

**Corporation of the Municipality  
of Sioux Lookout  
Consolidated Financial Statements  
For the year ended December 31, 2009**

**Corporation of the Municipality of Sioux Lookout  
Consolidated Financial Statements  
For the year ended December 31, 2009**

---

**Contents**

<b>Corporation of the Municipality of Sioux Lookout</b>	
Auditors' Report	2
<b>Consolidated Financial Statements</b>	
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Change in Net Debt	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to the Consolidated Financial Statements	10
Schedule of Deferred Revenue	26
<b>Corporation of the Municipality of Sioux Lookout Trust Funds</b>	
Auditors' Report	27
Statement of Financial Position	28
Statement of Continuity	29
Notes to Financial Statements	30
<b>Corporation of the Municipality of Sioux Lookout Public Library Board</b>	
Auditors' Report	31
Statement of Financial Position	32
Statement of Financial Activities and Members' Deficit	33
Statement of Changes in Financial Position	34
Summary of Significant Accounting Policies	35
Notes to Financial Statements	38



Tel: 807 223 5321  
Fax: 807 223 2978  
www.bdo.ca

BDO Canada LLP  
37 King Street  
PO Box 3010  
Dryden ON P8N 3G3 Canada

---

## Auditors' Report

---

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

We have audited the consolidated statement of financial position of Corporation of the Municipality of Sioux Lookout as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended. These financial statements are the responsibility of Corporation of the Municipality of Sioux Lookout's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Municipality of Sioux Lookout as at December 31, 2009 and the results of its operations, change in net debt, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

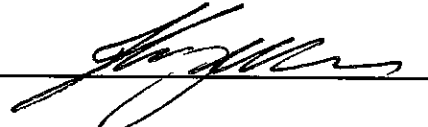
Chartered Accountants, Licensed Public Accountants

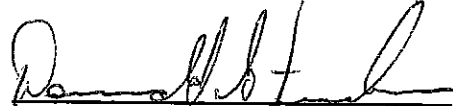
Dryden, Ontario

April 30, 2010, except for the tangible capital asset conversion as described in Note 1,  
which is as of November 26, 2010

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

December 31	2009	2008
		Restated (Note 1)
<b>Financial assets</b>		
Cash and cash equivalents	\$ 701,474	\$ 347,887
Temporary investments (Note 2)	-	363,011
Taxes receivable	798,677	764,213
Accounts receivable	1,492,851	935,550
Grants receivable	1,810,908	2,283,546
Investment in government business enterprise (Note 3)	2,877,877	2,947,084
Payment in lieu receivable (Note 4)	60,215	61,027
Inventories for resale	104,138	127,789
	<u>7,846,140</u>	<u>7,830,107</u>
<b>Liabilities</b>		
Bank indebtedness (Note 5)	647,427	1,290,046
Accounts payable and accrued liabilities	3,384,260	2,165,432
Employee benefits liability (Note 6)	576,728	664,672
Deferred revenue (Schedule)	636,793	2,195,254
Net long-term liabilities (Note 7)	11,925,110	7,190,884
Solid waste closure and post closure liabilities (Note 8)	177,880	188,867
	<u>17,348,198</u>	<u>13,695,155</u>
<b>Net debt</b>	<u>(9,502,058)</u>	<u>(5,865,048)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	44,071,099	38,575,956
<b>Accumulated surplus (Note 10)</b>	<u>\$ 34,569,041</u>	<u>\$ 32,710,908</u>

 Treasurer

 Mayor

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

For the year ended December 31	Budget 2009	2009	2008
	(Note 21)		Restated (Note 1)
<b>Revenue</b>			
Taxation (Note 19)	\$ 6,521,169	\$ 6,228,230	\$ 6,382,288
Canada grants	2,171,932	771,663	6,342,299
Ontario grants	14,253,460	6,226,531	4,699,701
Fees, rentals and user charges	7,690,806	5,730,348	5,412,512
Income from government business enterprises (Note 3)	-	93,107	104,201
Other (Note 11)	11,974,274	8,198,858	11,217,489
	<u>42,611,641</u>	<u>27,248,737</u>	<u>34,158,490</u>
<b>Expenses (Note 12)</b>			
General government	2,139,512	2,111,070	2,179,163
Protection services	2,910,312	2,766,362	2,677,868
Transportation services	10,914,201	11,627,702	14,209,681
Environmental services	2,382,831	3,330,526	3,363,116
Health services	465,293	691,923	761,962
Social and family services	2,200,123	2,129,518	2,310,454
Social housing	342,077	324,879	387,400
Recreation and cultural services	2,231,758	1,672,499	1,740,924
Planning and development	1,240,159	812,811	549,142
	<u>24,826,266</u>	<u>25,467,290</u>	<u>28,179,710</u>
Annual surplus before transfer of Sioux Lookout Non-Profit Housing Fund Balance	17,785,375	1,781,447	5,978,780
Transfer of Sioux Lookout Non-Profit Housing Fund Balance (Note 20)	-	-	7,963,948
Annual surplus	<u>17,785,375</u>	<u>1,781,447</u>	<u>13,942,728</u>
Accumulated surplus (deficit), beginning of year, as previously stated	32,710,908	32,710,908	(12,386,419)
Change in accounting policy (Note 1)	-	-	31,085,451
Prior period adjustment (Note 3)	-	76,686	69,148
Accumulated surplus, beginning of year, restated	<u>32,710,908</u>	<u>32,787,594</u>	<u>18,768,180</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 50,496,283</u>	<u>\$ 34,569,041</u>	<u>\$ 32,710,908</u>

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

**Corporation of the Municipality of Sioux Lookout**  
**Consolidated Statement of Change in Net Debt**

<u>For the year ended December 31</u>	<u>Budget 2009</u>	<u>2009</u>	<u>2008</u>
	(Note 21)		Restated (Note 1)
<b>Annual surplus</b>	\$ 16,953,374	\$ 1,781,447	\$ 13,942,728
Acquisition of tangible capital assets	(17,283,619)	(7,874,187)	(9,791,474)
Amortization of tangible capital assets	-	2,379,044	2,113,442
Loss on disposal of tangible capital assets	-	-	187,527
Prior period adjustment (Note 3)	-	76,686	69,148
<b>Net change in net debt</b>	<b>(330,245)</b>	<b>(3,637,010)</b>	<b>6,521,371</b>
<b>Net debt, beginning of year</b>	<b>(5,865,048)</b>	<b>(5,865,048)</b>	<b>(12,386,419)</b>
<b>Net debt, end of year</b>	<b>\$ (6,195,293)</b>	<b>\$ (9,502,058)</b>	<b>\$ (5,865,048)</b>

**Corporation of the Municipality of Sioux Lookout**  
**Consolidated Statement of Cash Flows**

<u>For the year ended December 31</u>	<u>2009</u>	<u>2008</u>
		Restated (Note 1)
<b>Operating transactions</b>		
Annual surplus	\$ 1,781,447	\$ 13,942,728
Items not involving cash		
Income from government business enterprise	(93,107)	(104,201)
Amortization	2,379,044	2,113,442
Loss on disposal of tangible capital assets	-	187,527
<b>Changes in non-cash operating balances</b>		
Taxes receivable	(34,464)	148,508
Accounts receivable	(557,301)	272,783
Inventories for resale	23,651	36,351
Grants receivable	472,638	1,115,466
Accounts payable and accrued liabilities	1,218,828	(574,068)
Employee Benefits Plan liability	(87,944)	83,382
Payment in lieu receivable	815	(23,791)
Deferred revenue	(1,558,461)	1,409,155
Solid waste closure and post closure liabilities	(10,987)	(299,607)
	<u>3,534,159</u>	<u>18,307,675</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(7,874,187)</u>	<u>(9,791,474)</u>
<b>Investing transactions</b>		
Dividends from government business enterprise	239,000	185,000
Temporary investments	<u>363,011</u>	<u>1,591,177</u>
	<u>602,011</u>	<u>1,776,177</u>
<b>Financing transactions</b>		
Decrease in bank indebtedness	(642,622)	(446,731)
Increase (repayment) of long-term debt	<u>4,734,226</u>	<u>(10,419,535)</u>
	<u>4,091,604</u>	<u>(10,866,266)</u>
<b>Net change in cash and cash equivalents</b>	<b>353,587</b>	<b>(573,888)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>347,887</u>	<u>921,775</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 701,474</u>	<u>\$ 347,887</u>

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

---

# Corporation of the Municipality of Sioux Lookout

## Summary of Significant Accounting Policies

December 31, 2009

---

### Management's Responsibility for the Financial Statements

The consolidated financial statements of Corporation of the Municipality of Sioux Lookout are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Corporation of the Municipality of Sioux Lookout is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. Corporation of the Municipality of Sioux Lookout provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

### Basis of Consolidation

The consolidated financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Corporation of the Municipality of Sioux Lookout. The following entities have been consolidated:

Corporation of the Municipality of Sioux Lookout Public Library Board  
Sioux Lookout Airport Commission

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

Sioux Lookout Hydro Inc.

### Non-consolidated Entities

The following joint boards are not consolidated:

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

### Basis of Accounting

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

### Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.



---

## Corporation of the Municipality of Sioux Lookout

### Summary of Significant Accounting Policies

December 31, 2009

---

**Temporary  
Investments**

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Inventory Held  
for Resale**

Inventory held for resale is valued at the lower of cost and net realizable value.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 30 years
Buildings	10 to 40 years
Machinery and equipment	10 to 15 years
Linear Assets	5 to 50 years
Vehicles	8 to 20 years

**Collection of Taxes on  
Behalf of Other Taxation  
Authorities**

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

**Trust Funds**

Trust funds held in trust by Corporation of the Municipality of Sioux Lookout, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

---

# Corporation of the Municipality of Sioux Lookout

## Summary of Significant Accounting Policies

December 31, 2009

---

- Government Transfers** Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
- Tax Revenues** The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.
- Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the Township in the form of the returned assessment roll in December of each year.
- The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.
- Fees, Rentals and User Charges** Revenues are recorded in the accounts when title passes to the buyer and/or when services have been rendered and the transaction can be reasonably measured.
- Solid Waste Landfills** The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.
- Use of Estimates** The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

---

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

**December 31, 2009**

---

**1. Change in Accounting Policy**

On January 1, 2009 Corporation of the Municipality of Sioux Lookout adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, revenue from contributed assets, and amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the tangible capital asset standard was as follows:

	<u>2008</u>
<u>Statement of Financial Position</u>	
Increase in capital assets	\$ <u>38,575,956</u>
Increase in accumulated surplus	\$ <u>38,575,956</u>
<u>Statement of Operations</u>	
Increase (decrease) in expenses	
General government	(14,640)
Protection services	(3,166)
Transportation services	(6,144,783)
Environmental services	1,200,147
Health services	41,959
Social and family services	8,087
Recreational and cultural services	97,375
Planning and development	<u>(2,675,484)</u>
Total decrease in expenses	\$ <u>(7,490,505)</u>
Increase in annual surplus	\$ <u>7,490,505</u>
Increase in opening accumulated surplus	\$ <u>31,085,451</u>

---

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

December 31, 2009

**2. Temporary Investments**

	2009	2008
		Restated (Note 1)
Unrestricted	\$ -	\$ 363,011

Investments have a market value of \$nil (2008 - \$363,011) at the end of the year.

The restricted temporary investments comprises a term investment of the federal gas tax rebates. The term investment has an interest rate of 2.5% (2008 - 2.5%).

**3. Investment in Government Business Enterprise**

Sioux Lookout Hydro Inc. is owned and controlled by Corporation of the Municipality of Sioux Lookout and, as a business enterprise of the municipality, is accounted for on a modified equity basis in these financial statements. The following information provides condensed supplementary information for the enterprise for the year ended December 3, 2009.

	2009	2008
		Restated (Note 1)
<b>Financial position</b>		
Current assets	\$ 2,693,359	\$ 2,625,284
Capital assets	4,575,160	4,635,240
Goodwill/regulatory assets	746,813	471,760
	<b>\$ 8,015,332</b>	<b>\$ 7,732,284</b>
Current liabilities	\$ 5,137,455	\$ 4,785,200
Net assets, end of year	<b>2,877,877</b>	2,947,084
	<b>\$ 8,015,332</b>	<b>\$ 7,732,284</b>

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

December 31, 2009

**3. Investment in Government Business Enterprise (continued)**

	2009	2008
		Restated (Note 1)
<b>Results of operations and changes in net assets</b>		
Revenue	\$ 5,401,050	\$ 7,232,250
Expenses	<u>(5,307,943)</u>	<u>(7,128,049)</u>
Net income for the year	93,107	104,201
Net assets, beginning of year	2,947,084	3,027,883
Change in accounting policy	76,686	-
Dividends	<u>(239,000)</u>	<u>(185,000)</u>
Net assets, end of year	<u>\$ 2,877,877</u>	<u>\$ 2,947,084</u>

**Change in Accounting Policy**

Effective for year ends beginning on or after January 1, 2009 the Canadian Institute of Chartered Accountants ('CICA') amended the CICA Handbook Section 1100, Generally Accepted Accounting Principles, Section 3465, Income Taxes and Accounting Guideline 19 - Disclosures by Entities Subject to Rate-Regulation.

The revision to Section 1100 removed the temporary exemption pertaining to the application of that Section to the recognition and measurement of assets and liabilities arising from rate-regulation. Accounting Guideline 19 amended certain disclosures as a result of the changes to the other Sections. Adoption of these amendments did not affect the company's results of operations and financial position.

The amendments to Section 3465 require rate-regulated enterprises to recognize future income tax liabilities and assets, as well as, a regulatory asset or liability for the amount of future income taxes expected to be included in future rates and recovered from or returned to future customers and to present these amounts on a gross basis in the financial statements. Entities in this sector were previously exempted from the requirement to recognize future income taxes. The company adopted this new accounting recommendation without the restatement of prior year's figures by making a cumulative catch-up adjustment of \$76,686 to opening retained earnings (accumulated deficit) in the current year and applying the new accounting policy to events and transactions occurring after the date of the change.

**Correction of Prior Period Error**

During the year an error was found in the calculation of interest on the regulatory assets. The interest was being calculated on the net change in the regulatory assets each month. Instead, the interest should have been calculated based on the monthly accumulated regulatory asset balance. As a result, the prior years financial statements have been retroactively restated by increasing the other operating revenue by \$11,475, increasing the payment in lieu of taxes by \$2,295, increasing the regulatory assets by \$97,828, increasing the taxes payable by \$19,500 and increasing the prior year opening retained earnings (accumulated deficit) by \$69,148. The cumulative effect on the current year retained earnings is an increase to the retained earnings (accumulated deficit) of \$78,328.

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

December 31, 2009

**4. Payment in Lieu Receivable**

	2009	2008
Payment in lieu receivable	\$ 578,577	\$ 486,536
Allowance for doubtful accounts	(518,362)	(425,509)
	\$ 60,215	\$ 61,027

**5. Bank Indebtedness**

	2009	2008
Line of Credit	\$ 100,188	\$ 742,807
OSIFA Advance, interest at prime	547,239	547,239
	\$ 647,427	\$ 1,290,046

The municipality has an operating line of credit of \$4,000,000 that bears an interest rate of prime minus 0.50% and is due on demand. The airport has an operating line of credit of \$500,000 that bears an interest rate of prime and is due on demand. Both operating lines of credit and OSIFA advance are secured by Council By-Laws.

**6. Employee Benefits Liability**

	2009	2008
Vested and non-vested sick leave payable	\$ 423,839	\$ 520,275
Vacation payable	25,751	27,076
Banked stats and overtime	27,438	26,321
Post employment benefits payable	99,700	91,000
	\$ 576,728	\$ 664,672

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

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

December 31, 2009

**7. Net Long-term Liabilities**

Net long-term liabilities reported on the statement of financial position is comprised of the following:

	2009	2008
		Restated (Note 1)
Bank of Montreal Fixed Term Loan, prime plus 3.86%, blended monthly payments of \$6,336; due 2014	\$ 625,728	\$ -
Bank of Montreal Fixed Term Loan, 4.53%, blended monthly payments of \$4,813; due 2020	469,087	504,731
Bank of Montreal Fixed Term Loan, 4.26%, blended monthly payments of \$6,277; due 2014	1,022,428	1,053,351
Bank of Montreal Fixed Term Loan, 4.91%, blended monthly payments of \$13,008; due 2015	809,689	923,021
Bank of Montreal Fixed Term Loan, 4.91%, blended monthly payments of \$5,752; due 2016	366,551	416,257
Bank of Montreal Fixed Term Loan, 5.01%, blended monthly payments of \$2,890; due 2016	424,568	437,635
CIBC Demand Installment Loan, 5.29%, blended monthly payments of \$9,959; due 2012	1,385,664	1,430,651
Provincial Infrastructure Financing Authority, 3.05%, blended semi-annual payments of \$26,827; maturing 2012	1,149,351	1,167,533
TD Canada Trust Bank Loan, 3.87%, blended monthly payments of \$8,286; maturing 2027	1,202,557	1,243,412
Bank of Montreal Fixed Term Loan, 3.86%, blended monthly payments of \$45,261; maturing 2014	4,469,487	-
Bank of Montreal Fixed Term Loan, 4.81%, blended monthly payments of \$14,421	-	14,293
	-	14,293
<b>Total</b>	<b>\$ 11,925,110</b>	<b>\$ 7,190,884</b>

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

December 31, 2009

**7. Net Long-term Liabilities (continued)**

Principal repayments and interest relating to net long-term debt of \$11,925,110 outstanding are due as follows:

	Principal Repayments	Interest	Total
2010	\$ 795,273	\$ 488,841	\$ 1,284,114
2011	829,796	454,300	1,284,096
2012	2,099,190	412,839	2,512,029
2013	847,170	317,382	1,164,552
2014	4,496,458	250,930	4,747,388
Thereafter	2,857,223	959,317	3,816,540
	<u>\$ 11,925,110</u>	<u>\$ 2,883,609</u>	<u>\$ 14,808,719</u>

The gross interest paid relating to the above long-term debt was \$ 446,207 (2008 - \$518,042).

**8. Solid Waste Closure and Post Closure Liabilities**

The consolidated statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill sites. This liability is recognized over the operating life of the waste disposal sites, in proportion to the site's utilized capacity.

Relevant information regarding the landfill sites are as follows:

	New Landfill Site	Old Landfill Site
Total estimated expenditures for closure and post closure cost	\$ 3,783,809	\$ 126,710
Landfill closure and post closure liability as at December 31, 2009	\$ 51,170	\$ 126,710
Total expenditures remaining to be recognized	\$ 3,732,639	\$ -
Remaining capacity of the site (cubic metres)	366,902	-
Remaining land fill site life (years)	35	-
Number of years required for post closure care	25	23



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

**December 31, 2009**

**9. Tangible Capital Assets**

	Land Improvements	Land	Buildings	Machinery and Equipment	Linear Assets	Vehicles	Construction in Process	Total
Cost, beginning of year	\$ 2,102,516	\$ 437,846	\$ 16,311,906	\$ 12,436,897	\$ 29,466,179	\$ 5,654,536	\$ 150,713	\$ 66,560,593
Additions	153,216	-	123,083	423,456	6,296,593	467,297	410,542	7,874,187
Disposals	-	-	-	-	(165,981)	-	-	(165,981)
Cost, end of year	\$ 2,255,732	\$ 437,846	\$ 16,434,989	\$ 12,860,353	\$ 35,596,791	\$ 6,121,833	\$ 561,255	\$ 74,268,799
Accumulated amortization, beginning of year	\$ -	\$ 303,316	\$ 6,078,523	\$ 6,797,987	\$ 11,681,452	\$ 3,123,359	\$ -	\$ 27,984,637
Amortization	-	26,890	379,302	836,941	902,874	233,037	-	2,379,044
Disposals	-	-	-	-	(165,981)	-	-	(165,981)
Accumulated amortization, end of year	\$ -	\$ 330,206	\$ 6,457,825	\$ 7,634,928	\$ 12,418,345	\$ 3,356,396	\$ -	\$ 30,197,700
Net carrying amount, end of year	\$ 2,255,732	\$ 107,640	\$ 9,977,164	\$ 5,225,425	\$ 23,178,446	\$ 2,765,437	\$ 561,255	\$ 44,071,099

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

December 31, 2009

9. Tangible Capital Assets (continued)

		Land	Land	Buildings	Machinery and Equipment	Linear Assets	Vehicles	Construction in Process	Total
Cost, beginning of year	\$ 2,042,516	\$ 437,846	\$ 16,217,201	\$ 11,351,290	\$ 18,846,330	\$ 5,129,461	\$ 3,452,358	\$ 57,477,002	
Additions	60,000	-	94,705	1,085,607	11,289,049	563,758	(3,301,645)	9,791,474	
Disposals	-	-	-	-	(669,200)	(38,683)	-	(707,883)	
Cost, end of year	\$ 2,102,516	\$ 437,846	\$ 16,311,906	\$ 12,436,897	\$ 29,466,179	\$ 5,654,536	\$ 150,713	\$ 66,560,593	
Accumulated amortization, beginning of year	\$ -	\$ 275,950	\$ 5,702,485	\$ 5,966,449	\$ 11,551,731	\$ 2,894,935	\$ -	\$ 26,391,550	
Amortization	-	27,366	376,038	831,538	650,076	228,424	-	2,113,442	
Disposals	-	-	-	-	(520,355)	-	-	(520,355)	
Accumulated amortization, end of year	\$ -	\$ 303,316	\$ 6,078,523	\$ 6,797,987	\$ 11,681,452	\$ 3,123,359	\$ -	\$ 27,984,637	
Net carrying amount, end of year	\$ 2,102,516	\$ 134,530	\$ 10,233,383	\$ 5,638,910	\$ 17,784,727	\$ 2,531,177	\$ 150,713	\$ 38,575,956	

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$561,255 (2008 - \$150,713).

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

**December 31, 2009**

**10. Accumulated Surplus**

Corporation of the Municipality of Sioux Lookout segregates its accumulated surplus in the following categories:

	2009	2008
		Restated (Note 1)
Investment in tangible capital assets	\$ 44,071,099	\$ 38,575,956
Current Funds	(2,722,127)	(3,619,465)
Unfunded liabilities	(13,287,975)	(8,766,991)
Reserves		
for election	28,500	19,000
for downtown revitalization	49,496	49,496
for general capital expenditures	234,770	419,045
for water collection and treatment	10,748	152,900
for water treatment plant debt retirement	173,106	50,294
for filter membrane	-	62,397
for Hudson water treatment and distribution	-	11,200
for wastewater collection and treatment	74,204	74,204
for boat launch	6,117	7,349
for landfill	68,190	52,328
for building department	82,696	270,513
for parking lot	90,450	57,000
for roads equipment	184,981	175,334
for roads	291,000	-
for fitness centre	140,000	115,000
for development services	602,300	602,300
for cedar bay	1,255	1,255
for parkland	47,206	47,206
for sick leave	-	20,304
Reserve Funds		
for Library acquisition of capital assets	11,329	18,309
for Hydro debt reserve	1,436,667	1,345,369
for Airport capital	97,152	23,521
Net equity in government business enterprises	2,877,877	2,947,084
	\$ 34,569,041	\$ 32,710,908

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves and reserve funds represent funds set aside by By-Law or Council resolution for specific purposes.

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

December 31, 2009

**11. Other Income**

	2009	2008
		Restated (Note 1)
Penalties and interest on taxation	\$ 150,347	\$ 145,671
Investment	145,066	203,489
Other municipalities (POA)	91,639	112,712
Fund raising and donations from the public	25,263	47,528
Fines	13,542	16,345
Evacuation revenues	-	44,000
Licences and permits	63,898	1,073,947
Airport fuel sales	7,658,718	9,558,797
Sale of land	50,385	15,000
	<b>\$ 8,198,858</b>	<b>\$ 11,217,489</b>

**12. Expenses by Object**

	2009	2008
		Restated (Note 1)
Salaries, wages and employee benefits	\$ 6,619,522	\$ 6,416,126
Materials	10,779,828	12,544,350
Contracted services	3,628,774	4,424,138
Rents and financial expenses	133,215	326,710
Interest on long-term debt	446,207	457,840
Contributions to other organizations	1,480,700	1,709,576
Amortization	2,379,044	2,113,441
Loss on capital assets	-	187,529
	<b>\$ 25,467,290</b>	<b>\$ 28,179,710</b>

**13. Public Sector Salary Disclosure**

During 2009 three employees were paid a salary as defined in the Public Sector Salary Disclosure Act, 1996 of \$100,000 or more by Corporation of the Municipality of Sioux Lookout.

		Salary Paid	Taxable Benefits
Merlin Dewing	Chief Administrative Officer	\$ 161,098	\$ 8,641
Mary MacKenzie	Clerk	110,901	241
Peter Moyer	Development Services Manager	103,598	2,641

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

**December 31, 2009**

**14. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 82 members of its staff. The plan is a defined benefits plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2009 was \$327,925 (2008 - \$319,229). The OMERS Board rate for 2009 was 6.5% to 10% (2008 - 6.5% to 10%), depending on income level.

**15. Contributions to Unconsolidated Joint Boards**

Further to the significant accounting policies, the following contributions were made by the municipality to these boards:

	2009	2008
District of Kenora Home for the Aged	\$ 327,068	\$ 378,764
Kenora District Services Board	893,534	1,068,824
Northwestern Health Unit	234,814	234,814
	\$ 1,455,416	\$ 1,682,402

**16. Trust Funds**

The trust funds administered by the municipality amounting to \$179,785 (2008 - \$176,381) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

At December 31, 2009 the trust funds balances are as follows:

	2009	2008
Cemetery Perpetual Care	\$ 100,655	\$ 97,657
Ontario Home Renewal Plan	2,320	2,320
Elsie Cosco Memorial Scholarship Fund	51,051	51,690
Mayfair Theatre Fund	25,759	24,714
	\$ 179,785	\$ 176,381

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

**December 31, 2009**

**17. Contingencies**

Corporation of the Municipality of Sioux Lookout is presently involved in a number of claims.

1. A claim related to a lift station installed on claimant's land. The entire amount of the settlement has been settled for \$ 75,000 subsequent to the year end and has been covered by the municipal insurer.
2. A claim stemming from a ditching project performed on Sturgeon Meadows Road in 2007. The outcome of this claim is not determinable at this time.
3. There was an action commenced against the Municipality related to a breach of contract relating to the construction of the Hudson Water Treatment Plant. The maximum potential exposure of the Municipality is \$85,765. The outcome of these actions cannot be determined by management at this time.
4. The Municipality has been ordered to pay \$ 61,737 to maintain parts of three roads. The Municipality has appealed the court decision. The outcome of the stay motion and of the appeal are not determinable at this time.

**18. Loan Guarantee**

Corporation of the Municipality of Sioux Lookout has guaranteed Sioux Lookout Hydro Inc. loan up to a maximum of \$3,350,000. At year end the loan balance was \$3,052,492 (2008 - \$2,502,890) and the loan was not in default.

**19. Taxation**

	2009	2008
		Restated (Note 1)
Property taxes	\$ 7,631,071	\$ 7,557,396
Payments-in-lieu of property	519,429	509,015
	8,150,500	8,066,411
Payments to school boards	(1,922,270)	(1,684,123)
	\$ 6,228,230	\$ 6,382,288

---

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

**December 31, 2009**

---

**20. Transfer of Sioux Lookout Non-Profit Housing Fund Balance**

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

---

**21. Budget**

The Financial Plan (Budget) By-Law adopted by Council on May 13, 2009 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus and change in net debt represent the Financial Plan adopted by Council on May 13, 2009 with adjustments as follows:

	<u>2009</u>
Financial Plan (Budget) By-Law surplus for the year	\$ 2,168,738
Add:	
Capital expenditures	17,283,619
Debt payments	348,666
Less:	
Budgeted transfers from accumulated surplus	<u>(2,015,648)</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 17,785,375</u>

---

**22. Comparative Figures**

The comparative figures have been restated to conform to the presentation adopted by the organization in the current year. As a result, the airport fuel buy backs are no longer being netted against the expenditures but instead are recorded in other income (Note 11).

---

---

# Corporation of the Municipality of Sioux Lookout

## Notes to Consolidated Financial Statements

December 31, 2009

---

### 23. Segmented Information

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

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

#### **General Government**

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

#### **Protection Services**

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

#### **Transportation Services**

The transportation services area provides construction and maintenance of the roadways throughout the Municipality as well as the municipal airport.

#### **Environmental Services**

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

#### **Health Services**

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

#### **Social and Family Services**

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

#### **Social Housing**

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

#### **Recreation and Cultural Services**

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

#### **Planning and Development**

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



# Corporation of the Municipality of Sioux Lookout

## Notes to Consolidated Financial Statements

December 31, 2009

### 23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services		Planning and Development	2009 Total
									Eliminations	Total		
Revenue												
Taxation	\$ 814,512	\$ 1,067,343	\$ 888,513	\$ 1,285,014	\$ 266,964	\$ 821,630	\$ 125,348	\$ 645,299	\$ 313,606	\$ -	\$ 6,228,229	
Government grants - Conditional	5,000	-	382,252	180,339	-	1,003,034	-	89,888	1,727,201	-	3,387,714	
Government grants - Unconditional	258,887	339,248	282,408	408,433	84,853	261,150	39,841	205,104	99,678	-	1,979,602	
Municipal grants	-	91,639	-	-	-	-	-	-	-	-	91,639	
User fees and service charges	174,785	22,581	1,719,711	2,473,987	26,780	316,190	-	192,862	144,711	-	5,071,607	
Sale of aviation fuel	-	-	7,658,719	-	-	-	-	-	-	-	7,658,719	
Other	370,261	485,193	403,900	584,141	121,356	373,496	56,981	293,340	142,559	-	2,831,227	
<b>Total revenue</b>	<b>1,623,445</b>	<b>2,006,004</b>	<b>11,335,503</b>	<b>4,931,914</b>	<b>499,953</b>	<b>2,775,500</b>	<b>222,170</b>	<b>1,426,493</b>	<b>2,427,755</b>	<b>-</b>	<b>27,248,737</b>	
Expenses												
Wages and benefits	1,205,650	439,584	1,412,634	734,899	12,803	1,301,789	-	972,032	540,131	-	6,619,522	
Long-term debt (interest)	44,529	6,298	127,065	190,896	74,821	-	-	2,598	-	-	446,207	
Materials	527,994	186,051	8,581,428	760,885	15,860	166,391	-	377,228	161,991	-	10,779,828	
Contracted services	237,134	2,057,645	550,114	454,418	17,065	8,875	-	192,884	110,639	-	3,628,774	
Rents and financial	33,971	-	9,551	60,463	26,420	-	-	2,760	50	-	133,215	
External transfers	-	-	-	8,450	502,995	644,376	-	-	-	-	1,480,700	
Amortization	61,792	74,784	946,910	1,120,515	41,959	8,087	-	124,997	-	-	2,379,044	
<b>Total expenses</b>	<b>2,111,070</b>	<b>2,766,362</b>	<b>11,627,702</b>	<b>3,330,526</b>	<b>691,923</b>	<b>2,129,518</b>	<b>324,879</b>	<b>1,672,499</b>	<b>812,811</b>	<b>-</b>	<b>25,467,290</b>	
<b>Net surplus (deficit)</b>	<b>\$ (487,625)</b>	<b>\$ (760,358)</b>	<b>\$ (292,199)</b>	<b>\$ 1,601,388</b>	<b>\$ (191,970)</b>	<b>\$ 645,982</b>	<b>\$ (102,709)</b>	<b>\$ (246,006)</b>	<b>\$ 1,614,944</b>	<b>\$ -</b>	<b>\$ 1,781,447</b>	

# Corporation of the Municipality of Sioux Lookout

## Notes to Consolidated Financial Statements

December 31, 2009

### 23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social Services and Family Services	Social Housing	Recreational and Cultural Services	Planning and Development	Eliminations	2008
											Restated (Note 1) Total
Revenue											
Taxation	\$ 793,112	\$ 974,617	\$ 1,297,859	\$ 1,224,015	\$ 277,318	\$ 840,896	\$ 140,995	\$ 633,614	\$ 199,862	\$ -	\$ 6,382,288
Government grants - Conditional	3,396	-	5,454,534	127,946	-	1,195,581	-	17,944	1,727,201	-	8,526,602
Government grants - Unconditional	245,914	302,192	403,112	379,521	85,986	260,730	43,717	196,460	61,970	-	1,979,602
Municipal grants	-	112,712	-	-	-	-	-	-	-	-	112,712
User fees and service charges	151,612	25,855	1,729,746	2,199,405	26,892	254,483	-	219,741	80,082	-	4,687,816
Sale of aviation gas	-	-	9,558,797	-	-	-	-	-	-	-	9,558,797
Other	361,576	444,323	592,710	558,022	126,428	383,360	64,279	288,861	91,116	-	2,910,675
Total revenue	1,555,610	1,859,699	19,036,758	4,488,909	516,624	2,935,050	248,991	1,356,620	2,160,231	-	34,158,492
Expenses											
Wages and benefits	1,203,810	344,224	1,490,704	681,595	22,618	1,358,816	-	892,252	422,107	-	6,416,126
Long-term debt (interest)	47,520	8,529	140,351	219,097	72,343	-	-	-	-	-	487,840
Materials	440,105	191,442	10,459,205	692,779	21,397	165,797	-	467,837	75,790	-	12,514,352
Contracted services	192,299	2,061,725	1,390,843	478,563	19,191	11,160	-	219,165	51,192	-	4,424,138
Rents and financial	233,760	-	10,875	50,651	28,472	400	-	2,499	53	-	326,710
External transfers	-	-	-	-	555,982	766,194	387,400	-	-	-	1,709,576
Loss on capital assets	-	-	-	148,846	-	-	-	38,683	-	-	187,529
Amortization	61,671	71,948	717,703	1,091,585	41,959	8,087	-	120,488	-	-	2,113,441
Non-profit transfer	-	-	-	-	-	-	-	-	-	(17,963,948)	(17,963,948)
Total expenses	2,179,165	2,677,868	14,209,681	3,363,116	761,962	2,310,454	387,400	1,740,924	549,142	(7,963,948)	20,215,764
Net surplus (deficit)	\$ (623,555)	\$ (818,169)	\$ 4,827,077	\$ 1,125,793	\$ (245,338)	\$ 624,596	\$ (138,409)	\$ (384,304)	\$ 1,611,089	\$ 7,963,948	\$ (3,942,728)

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

**For the year ended December 31, 2009**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Gas tax rebate	\$ -	\$ 346,767	\$ -	\$ (346,767)	\$ -
<b>Other</b>					
Fire equipment grant	367	-	-	-	367
Municipal Infrastructure	1,558,461	-	-	(1,558,461)	-
Investing in Ontario	493,154	-	-	-	493,154
Community in Action	38,260	-	-	-	38,260
PACE	4,500	-	-	-	4,500
KDSB Child Care	100,512	-	-	-	100,512
	<b>2,195,254</b>	<b>-</b>	<b>-</b>	<b>(1,558,461)</b>	<b>636,793</b>
	<b>\$2,195,254</b>	<b>\$ 346,767</b>	<b>\$ -</b>	<b>\$ (1,905,228)</b>	<b>\$ 636,793</b>

**Federal Gas Tax**

The Ministry requires the Municipality to put unspent gas tax funding into a reserve. The funding and interest earned in the reserve must be spent on approved projects.

**Infrastructure Programs**

These programs relate to various capital grants that are required to be spent on infrastructure. Until the funding has been spent on infrastructure, it has not been earned, and therefore has been deferred.



Tel: 807 223 5321  
Fax: 807 223 2978  
www.bdo.ca

BDO Canada LLP  
37 King Street  
PO Box 3010  
Dryden ON P8N 3G3 Canada

---

## Auditors' Report

---

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

We have audited the statement of financial position of Trust Funds of Corporation of the Municipality of Sioux Lookout as at December 31, 2009 and the statement of continuity for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Trust Funds of Corporation of the Municipality of Sioux Lookout as at December 31, 2009 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario  
April 30, 2010

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

December 31, 2009

	Cemetery Perpetual Care	Ontario Home Renewal Plan	Elsie Cosco Memorial Scholarship Fund	Mayfair Theatre Fund	2009 Total	2008 Total
<b>Assets</b>						
Investments	\$ 102,860	\$ -	\$ 54,051	\$ 26,759	\$ 183,670	\$ 182,592
Loans receivable	-	2,320	-	-	2,320	2,320
	\$ 102,860	\$ 2,320	\$ 54,051	\$ 26,759	\$ 185,990	\$ 184,912
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Due to Corporation of the Municipality of Sioux Lookout	\$ 2,205	\$ -	\$ 3,000	\$ 1,000	\$ 6,205	\$ 8,531
<b>Fund Balance</b>						
Capital	100,655	2,320	51,051	25,759	179,785	176,381
	\$ 102,860	\$ 2,320	\$ 54,051	\$ 26,759	\$ 185,990	\$ 184,912

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

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

For the year ended December 31

	Cemetery Perpetual Care	Ontario Home Renewal Plan	Elsie Cosco Memorial Scholarship Fund	Mayfair Theatre Fund	2009 Total	2008 Total
Balance, beginning of year	\$ 97,657	\$ 2,320	\$ 51,690	\$ 24,714	\$ 176,381	\$ 195,463
<b>Receipts</b>						
Plot sales and marker instalation	2,998	-	-	-	2,998	3,760
Interest earned	5,203	-	2,361	1,045	8,609	4,523
	8,201	-	2,361	1,045	11,607	8,283
<b>Expenditures</b>						
	5,203	-	3,000	-	8,203	27,365
Balance, end of year	\$ 100,655	\$ 2,320	\$ 51,051	\$ 25,759	\$ 179,785	\$ 176,381

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

---

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

December 31, 2009

---

**1. Summary of Significant Accounting Policies**

**Management Responsibility**

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

**Basis of Accounting**

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

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

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

---

**2. Nature of Trust Funds**

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

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

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

---

**3. Statement of Changes in Financial Position**

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

---



Tel: 807 223 5321  
Fax: 807 223 2978  
www.bdo.ca

BDO Canada LLP  
37 King Street  
PO Box 3010  
Dryden ON P8N 3G3 Canada

---

## Auditors' Report

---

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

We have audited the statement of financial position of the Public Library Board of Corporation of the Municipality of Sioux Lookout as at December 31, 2009 and the statements of financial activities and members' deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Public Library Board of Corporation of the Municipality of Sioux Lookout as at December 31, 2009 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario  
April 30, 2010



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

<u>December 31</u>	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 55,482	\$ 62,259
Accounts receivable	1,435	3,373
	<u>\$ 56,917</u>	<u>\$ 65,632</u>

**Liabilities and Fund Balance**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 1)	\$ 55,559	\$ 78,047
<b>Fund Balance</b>		
Members' deficit	(9,967)	(30,720)
Reserve fund for capital expenditures (Note 2)	11,325	18,305
	<u>1,358</u>	<u>(12,415)</u>
	<u>\$ 56,917</u>	<u>\$ 65,632</u>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

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

For the year ended December 31	Budget		
	2009	2009	2008
<b>Revenue</b>			
Contributions from Corporation of the Municipality of Sioux Lookout	\$ 319,113	\$ 319,113	\$ 281,107
Grants from the Province of Ontario			
Per household grants	11,102	11,102	11,102
Pay equity funding	601	601	601
Other grants	5,658	5,762	2,512
Other	24,800	30,253	24,715
	<u>361,274</u>	<u>366,831</u>	<u>320,037</u>
<b>Expenditures</b>			
Book purchases	30,480	32,326	33,280
Building maintenance	17,879	17,465	19,121
Furniture and equipment	9,897	13,609	35,596
Legal, audit and insurance	2,973	2,973	1,829
Miscellaneous	11,926	16,549	12,437
Periodicals and newspapers	1,430	1,015	975
Professional development	2,825	1,185	3,697
Salaries and benefits	258,564	245,969	220,982
Supplies	7,700	8,572	8,877
Utilities	14,100	13,395	12,225
	<u>357,774</u>	<u>353,058</u>	<u>349,019</u>
Excess (deficiency) of revenue over expenditures for the year	3,500	13,773	(28,982)
Members' deficit, beginning of year	-	(30,720)	(19,563)
Transfer to reserve for capital expenditures (net of interest)	3,500	6,980	17,825
<b>Members' deficit, end of year</b>	<u>\$ 7,000</u>	<u>\$ (9,967)</u>	<u>\$ (30,720)</u>

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

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

<b>For the year ended December 31</b>	<b>2009</b>	<b>2008</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ 13,773	\$ (28,982)
Changes in non-cash working capital balances		
Accounts receivable	1,938	3,001
Accounts payable and accrued liabilities	(22,488)	19,260
	<u>(20,550)</u>	<u>22,261</u>
<b>Decrease in cash during the year</b>	<b>(6,777)</b>	<b>(6,721)</b>
<b>Cash and bank, beginning of year</b>	<u><b>62,259</b></u>	<u><b>68,980</b></u>
<b>Cash and bank, end of year</b>	<u><b>\$ 55,482</b></u>	<u><b>\$ 62,259</b></u>

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

---

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

**December 31, 2009**

---

<b>Nature of Business</b>	Sioux Lookout Public Library Board is responsible for the operation and administration of Sioux Lookout Public Library.
<b>Basis of Accounting</b>	These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
<b>Pension and Employee Benefits</b>	The organization participates in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan through Corporation of the Municipality of Sioux Lookout.
<b>Management of Capital</b>	The organization considers its capital to be its net assets. The organization's objectives when managing its capital are to provide sufficient funds to cover both the annual overhead expenses as well as provide long-term maintenance and replacement for the organization's capital asset needs. Annual budgets are developed and monitored to ensure that the organization's capital is maintained at an appropriate level.
<b>Revenue Recognition</b>	<p>The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.</p> <p>Sundry revenues are recognized as the services are provided and collection is reasonably assured.</p>

---

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

**December 31, 2009**

---

**Financial Instruments**

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values, unless otherwise noted.

All transactions related to financial instruments are recorded on a trade date basis.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

**Held-for-Trading**

This category is comprised of cash and bank. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of financial activities and members' deficit. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

**Loans and Receivables**

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates or on demand. They arise principally through the provision of goods and services to customers (accounts receivable and unbilled revenue), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

**Other Financial Liabilities**

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprise accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

---

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

**December 31, 2009**

---

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

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

**New Accounting Pronouncements** Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

**Future for Not-for-Profit Organizations**

In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

---

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

**December 31, 2009**

---

**1. Accounts Payable and Accrued Liabilities**

	2009	2008
Trade accounts payable	\$ 16,696	\$ 46,013
Vested and non-vested sick leave payable	34,856	29,511
Employee deductions	4,007	2,523
	\$ 55,559	\$ 78,047

---

**2. Reserve Fund for Capital Expenditures**

A reserve fund in the amount of \$18,305 (2008 - \$36,130) is being held by the library and is for the purpose of financing the board's furniture purchases and other major capital.

	2009	2008
Reserve Fund, beginning of year	\$ 18,305	\$ 36,130
<b>Transfer</b>		
Transfer to library operations	(7,000)	(17,825)
Interest earned	20	-
	(6,980)	(17,825)
Reserve Fund, end of year	\$ 11,325	\$ 18,305

---

**3. Bank Indebtedness**

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

---

---

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

December 31, 2009

---

**4. Financial Instruments**

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

---

**5. Comparative Figures**

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

---

**6. Economic Dependence**

Approximately 87% (2008 - 88%) of general fund operating revenue was received from Corporation of the Municipality of Sioux Lookout during the year. The continuance of this Board is dependent on this funding.

---

**7. Pension Plan**

The organization makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) on behalf of its staff through Corporation of the Municipality of Sioux Lookout. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employee based on the length of service and rates of pay. The amount contributed to OMERS for 2009 was \$23,622 (2008 - \$22,943).

---