since December 31, 2019, the spread of COVID-19 has impacted many areas of the Municipality. Recreation has had to adapt to new COVID regulations for all areas of activities. Items such as number of individuals in our fitness centre, dealing with organizations such as Minor Hockey Associations with their new restrictions and new cleaning protocols. Daycare has had to adjust the number of childcare they were able to take due to new regulations. Municipality had to set new COVID-19 regulations for staff, including the wear of PPE, physical distancing, cleaning, and even provide additional sick time for COVID-19 days. The launch of new customer service enhancements were started to help with office closures along with virtual meetings so that the Municipality can still have Council meetings. All these areas and more have had additional costs associated with them. The Airport saw an 80% decrease in activity with the cancellation of flights.

Management responded to the pandemic by reducing costs in areas to help keep their expenses low knowing that revenue in certain areas would be reduced. Managers help track the additional costs they would need in order to accommodate the new COVID-19 regulations within their department.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, or their impact on the financial position and results of the Municipality for future periods.

The Corporation of the Municipality of Sioux Lookout

Schedule 1

Consolidated Schedule of Accumulated Surplus

| Year ended December 31 | 2020 | 2019 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Surplus (deficit) | | |
| General fund | (836,606) | (760,613) |
| Investment in tangible capital assets | 76,426,327 | 75,867,809 |
| Unfunded | | |
| Debt | (19,501,082) | (20,556,377) |
| Employee future benefits | (446,473) | (318,709) |
| Home for the aged | (155,286) | (180,516) |
| Landfill closure and post-closure liabilities | (520,444) | (397,676) |
| Total surplus | 54,966,436 | 53,653,918 |
| Reserves set aside for specific purposes by Council | | |
| For working capital | 2,222,716 | 2,231,655 |
| For capital expenditures | 4,914,581 | 4,580,886 |
| Total reserves | 7,137,297 | 6,812,541 |
| Reserve funds set aside for specific purposes by Council | | |
| For library acquisition of capital assets | 40,025 | 2,513 |
| For landfill closure and land development | 334,503 | 297,515 |
| For airport capital | 1,640,823 | 1,605,048 |
| For infrastructure | 1,820,657 | 1,708,955 |
| For utilities | 1,539,348 | 1,528,451 |
| For aggregate | 121,135 | 120,278 |
| For land development | 415,011 | 720,839 |
| For tourism | 313,801 | - |
| Total reserve funds | 6,225,303 | 5,983,599 |
| Net equity in government business enterprises | 3,329,829 | 3,252,722 |
| Accumulated surplus | 71,658,865 | 69,702,780 |

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

Schedule 2

Year ended December 31, 2020

| | General | | | | | Infrastructure | | | Totals | | |
|---|----------------------------------|-------------------|-------------------------------|------------------|--------------------------|--------------------------------|-------------------|--------------------------|---------------------------------|--------------------|--------------------|
| | Land and Land Improvements \$ | Buildings \$ | Machinery and Equipment \$ | Vehicles \$ | Library Collection \$ | Sanitary and Storm Sewer \$ | Roads \$ | Water Distribution \$ | Assets Under Construction \$ | 2020 \$ | 2019 \$ |
| COST | | | | | | | | | | | |
| Balance, beginning of year | 7,807,045 | 39,805,346 | 13,043,383 | 7,458,635 | 199,114 | 12,135,934 | 30,781,225 | 10,119,226 | 4,606,374 | 125,956,282 | 123,479,162 |
| Add | | | | | | | | | | | |
| Additions during the year | - | 14,600 | 65,375 | 164,556 | 18,883 | - | - | - | 3,612,756 | 3,876,170 | 3,580,668 |
| Less | | | | | | | | | | | |
| Disposals during the year | - | 6,676 | - | - | 17,553 | - | - | - | - | 24,229 | 1,103,548 |
| Balance, end of year | 7,807,045 | 39,813,270 | 13,108,758 | 7,623,191 | 200,444 | 12,135,934 | 30,781,225 | 10,119,226 | 8,219,130 | 129,808,223 | 125,956,282 |
| ACCUMULATED AMORTIZATION | | | | | | | | | | | |
| Balance, beginning of year | 1,450,558 | 11,310,459 | 9,381,725 | 4,491,158 | 118,776 | 4,150,921 | 16,383,639 | 2,801,237 | - | 50,088,473 | 47,533,757 |
| Add | | | | | | | | | | | |
| Amortization during the year | 192,485 | 1,044,895 | 401,332 | 291,596 | 32,525 | 140,142 | 1,089,581 | 121,835 | - | 3,314,391 | 3,327,346 |
| Less | | | | | | | | | | | |
| Accumulated amortization on disposals | - | 3,415 | - | - | 17,553 | - | - | - | - | 20,968 | 772,630 |
| Balance, end of year | 1,643,043 | 12,351,939 | 9,783,057 | 4,782,754 | 133,748 | 4,291,063 | 17,473,220 | 2,923,072 | - | 53,381,896 | 50,088,473 |
| Net book value of tangible capital assets, beginning of year | 6,356,487 | 28,494,887 | 3,661,658 | 2,967,477 | 80,338 | 7,985,013 | 14,397,586 | 7,317,989 | 4,606,374 | 75,867,809 | 75,945,405 |
| Net book value of tangible capital assets, end of year | 6,164,002 | 27,461,331 | 3,325,701 | 2,840,437 | 66,696 | 7,844,871 | 13,308,005 | 7,196,154 | 8,219,130 | 76,426,327 | 75,867,809 |

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

Schedule 3

Year ended December 31, 2020

| | General Government | | Protection to Persons and Property | | Transportation Services | | Environmental Services | | Health Services | |
|---|--------------------|-------------------|---------------------------------------|--------------------|----------------------------|-------------------|---------------------------|------------------|--------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | | | |
| Taxation | 11,307,384 | 10,426,211 | - | - | - | - | - | - | - | - |
| Grants | 2,132,965 | 1,528,354 | 85,301 | 1,330,012 | 992,357 | 1,741,818 | 59,738 | 57,557 | - | - |
| User fees and service charges | 848,898 | 553,866 | 12,528 | 15,276 | 2,763,831 | 4,374,611 | 3,551,463 | 3,425,586 | 146,255 | 143,600 |
| Sale of aviation fuel | - | - | - | - | 5,186,683 | 11,595,888 | - | - | - | - |
| Other revenues | 479,574 | 332,035 | 83,709 | 257,230 | 1,208 | 3,202 | 8,858 | 13,260 | 3,748 | 3,241 |
| Interest income - general | 44,538 | 99,552 | - | - | 76,564 | 134,165 | - | - | - | - |
| | 14,813,359 | 12,940,018 | 181,538 | 1,602,518 | 9,020,643 | 17,849,684 | 3,620,059 | 3,496,403 | 150,003 | 146,841 |
| Expenses | | | | | | | | | | |
| Salaries, wages and employee benefits | 2,106,203 | 2,088,625 | 397,978 | 484,656 | 2,460,988 | 2,224,913 | 918,842 | 950,713 | 409,948 | 423,028 |
| Long-term debt charges | 84,538 | 88,523 | - | - | 275,032 | 145,754 | 273,084 | 263,148 | 30,867 | 33,948 |
| Materials | 776,676 | 510,009 | 162,933 | 226,452 | 6,928,930 | 13,509,844 | 1,263,929 | 1,105,240 | 141,776 | 185,490 |
| Contracted services | 200,413 | 201,491 | 1,722,751 | 2,788,523 | 310,253 | 301,259 | 478,706 | 456,913 | 79,470 | 77,130 |
| Rent and financials | 32,650 | 15,809 | - | - | 7,927 | 6,877 | 5,083 | 4,193 | 37,369 | 36,421 |
| External transfers to others | - | - | - | - | - | - | - | - | 668,408 | 633,598 |
| Amortization | 40,209 | 41,918 | 96,810 | 97,509 | 2,012,659 | 2,022,427 | 732,594 | 737,992 | 31,246 | 31,246 |
| | 3,240,689 | 2,946,375 | 2,380,472 | 3,597,140 | 11,995,789 | 18,211,074 | 3,672,238 | 3,518,199 | 1,399,084 | 1,420,861 |
| Net revenues (expenses) before undernoted item | 11,572,670 | 9,993,643 | (2,198,934) | (1,994,622) | (2,975,146) | (361,390) | (52,179) | (21,796) | (1,249,081) | (1,274,020) |
| Loss on disposal of tangible capital assets | - | - | - | - | (3,259) | 330,918 | - | - | - | - |
| Annual surplus (deficit) | 11,572,670 | 9,993,643 | (2,198,934) | (1,994,622) | (2,978,405) | (30,472) | (52,179) | (21,796) | (1,249,081) | (1,274,020) |

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

Schedule 3 (continued)

Year ended December 31, 2020

| | Social and Family Services | | Social Housing | | Recreation and Cultural Services | | Planning and Development | | Total | |
|---|----------------------------|-----------|------------------|-----------|----------------------------------|-------------|--------------------------|-----------|-------------------|------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | | | |
| Taxation | - | - | - | - | - | - | - | - | 11,307,384 | 10,426,211 |
| Grants | 809,374 | 818,904 | - | - | 298,689 | 719,396 | 76,717 | 174,646 | 4,455,141 | 6,370,687 |
| User fees and service charges | 200,002 | 513,043 | - | - | 273,370 | 482,644 | 30,851 | 47,815 | 7,827,198 | 9,556,441 |
| Sale of aviation fuel | - | - | - | - | - | - | - | - | 5,186,683 | 11,595,888 |
| Other revenues | 3,160 | 4,394 | - | - | 6,897 | 6,838 | 82,449 | 201,751 | 669,603 | 821,951 |
| Interest income - general | - | - | - | - | - | - | - | - | 121,102 | 233,717 |
| | 1,012,536 | 1,336,341 | - | - | 578,956 | 1,208,878 | 190,017 | 424,212 | 29,567,111 | 39,004,895 |
| Expenses | | | | | | | | | | |
| Salaries, wages and employee benefits | 1,018,611 | 1,386,891 | - | - | 1,143,863 | 1,334,122 | 211,244 | 244,199 | 8,667,677 | 9,137,147 |
| Long-term debt charges | - | - | - | - | 15,074 | 17,600 | - | - | 678,595 | 548,973 |
| Materials | 70,809 | 130,604 | - | - | 478,214 | 603,104 | 207,188 | 412,352 | 10,030,455 | 16,683,095 |
| Contracted services | 1,772 | 18,574 | - | - | 166,197 | 203,153 | 187,893 | 116,734 | 3,147,455 | 4,163,777 |
| Rent and financials | - | - | - | - | 4,623 | 7,916 | - | - | 87,652 | 71,216 |
| External transfers to others | 613,277 | 600,417 | 399,857 | 418,804 | - | - | - | - | 1,681,542 | 1,652,819 |
| Amortization | - | - | - | - | 400,873 | 396,254 | - | - | 3,314,391 | 3,327,346 |
| | 1,704,469 | 2,136,486 | 399,857 | 418,804 | 2,208,844 | 2,562,149 | 606,325 | 773,285 | 27,607,767 | 35,584,373 |
| Net revenues (expenses) before undernoted item | (691,933) | (800,145) | (399,857) | (418,804) | (1,629,888) | (1,353,271) | (416,308) | (349,073) | 1,959,344 | 3,420,522 |
| Loss on disposal of tangible capital assets | - | - | - | - | - | - | - | - | (3,259) | (330,918) |
| Annual surplus (deficit) | (691,933) | (800,145) | (399,857) | (418,804) | (1,629,888) | (1,353,271) | (416,308) | (349,073) | 1,956,085 | 3,089,604 |

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Sioux Lookout Public Library (“the Library”), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sioux Lookout Public Library as at December 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Grant Thornton LLP

Thunder Bay, Canada
May 19, 2021

Chartered Professional Accountants
Licensed Public Accountants

Sioux Lookout Public Library Board Statement of Financial Position

| As at December 31 | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | 75,464 | 43,129 |
| Accounts receivable | 5,850 | 6,527 |
| Total financial assets | 81,314 | 49,656 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 20,719 | 42,082 |
| Deferred revenue | 25,500 | - |
| Total liabilities | 46,219 | 42,082 |
| NET FINANCIAL ASSETS | 35,095 | 7,574 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets - net <i>[note 2]</i> | 85,279 | 101,173 |
| Prepaid expenses | 311 | 1,577 |
| | 85,590 | 102,750 |
| Accumulated surplus <i>[note 3]</i> | 120,685 | 110,324 |

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Operations and Accumulated Surplus

| Year ended December 31 | 2020 | 2020 | 2019 |
|---|-----------------|----------------|---------|
| | Budget | Actual | Actual |
| | \$ | \$ | \$ |
| | <i>[note 4]</i> | | |
| REVENUES | | | |
| Province of Ontario operating grant | 11,703 | 11,703 | 11,703 |
| Sioux Lookout operating subsidy | 348,000 | 348,000 | 342,001 |
| Other municipal provincial grants | 3,055 | - | 25,169 |
| Other | 14,150 | 10,401 | 16,368 |
| Total revenues | 376,908 | 370,104 | 395,241 |
| EXPENSES | | | |
| Amortization | 34,777 | 34,777 | 29,270 |
| Book purchases | 7,600 | 4,698 | 13,537 |
| Building maintenance | 15,199 | 10,342 | 16,121 |
| Furniture and equipment | 3,250 | 12,190 | 3,180 |
| Legal, audit and insurance | 4,360 | 4,880 | 4,476 |
| Miscellaneous | 7,475 | 7,811 | 5,569 |
| Periodicals and newspapers | 11,655 | 14,239 | 10,728 |
| Professional development | 4,800 | 787 | 2,641 |
| Salaries and benefits | 275,279 | 248,004 | 271,362 |
| Supplies | 9,635 | 9,780 | 12,715 |
| Utilities | 13,655 | 12,235 | 12,246 |
| Total expenses | 387,685 | 359,743 | 381,845 |
| Annual surplus (deficit) | (10,777) | 10,361 | 13,396 |
| Accumulated surplus, beginning of year | 110,324 | 110,324 | 96,928 |
| Accumulated surplus, end of year | 99,547 | 120,685 | 110,324 |

See accompanying notes to the financial statements.

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

| Year ended December 31 | 2020 | 2020 | 2019 |
|---|---------------------------------|-----------------|--------------|
| | Budget \$ <i>[note 4]</i> | Actual \$ | Actual \$ |
| Annual surplus (deficit) | (10,777) | 10,361 | 13,396 |
| Acquisition of tangible capital assets | (24,000) | (18,883) | (43,784) |
| Amortization of tangible capital assets | 34,777 | 34,777 | 29,270 |
| Acquisition of prepaids | - | (311) | (1,577) |
| Use of prepaid expenses | - | 1,577 | 1,078 |
| Increase (decrease) in net financial assets | - | 27,521 | (1,617) |
| Net financial assets, beginning of year | 7,574 | 7,574 | 9,191 |
| Net financial assets, end of year | 7,574 | 35,095 | 7,574 |

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board Statement of Cash Flows

| Year ended December 31 | 2020 | 2019 |
|--|-----------------|----------|
| | \$ | \$ |
| OPERATIONS | | |
| Annual surplus | 10,361 | 13,396 |
| Non-cash charges | | |
| Amortization of tangible capital assets | 34,777 | 29,270 |
| | 45,138 | 42,666 |
| Net change in non-cash working capital balances | | |
| Decrease (increase) in accounts receivable | 677 | (3,894) |
| Decrease (increase) prepaid expenses | 1,266 | (499) |
| Increase (decrease) in accounts payable and accrued liabilities | (21,363) | 15,503 |
| Increase in deferred revenue | 25,500 | - |
| Cash provided by operating transactions | 51,218 | 53,776 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (18,883) | (43,784) |
| Cash used in capital transactions | (18,883) | (43,784) |
| Increase in cash and cash equivalents during | | |
| year | 32,335 | 9,992 |
| Cash and cash equivalents, beginning of year | 43,129 | 33,137 |
| Cash and cash equivalents, end of year | 75,464 | 43,129 |

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2020

NATURE OF OPERATIONS

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

Accrual accounting

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

Tangible capital assets

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

| | |
|--------------------|---------------|
| Library collection | 3 to 40 years |
|--------------------|---------------|

Cash and cash equivalents

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

Revenue recognition

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

Government transfers

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

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

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2020

Use of estimates

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

2. TANGIBLE CAPITAL ASSETS

| | Furniture \$ | Library collection \$ | 2020 Total \$ | 2019 Total \$ |
|---|-----------------|-----------------------------|---------------------|---------------------|
| COST | | | | |
| Balance, beginning of year | 22,525 | 197,424 | 219,949 | 176,165 |
| Add: | | | | |
| Additions during the year | - | 18,883 | 18,883 | 43,784 |
| Less: | | | | |
| Disposals during the year | - | 17,553 | 17,553 | - |
| Balance, end of year | 22,525 | 198,754 | 221,279 | 219,949 |
| ACCUMULATED AMORTIZATION | | | | |
| Balance, beginning of year | 1,689 | 117,087 | 118,776 | 89,506 |
| Add: | | | | |
| Amortization during the year | 2,252 | 32,525 | 34,777 | 29,270 |
| Less: | | | | |
| Accumulated amortization on disposals | - | 17,553 | 17,553 | - |
| Balance, end of year | 3,941 | 132,059 | 136,000 | 118,776 |
| Net book value of tangible capital assets, beginning of year | 20,836 | 80,337 | 101,173 | 86,659 |
| Net book value of tangible capital assets, end of year | 18,584 | 66,695 | 85,279 | 101,173 |

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2020

3. ACCUMULATED SURPLUS

| | 2020 \$ | 2019 \$ |
|---------------------------------------|----------------|----------------|
| General fund | 1,081 | 10,995 |
| Investment in tangible capital assets | 85,279 | 101,173 |
| Unfunded vest sick leave | (5,700) | (5,300) |
| Reserve fund | 40,025 | 3,456 |
| Accumulated surplus | 120,685 | 110,324 |

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 2020 Budget \$ | PSAB Adjustment \$ | PSAB Adjusted Budget \$ |
|---|-------------------------------|--------------------------|----------------------------------|
| Revenues | 376,908 | - | 376,908 |
| Expenses | 376,908 | 10,777 | 387,685 |
| Annual surplus (deficit) | - | (10,777) | (10,777) |
| Less: | | | |
| Acquisition of tangible capital assets | - | (24,000) | (24,000) |
| Add: | | | |
| Amortization of tangible capital assets | - | 34,777 | 34,777 |
| Increase in net financial assets | - | - | - |

5. BANK INDEBTEDNESS

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

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2020

6. SEGMENT DISCLOSURE

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

7. EMPLOYEE FUTURE BENEFITS

Employee Future Benefits Liabilities

| | 2020 | 2019 |
|--|--------------|-------|
| | \$ | \$ |
| Vested and non-vested sick leave payable | 5,700 | 5,300 |

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, 2020 was determined by an actuarial valuation prepared for the year ended December 31, 2020.

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, 2020 are based on actuarial valuations for accounting purposes as at December 31, 2020. 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 Library's best estimates of expected rates of:

| | 2020 | 2019 |
|---|------------|------|
| | % | % |
| Wage and salary escalation | 2.5 | 2.5 |
| Discount on accrued benefit obligations | 2.9 | 3.3 |

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2020

8. SUBSEQUENT EVENT

Since December 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Library has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Library for future periods.

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Corporation of the Municipality of Sioux Lookout Trust Funds ("the Trust Funds"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Sioux Lookout Trust Funds as at December 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Grant Thornton LLP

Thunder Bay, Canada
May 19, 2021

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31 2020 2019

| | Cemetery Perpetual Care \$ | Elsie Cosco Memorial Scholarship Fund \$ | Mayfair Theatre Fund \$ | Total \$ | Total \$ |
|---|-------------------------------------|--|----------------------------------|----------------|----------------|
| FINANCIAL ASSETS | | | | | |
| Investments | 154,816 | 53,151 | 22,264 | 230,231 | 230,122 |
| Receivable from the Municipality of Sioux Lookout | - | - | 600 | 600 | 600 |
| Total financial assets | 154,816 | 53,151 | 22,864 | 230,831 | 230,722 |
| FINANCIAL LIABILITIES | | | | | |
| Repayable to the Municipality of Sioux Lookout | - | 5,400 | - | 5,400 | 5,400 |
| Accumulated surplus | 154,816 | 47,751 | 22,864 | 225,431 | 225,322 |
| | 154,816 | 53,151 | 22,864 | 230,831 | 230,722 |

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

2020

2019

| | Cemetery Perpetual Care \$ | Elsie Cosco Memorial Scholarship Fund \$ | Mayfair Theatre Fund \$ | Total \$ | Total \$ |
|--|-------------------------------------|--|----------------------------------|----------------|----------------|
| REVENUES | | | | | |
| Capital receipts | - | - | - | - | 624 |
| Interest income | 109 | - | - | 109 | 73 |
| Total revenues | 109 | - | - | 109 | 697 |
| EXPENSES | | | | | |
| Transfer to the Municipality of Sioux Lookout | - | - | - | - | 1,968 |
| NET REVENUES | 109 | - | - | 109 | (1,271) |
| Annual surplus | 109 | - | - | 109 | (1,271) |
| Accumulated surplus, beginning of year | 154,707 | 47,751 | 22,864 | 225,322 | 226,593 |
| Accumulated surplus, end of year | 154,816 | 47,751 | 22,864 | 225,431 | 225,322 |

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 | 2020 | 2019 |
|---|--------------|----------------|
| | \$ | \$ |
| OPERATIONS | | |
| Annual surplus | 109 | (1,271) |
| Net changes in non-cash working capital balances | | |
| Decrease in payable to the Municipality of Sioux Lookout | - | (1,832) |
| Cash provided by (used in) operating transactions | 109 | (3,103) |
| INVESTING | | |
| (Increase) decrease in investments | (109) | 3,103 |
| Cash provided by (used in) investing | (109) | 3,103 |
| Increase in cash during year | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | - | - |

See accompanying notes to the financial statements.

The Corporation of the Municipality of Sioux Lookout Trust Funds

Notes to the Financial Statements

December 31, 2020

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.