

**Corporation of the Municipality  
of Sioux Lookout**  
Consolidated Financial Statements  
For the year ended December 31, 2014

**Corporation of the Municipality of Sioux Lookout  
Consolidated Financial Statements  
For the year ended December 31, 2014**

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## Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Corporation of the Municipality of Sioux Lookout, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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.

### Auditors' Responsibility

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

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

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



**Opinion**

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, 2014, and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*


Chartered Accountants, Licensed Public Accountants

Dryden, Ontario  
August 12, 2015

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

December 31	2014	2013
<b>Financial assets</b>		
Cash and cash equivalents	\$ 201,560	\$ 2,943,833
Temporary investments (Note 1)	700,000	-
Taxes receivable (Note 2)	1,053,666	1,574,694
Accounts receivable (Note 3)	1,568,638	1,311,788
Grants receivable	1,141,409	534,946
Investment in government business enterprise (Note 4)	3,116,878	3,135,585
Payment in lieu receivable (Note 5)	21,587	20,861
Inventories for resale	111,292	190,023
	<u>7,915,030</u>	<u>9,711,730</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,365,482	2,615,040
Employee benefits liability (Note 7)	292,617	282,977
Deferred revenue (Schedule)	760,347	449,015
Net long-term liabilities (Note 8)	14,526,592	15,716,710
Solid waste closure and post closure liabilities (Note 9)	257,276	222,058
	<u>18,202,314</u>	<u>19,285,800</u>
<b>Net debt</b>	<u>(10,287,284)</u>	<u>(9,574,070)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	57,299,085	56,498,926
Prepaid expenses and inventories of supplies	20,973	13,460
	<u>57,320,058</u>	<u>56,512,386</u>
<b>Accumulated surplus (Note 11)</b>	<u>\$ 47,032,774</u>	<u>\$ 46,938,316</u>

 Treasurer

 Mayor

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

For the year ended December 31	Budget 2014	2014	2013
	(Note 22)		
<b>Revenue</b>			
Taxation (Note 21)	\$ 8,589,500	\$ 8,542,358	\$ 8,093,922
Government transfers - Federal (Note 12)	630,450	-	177,342
Government transfers - Provincial (Note 13)	5,468,477	4,512,128	3,589,748
Fees, rentals and user charges	7,582,024	7,439,851	7,395,739
Income from government business enterprises	219,000	181,293	314,081
Other income (Note 14)	9,127,030	7,871,621	9,465,489
	<u>31,616,481</u>	<u>28,547,251</u>	<u>29,036,321</u>
<b>Expenses (Note 15)</b>			
General government	2,647,307	2,555,967	2,398,870
Protection services	2,953,112	2,971,208	2,675,140
Transportation services	13,308,933	12,324,504	13,268,663
Environmental services	3,375,034	3,366,281	3,380,572
Health services	1,233,511	1,221,348	1,165,512
Social and family services	2,476,696	2,501,146	2,198,852
Social housing	390,015	390,012	414,677
Recreation and cultural services	2,525,647	2,584,488	2,468,706
Planning and development	564,270	537,839	847,229
	<u>29,474,525</u>	<u>28,452,793</u>	<u>28,818,221</u>
<b>Annual surplus</b>	2,141,956	94,458	218,100
<b>Accumulated surplus, beginning of year</b>	46,938,316	46,938,316	46,720,216
<b>Accumulated surplus, end of year</b>	<u>\$ 49,080,272</u>	<u>\$ 47,032,774</u>	<u>\$ 46,938,316</u>

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

For the year ended December 31	Budget 2014	2014	2013
	(Note 22)		
Annual surplus	\$ 2,141,956	\$ 94,458	\$ 218,100
Acquisition of tangible capital assets	(5,580,710)	(3,327,811)	(1,246,939)
Amortization of tangible capital assets	2,449,526	2,449,526	2,815,544
Loss on disposal of tangible capital assets	-	78,126	104,219
Transfer from tangible capital assets to inventory	-	-	1,929
	(989,228)	(705,701)	1,892,853
Use/consumption of prepaid expenses and inventory of supplies	-	(7,513)	(1,823)
<b>Net change in net surplus (debt)</b>	<b>(989,228)</b>	<b>(713,214)</b>	<b>1,891,030</b>
Net debt, beginning of year	(9,574,070)	(9,574,070)	(11,465,100)
<b>Net debt, end of year</b>	<b>\$ (10,563,298)</b>	<b>\$ (10,287,284)</b>	<b>\$ (9,574,070)</b>

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

For the year ended December 31	2014	2013
<b>Operating transactions</b>		
Annual surplus	\$ 94,458	\$ 218,100
Items not involving cash		
Income from government business enterprise	(181,293)	(314,081)
Amortization	2,449,526	2,815,544
Loss on disposal of tangible capital assets	78,126	104,219
Transfer from tangible capital assets to inventory	-	1,929
<b>Changes in non-cash operating balances</b>		
Taxes receivable	521,028	(217,482)
Accounts receivable	(256,850)	(149,942)
Inventories for resale	78,731	18,649
Grants receivable	(606,463)	2,134,913
Accounts payable and accrued liabilities	(249,558)	(160,257)
Employee Benefits Plan liability	9,640	(26,639)
Payment in lieu receivable	(726)	32,153
Prepays	(7,513)	(1,823)
Deferred revenue	311,332	335,666
Solid waste closure and post closure liabilities	35,218	8,083
	<u>2,275,656</u>	<u>4,799,032</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(3,327,811)	(1,246,939)
<b>Investing transactions</b>		
Acquisition of portfolio investments	(700,000)	-
Dividends from government business enterprise	200,000	235,000
	<u>(500,000)</u>	<u>235,000</u>
<b>Financing transactions</b>		
Increase (decrease) in bank indebtedness	-	(2,057,340)
Increase (decrease) in net long-term liabilities	(1,190,118)	1,889
	<u>(1,190,118)</u>	<u>(2,055,451)</u>
<b>Net change in cash and cash equivalents</b>	<b>(2,742,273)</b>	<b>1,731,642</b>
Cash and cash equivalents, beginning of year	<u>2,943,833</u>	<u>1,212,191</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 201,560</b>	<b>\$ 2,943,833</b>



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# Corporation of the Municipality of Sioux Lookout

## Summary of Significant Accounting Policies

December 31, 2014

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### Management's Responsibility for the Consolidated 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 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 statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by 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

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

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

**December 31, 2014**

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**Cash and Cash  
Equivalents**

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

**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 40 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 consolidated 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.

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## Corporation of the Municipality of Sioux Lookout

### Summary of Significant Accounting Policies

December 31, 2014

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<b>Revenue Recognition</b>	<p>Government transfers are recognized in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Sales of service and other revenue is recognized when services are performed or goods are delivered and there is reasonable assurance of collection.</p> <p>Fees, rental 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.</p>
<b>Solid Waste Landfills</b>	<p>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.</p>
<b>Pension Agreement</b>	<p>The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs, and interest costs related to the future employer contributions to the Plan for past employee service.</p>

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# Corporation of the Municipality of Sioux Lookout

## Summary of Significant Accounting Policies

December 31, 2014

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### 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 Municipality 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.

### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

December 31, 2014

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1. Temporary Investments

The temporary investments represent internally restricted GICs with maturity dates of less than a year and interest rates ranging from 1.71% to 1.91%. The market value of investments approximate their carrying value.

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2. Taxes Receivable

	<u>2014</u>	<u>2013</u>
Taxes receivable	\$ 1,261,804	\$ 1,955,856
Allowance for doubtful accounts	<u>(208,138)</u>	<u>(381,162)</u>
	<u>\$ 1,053,666</u>	<u>\$ 1,574,694</u>

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3. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 1,642,365	\$ 1,338,788
Allowance for doubtful accounts	<u>(73,727)</u>	<u>(27,000)</u>
	<u>\$ 1,568,638</u>	<u>\$ 1,311,788</u>

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

December 31, 2014

**4. 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 consolidated financial statements. The following information provides condensed supplementary information for the enterprise for the year ended December 31, 2014:

	2014	2013
<b>Financial position</b>		
Current assets	\$ 3,049,016	\$ 2,832,652
Capital assets	5,000,691	4,951,490
Goodwill/regulatory assets	113,471	272,221
	<b>\$ 8,163,178</b>	<b>\$ 8,056,363</b>
Current liabilities	\$ 5,046,300	\$ 4,920,778
Net assets, end of year	3,116,878	3,135,585
	<b>\$ 8,163,178</b>	<b>\$ 8,056,363</b>
	2014	2013
<b>Results of operations and changes in net assets</b>		
Revenue	\$ 9,855,573	\$ 9,451,050
Expenses	(9,674,280)	(9,136,969)
Net income for the year	181,293	314,081
Net assets, beginning of year	3,135,585	3,056,504
Dividends	(200,000)	(235,000)
Net assets, end of year	<b>\$ 3,116,878</b>	<b>\$ 3,135,585</b>

There was a dividend declared and payable of \$200,000 (2013 - \$235,000). During the year, Sioux Lookout Hydro Inc. billed electricity and services to Corporation of the Municipality of Sioux Lookout in the amount of \$697,707 (2013 - \$568,008).

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.

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

**December 31, 2014**

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**5. Payment in Lieu Receivable**

	2014	2013
Payment in lieu receivable	\$ 883,514	\$ 817,250
Allowance for doubtful accounts	(861,927)	(796,389)
	<u>\$ 21,587</u>	<u>\$ 20,861</u>

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**6. Bank Indebtedness**

The Municipality has an operating line of credit of \$4,000,000 that bears an interest rate of prime minus 0.50% and is due on demand. The 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. Neither line of credit was utilized at year-end.

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**7. Employee Benefits Liability**

	2014	2013
Vested and non-vested sick leave payable	\$ 89,044	\$ 86,964
Vacation payable	26,993	17,119
Banked stats and overtime	42,180	56,694
Post employment benefits payable	134,400	122,200
	<u>\$ 292,617</u>	<u>\$ 282,977</u>

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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 2.25%, and a retirement age of 90 points (age plus service).

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## Corporation of the Municipality of Sioux Lookout

### Notes to Consolidated Financial Statements

December 31, 2014

#### 8. Net Long-term Liabilities

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

	2014	2013
Bank of Montreal Fixed Term Loan, prime plus 3.86%, blended monthly payments of \$6,336; due 2019	\$ 339,979	\$ 401,617
Ontario Infrastructure and Lands Corporation, 1.55%, blended monthly payments to be determined at drawdown	-	2,224,128
Ontario Infrastructure and Lands Corporation, 1.55%, blended monthly payments to be determined at drawdown	-	3,294,679
Ontario Infrastructure and Lands Corporation, 3.55%, blended semi-annual payments of \$169,557; due 2038	5,374,340	-
TD Canada Trust Bank Loan, 3.71%, blended monthly payments to be determined at drawdown; due 2021	1,068,963	1,140,340
Bank of Montreal Fixed Term Loan, 3.75%, blended monthly payments of \$4,813; due 2020	249,521	296,973
Bank of Montreal Fixed Term Loan, 4.26%, blended monthly payments of \$5,606; due 2030	844,739	884,042
Bank of Montreal Fixed Term Loan, 4.91%, blended monthly payments of \$13,008; due 2015	151,721	296,520
Bank of Montreal Fixed Term Loan, 4.91%, blended monthly payments of \$5,752; due 2016	77,975	141,481
Bank of Montreal Fixed Term Loan, 5.01%, blended monthly payments of \$2,890; due 2028	348,469	365,248
Bank of Montreal Fixed Term Loan, 3.98%, blended monthly payments of \$9,177; due 2028	1,164,501	1,226,954
Provincial Infrastructure Financing Authority, 3.05%, blended semi-annual payments of \$26,827; maturing 2044	1,049,706	1,070,859
TD Canada Trust Bank Loan, 3.60%, blended monthly payments of \$7,279; maturing 2028	962,330	1,014,120
Bank of Montreal Fixed Term Loan, 3.86%, blended monthly payments of \$45,261; maturing 2019	2,420,346	2,868,692
Provincial Infrastructure Financing Authority, 2.73%, blended semi-annual payments of \$15,173; maturing 2035	474,002	491,057
	<u>\$ 14,526,592</u>	<u>\$ 15,716,710</u>

continued ...



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

December 31, 2014

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

Principal repayments and interest relating to net long-term debt of \$14,526,592 outstanding are due as follows:

	Principal Repayments	Interest	Total
2015	\$ 1,244,843	\$ 490,641	\$ 1,735,484
2016	1,076,409	445,526	1,521,935
2017	1,103,992	406,583	1,510,575
2018	1,144,252	366,324	1,510,576
2019	1,121,694	328,849	1,450,543
Thereafter	8,835,402	2,716,515	11,551,917
	<u>\$ 14,526,592</u>	<u>\$ 4,754,438</u>	<u>\$ 19,281,030</u>

The gross interest paid relating to the above long-term debt was \$548,664 (2013 - \$608,954).

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

**9. 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 is as follows:

	New Landfill Site	Old Landfill Site
Total estimated expenses for closure and post closure cost	\$ 3,845,076	\$ 218,193
Landfill closure and post closure liability as at December 31, 2014	\$ 132,863	\$ 124,413
Total expenses remaining to be recognized	\$ 3,712,213	\$ 93,780
Remaining capacity of the site (cubic metres)	322,219	-
Remaining land fill site life (years)	21	-
Number of years required for post closure care	25	18

The Municipality has set up a reserve (Note 11) to fund closure and post closure costs. Any amounts incurred over this reserve will have to be funded in the year incurred.

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

December 31, 2014

10. Tangible Capital Assets

2014

	Land	Land	Buildings	Machinery and Equipment	Linear Assets	Vehicles	Construction in Process	Total
	Improvements							
Cost, beginning of year	\$ 3,434,650	\$ 2,736,566	\$ 26,182,325	\$ 13,106,665	\$ 43,844,311	\$ 6,144,243	\$ 515,410	\$ 95,964,170
Additions	431,800	30,051	319,365	20,020	71,691	391,839	2,063,045	3,327,811
Write-downs	(57,492)	-	(32,666)	-	(1,418)	(183,397)	-	(274,973)
Adjustments	-	16,880	-	-	-	-	(16,880)	-
Cost, end of year	\$ 3,808,958	\$ 2,783,497	\$ 26,469,024	\$ 13,126,685	\$ 43,914,584	\$ 6,352,685	\$ 2,561,575	\$ 99,017,008
Accumulated amortization, beginning of year	\$ -	\$ 671,086	\$ 8,453,322	\$ 9,976,423	\$ 16,656,094	\$ 3,708,319	\$ -	\$ 39,465,244
Amortization	-	119,860	514,199	483,053	1,054,662	277,752	-	2,449,526
Write-downs	-	-	(12,032)	-	(1,418)	(183,397)	-	(196,847)
Accumulated amortization, end of year	\$ -	\$ 790,946	\$ 8,955,489	\$ 10,459,476	\$ 17,709,338	\$ 3,802,674	\$ -	\$ 41,717,923
Net carrying amount, end of year	\$ 3,808,958	\$ 1,992,551	\$ 17,513,535	\$ 2,667,209	\$ 26,205,246	\$ 2,550,011	\$ 2,561,575	\$ 57,299,085

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

December 31, 2014

**10. Tangible Capital Assets (continued)**

2013

	Land	Land Improvements	Buildings	Machinery and Equipment	Linear Assets	Vehicles	Construction in Process	Total
Cost, beginning of year	\$ 3,434,650	\$ 2,736,566	\$ 26,110,893	\$ 12,999,781	\$ 43,458,877	\$ 5,955,322	\$ 261,501	\$ 94,957,590
Additions	-	-	71,432	116,599	385,434	419,565	433,900	1,426,930
Disposals	-	-	-	(9,715)	-	(230,644)	-	(240,359)
Adjustments	-	-	-	-	-	-	(179,991)	(179,991)
Cost, end of year	\$ 3,434,650	\$ 2,736,566	\$ 26,182,325	\$ 13,106,665	\$ 43,844,311	\$ 6,144,243	\$ 515,410	\$ 95,964,170
Accumulated amortization, beginning of year	\$ -	\$ 521,780	\$ 7,784,966	\$ 9,447,580	\$ 15,472,836	\$ 3,556,749	\$ -	\$ 36,783,911
Amortization	-	149,306	668,356	538,558	1,183,258	276,066	-	2,815,544
Disposals	-	-	-	(9,715)	-	(124,496)	-	(134,211)
Accumulated amortization, end of year	\$ -	\$ 671,086	\$ 8,453,322	\$ 9,976,423	\$ 16,656,094	\$ 3,708,319	\$ -	\$ 39,465,244
Net carrying amount, end of year	\$ 3,434,650	\$ 2,065,480	\$ 17,729,003	\$ 3,130,242	\$ 27,188,217	\$ 2,435,924	\$ 515,410	\$ 56,498,926

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 \$2,561,575 (2013 - \$515,410).

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

December 31, 2014

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**11. Accumulated Surplus**

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

	<u>2014</u>	<u>2013</u>
Investment in tangible capital assets	\$ 57,299,085	\$ 56,498,926
Current funds	(3,597,178)	(1,889,152)
Unfunded liabilities	(15,378,186)	(16,329,730)
Reserves		
for election	9,539	29,500
for downtown revitalization	-	30,355
for general capital expenditures	220,465	128,805
for EMS equipment	-	108,000
for Policing	269,553	363,473
for water and wastewater	1,014,524	922,125
for Centennial	-	3,572
for recreation centre development reserve	35,000	-
for landfill	116,359	124,714
for building department	-	25,887
for skate park	10,002	10,002
for roads equipment	264,491	88,743
for roads	709,603	627,404
for fitness centre	104,221	104,221
for parks and gardens	14,476	14,234
for cedar bay	11,255	11,255
for parkland	57,411	54,911
for community improvement plan	30,995	30,000
for cemeteries	5,281	10,000
Reserve Funds		
for Library acquisition of capital assets	17,812	22,142
for Hydro debt reserve	1,127,798	1,561,271
for Airport capital	1,573,390	1,252,073
Net equity in government business enterprises	3,116,878	3,135,585
	<u>\$ 47,032,774</u>	<u>\$ 46,938,316</u>

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.

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

December 31, 2014

**12. Government Transfers - Federal**

	Budget 2014	2014	2013
<b>Capital</b>			
Association of Municipalities of Ontario			
Federal Gas Tax Fund	\$ 291,697	\$ 300,192	\$ 317,977
ACAP Grant	-	-	177,342
FedNor	630,450	-	-
Transferred to deferred revenue	(291,697)	(300,192)	(317,977)
	<u>\$ 630,450</u>	<u>\$ -</u>	<u>\$ 177,342</u>

**13. Government Transfers - Provincial**

	Budget 2014	2014	2013
<b>Operating</b>			
<b>Province of Ontario</b>			
Kenora District Services Board	\$ 1,135,810	\$ 942,883	\$ 1,020,794
Ontario Municipal Partnership Fund	1,976,600	1,976,600	2,176,600
Library	45,470	43,603	14,912
Other	186,726	169,470	250,872
Total operating grants	<u>3,344,606</u>	<u>3,132,556</u>	<u>3,463,178</u>
<b>Tangible Capital Assets</b>			
<b>Province of Ontario</b>			
Ontario Small Waterworks Assistance Program	1,333,421	1,333,431	126,570
NOHFC	630,450	-	-
Other	160,000	46,141	-
Total tangible capital asset grants	<u>2,123,871</u>	<u>1,379,572</u>	<u>126,570</u>
Total provincial grants	<u>\$ 5,468,477</u>	<u>\$ 4,512,128</u>	<u>\$ 3,589,748</u>

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

December 31, 2014

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**14. Other Income**

	2014	2013
Penalties and interest on taxation	\$ 264,344	\$ 269,810
Investment	87,849	91,392
Other municipalities (PA)	119,813	126,479
Fund raising and donations from the public	18,506	27,924
Fines	28,748	20,558
Sale of trailers / land	28,361	86,473
Licences and permits	70,786	92,848
Airport fuel sales	7,331,340	8,489,312
Loan forgiveness	-	260,693
Loss on write-off of capital assets	(78,126)	-
	<b>\$ 7,871,621</b>	<b>\$ 9,465,489</b>

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**15. Expenses by Object**

	2014	2013
Salaries, wages and employee benefits	\$ 7,802,202	\$ 7,733,685
Materials	11,990,181	12,976,342
Contracted services	3,837,761	3,097,956
Rents and financial expenses	96,464	150,493
Interest on long-term debt	548,664	608,954
Contributions to other organizations	1,727,995	1,435,247
Amortization	2,449,526	2,815,544
	<b>\$ 28,452,793</b>	<b>\$ 28,818,221</b>

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

December 31, 2014

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**16. Pension Agreements**

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$77,284 million in respect of benefits accrued for service, with actuarial assets at that date of \$70,206 million, indicating an actuarial deficit of \$7,078 million. 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 Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2014 was \$480,736 (2013 - \$401,398).

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**17. Contributions to Unconsolidated Joint Boards**

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

	2014	2013
District of Kenora Home for the Aged	\$ 599,932	\$ 417,904
Kenora District Services Board	935,575	916,186
Northwestern Health Unit	192,488	199,761
	\$ 1,727,995	\$ 1,533,851

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**18. Trust Funds**

The trust funds administered by the Municipality amounting to \$186,064 (2013 - \$185,053) 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, 2014, the trust funds balances are as follows:

	2014	2013
Cemetery Perpetual Care	\$ 107,107	\$ 106,207
Elsie Cosco Memorial Scholarship Fund	55,394	55,283
Mayfair Theatre Fund	23,563	23,563
	\$ 186,064	\$ 185,053

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

**December 31, 2014**

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**19. Contingencies**

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

1. 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.
2. There was an action commenced against the Municipality regarding 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.

At the year-end, there were properties that the Municipal Property Assessment Corporation had not reassessed that could result in possible supplementary taxes for the year. In addition, there are properties where the assessed value is being challenged. At this time, it is not possible to reliably estimate the value of these supplementary taxes and tax write-offs, so they have not been recognized in these consolidated financial statements. These adjustments, if any, will be accounted for in the year the Municipality can reasonably estimate an amount.

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**20. Loan Guarantee**

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 \$2,154,939 (2013 - \$2,154,939) and the loan was not in default.

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**21. Taxation**

	<u>2014</u>	<u>2013</u>
Property taxes	\$ 9,365,844	\$ 8,948,278
Payments-in-lieu of property	586,139	563,571
	<u>9,951,983</u>	<u>9,511,849</u>
Payments to school boards	(1,409,625)	(1,417,927)
Available for general municipal purposes	<u>\$ 8,542,358</u>	<u>\$ 8,093,922</u>

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

December 31, 2014

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**22. Budget**

The Financial Plan (Budget) By-Law adopted by Council on March 19, 2014 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 expenses 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 March 19, 2014 with adjustments as follows:

	<u>2014</u>
Financial Plan (Budget) By-Law surplus for the year	\$ (90,436)
Add:	
Capital expenditures	5,580,710
Debt payments	1,164,259
Less:	
Budgeted transfers from accumulated surplus	(838,664)
Amortization	(2,449,526)
Proceeds on debt	<u>(1,224,387)</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 2,141,956</u>

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## Corporation of the Municipality of Sioux Lookout

### Notes to Consolidated Financial Statements

**December 31, 2014**

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#### **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.

continued ...

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

December 31, 2014

23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Eliminations	2014 Total
<b>Revenue</b>											
Taxation	\$ 1,161,980	\$ 1,350,754	\$ 1,210,200	\$ 1,530,362	\$ 555,242	\$ 1,137,058	\$ 177,305	\$ 1,174,947	\$ 244,510	\$ -	\$ 8,542,358
Government grants - Conditional	-	38,869	-	1,363,909	-	1,014,568	-	112,582	5,000	-	2,534,928
Government grants - Unconditional	268,950	312,643	280,111	354,215	128,516	263,182	41,039	271,951	56,594	-	1,977,201
Municipal grants	-	119,813	-	-	-	-	-	-	-	-	119,813
User fees and service charges	268,455	18,240	2,575,073	3,113,627	23,725	427,283	-	268,506	49,667	-	6,744,576
Sale of aviation fuel	-	-	7,331,340	-	-	-	-	-	-	-	7,331,340
Other	176,430	205,093	183,751	232,364	84,306	172,646	26,921	178,399	37,125	-	1,297,035
<b>Total revenue</b>	<b>1,875,815</b>	<b>2,045,412</b>	<b>11,580,475</b>	<b>6,594,477</b>	<b>791,789</b>	<b>3,014,737</b>	<b>245,265</b>	<b>2,006,385</b>	<b>392,896</b>	<b>-</b>	<b>28,547,251</b>
<b>Expenses</b>											
Wages and benefits	1,469,592	410,141	1,788,607	881,921	254,878	1,491,784	-	1,273,655	231,624	-	7,802,202
Long-term debt (interest)	114,225	-	94,791	262,065	47,675	-	-	29,908	-	-	548,664
Materials	546,126	200,151	9,035,942	949,659	187,664	177,554	-	687,594	205,491	-	11,990,181
Contracted services	373,000	2,285,750	246,324	520,585	111,645	45,608	-	154,125	100,724	-	3,837,761
Rents and financial	24,230	-	10,860	22,877	33,764	-	-	4,733	-	-	96,464
External transfers	-	-	-	-	554,475	783,508	390,012	-	-	-	1,727,995
Amortization	28,795	75,164	1,147,975	729,178	31,246	2,693	-	434,475	-	-	2,449,526
<b>Total expenses</b>	<b>2,555,968</b>	<b>2,971,206</b>	<b>12,324,499</b>	<b>3,366,285</b>	<b>1,221,347</b>	<b>2,501,147</b>	<b>390,012</b>	<b>2,584,490</b>	<b>537,839</b>	<b>-</b>	<b>28,452,793</b>
<b>Net surplus (deficit)</b>	<b>\$ (680,153)</b>	<b>\$ (925,794)</b>	<b>\$ (744,024)</b>	<b>\$ 3,228,192</b>	<b>\$ (429,558)</b>	<b>\$ 513,590</b>	<b>\$ (144,747)</b>	<b>\$ (578,105)</b>	<b>\$ (144,943)</b>	<b>\$ -</b>	<b>\$ 94,458</b>

continued ...

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

December 31, 2014

23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Eliminations	2013 Total (Restated)
<b>Revenue</b>											
Taxation	\$ 1,074,973	\$ 1,198,772	\$ 1,125,918	\$ 1,514,887	\$ 522,285	\$ 985,340	\$ 185,823	\$ 1,106,267	\$ 379,657	\$ -	\$ 8,093,922
Government grants - Conditional	22,565	25,913	177,341	167,068	-	1,029,590	-	161,787	5,625	-	1,589,889
Government grants - Unconditional	289,158	322,460	302,863	407,493	140,491	265,049	49,985	297,577	102,125	-	2,177,201
Municipal grants	-	126,479	-	-	-	-	-	-	-	-	126,479
User fees and service charges	297,539	16,260	2,717,192	2,978,470	32,511	392,410	-	242,349	38,469	-	6,715,200
Sale of aviation fuel	-	-	8,489,312	-	-	-	-	-	-	-	8,489,312
Other	244,948	273,158	256,557	345,189	119,010	224,524	42,343	252,079	86,510	-	1,844,318
<b>Total revenue</b>	<b>1,929,183</b>	<b>1,963,042</b>	<b>13,069,183</b>	<b>5,413,107</b>	<b>814,297</b>	<b>2,896,913</b>	<b>278,151</b>	<b>2,060,059</b>	<b>612,386</b>	<b>-</b>	<b>29,036,321</b>
<b>Expenses</b>											
Wages and benefits	1,417,146	405,534	1,687,213	866,167	203,574	1,504,764	-	1,225,331	423,956	-	7,733,685
Long-term debt (interest)	106,437	-	160,766	260,069	50,503	-	-	31,179	-	-	608,954
Materials	585,380	216,843	9,996,535	814,072	230,114	183,930	-	556,444	393,024	-	12,976,342
Contracted services	210,766	1,971,234	232,303	390,276	72,636	21,906	-	168,586	30,249	-	3,097,956
Rents and financial	33,379	-	10,648	74,332	28,880	-	-	3,254	-	-	150,493
External transfers	-	-	-	-	537,847	482,723	414,677	-	-	-	1,435,247
Amortization	45,762	81,529	1,181,198	975,656	41,959	5,528	-	483,912	-	-	2,815,544
<b>Total expenses</b>	<b>2,398,870</b>	<b>2,675,140</b>	<b>13,268,663</b>	<b>3,380,572</b>	<b>1,165,513</b>	<b>2,198,851</b>	<b>414,677</b>	<b>2,468,706</b>	<b>847,229</b>	<b>-</b>	<b>28,818,221</b>
<b>Net surplus (deficit)</b>	<b>\$ (469,687)</b>	<b>\$ (712,098)</b>	<b>\$ (199,480)</b>	<b>\$ 2,032,535</b>	<b>\$ (351,216)</b>	<b>\$ 698,062</b>	<b>\$ (136,526)</b>	<b>\$ (408,647)</b>	<b>\$ (234,843)</b>	<b>\$ -</b>	<b>\$ 218,100</b>

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

For the year ended December 31, 2014

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Gas tax rebate	\$ 317,977	\$ 300,192	\$ -	\$ -	\$ 618,169
<b>Other</b>					
Restricted Donations	-	97,876	-	(28,869)	69,007
KDSB Child Care	131,038	19,224	-	(77,091)	73,171
	131,038	117,100	-	(105,960)	142,178
	\$ 449,015	\$ 417,292	\$ -	\$ (105,960)	\$ 760,347

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.



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## Independent Auditors' Report

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

We have audited the accompanying financial statements of Corporation of the Municipality of Sioux Lookout Trust Funds, which comprise the statement of financial position as at December 31, 2014, and statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Corporation of the Municipality of Sioux Lookout in accordance with the basis of accounting as described in Note 1.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1; this includes determining that the described basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances 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.

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements of Corporation of the Municipality of Sioux Lookout Trust Funds for the year ended December 31, 2014, are prepared, in all material respects, in accordance with the basis of accounting as described in Note 1.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario  
August 12, 2015

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

December 31, 2014

	Cemetery Perpetual Care	Ontario Home Renewal Plan	Elsie Cosco Memorial Scholarship Fund	Mayfair Theatre Fund	2014 Total	2013 Total
<b>Assets</b>						
Investments	\$ 125,352	\$ -	\$ 64,994	\$ 28,763	\$ 219,109	\$ 215,782
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Due to Corporation of the Municipality of Sioux Lookout	\$ 18,245	\$ -	\$ 9,600	\$ 5,200	\$ 33,045	\$ 30,729
<b>Fund Balance</b>						
Capital	107,107	-	55,394	23,563	186,064	185,053
	\$ 125,352	\$ -	\$ 64,994	\$ 28,763	\$ 219,109	\$ 215,782

**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	2014 Total	2013 Total
Balance, beginning of year	\$ 106,207	\$ -	\$ 55,283	\$ 23,563	\$ 185,053	\$ 184,536
<b>Receipts</b>						
Plot sales and marker installation	900	-	-	-	900	-
Interest earned	2,615	-	711	-	3,326	7,081
	3,515	-	711	-	4,226	7,081
<b>Expenses</b>	2,615	-	600	-	3,215	6,564
Balance, end of year	\$ 107,107	\$ -	\$ 55,394	\$ 23,563	\$ 186,064	\$ 185,053

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



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

December 31, 2014

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**1. Significant Accounting Policies**

**Management Responsibility**

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

**Basis of Accounting**

Sources of financing and expenses 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; expenses 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 expenses are reported on a cash basis of accounting for Cemetery Perpetual Care Trust Funds.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

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

**December 31, 2014**

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**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.

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**3. Statement of Cash Flows**

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

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Dryden ON P8N 3G3 Canada

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of the Public Library Board of Corporation of the Municipality of Sioux Lookout, which comprise the statement of financial position as at December 31, 2014, the statements of financial activities and members' equity, and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Public Library Board of the Corporation of the Municipality of Sioux Lookout derives revenue from cash based activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Public Library Board of Corporation of the Municipality of Sioux Lookout; therefore, we were not able to determine whether any adjustments might be necessary to cash based revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2014 and 2013, current assets as at December 31, 2014 and 2013, and net assets as at January 1 and December 31 for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.



**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2014, and the results of its operations and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "BDO Canada LLP".

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario  
August 12, 2015

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

December 31 2014 2013

**Assets**

**Current**

Cash and bank	\$	69,430	\$	68,690
Accounts receivable		13,435		12,065
Prepays		2,928		2,200
		\$ 85,793		\$ 82,955

**Liabilities and Fund Balance**

**Current**

Accounts payable and accrued liabilities (Note 2)	\$	60,201	\$	53,230
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**Fund Balance**

Members' equity	7,780	7,583
Reserve fund for capital expenditures (Note 3)	17,812	22,142
	25,592	29,725
	\$ 85,793	\$ 82,955

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying 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' Equity**

For the year ended December 31	Budget		
	2014	2014	2013
<b>Revenue</b>			
Contributions from Corporation of the Municipality of Sioux Lookout	\$ 356,000	\$ 356,000	\$ 348,322
Grants from the Province of Ontario			
Per household grants	11,102	11,102	11,102
Pay equity funding	601	601	601
Other grants	33,767	31,900	3,209
Other	21,415	23,427	28,773
	<u>422,885</u>	<u>423,030</u>	<u>392,007</u>
<b>Expenses</b>			
Book purchases	28,300	29,150	36,262
Building maintenance	15,560	17,172	19,160
Furniture and equipment	21,690	22,909	8,327
Legal, audit and insurance	4,185	4,438	4,003
Miscellaneous	10,567	13,793	6,510
Periodicals and newspapers	5,200	4,950	6,488
Professional development	5,093	2,913	3,186
Salaries and benefits	305,882	302,478	301,337
Supplies	10,900	11,456	16,280
Utilities	15,405	17,904	17,104
	<u>422,782</u>	<u>427,163</u>	<u>418,657</u>
Excess (deficiency) of revenue over expenses for the year	103	(4,133)	(26,650)
Members' equity, beginning of year	-	7,583	37,743
Transfer from (to) reserve for capital expenditures (net of interest)	(103)	4,330	(3,510)
<b>Members' equity, end of year</b>	<u>\$ -</u>	<u>\$ 7,780</u>	<u>\$ 7,583</u>

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

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**Corporation of the Municipality of Sioux Lookout**  
**Public Library Board**  
**Statement of Cash Flows**

For the year ended December 31	2014	2013
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (4,133)	\$ (26,650)
Changes in non-cash working capital balances		
Accounts receivable	(1,370)	7,330
Prepays	(728)	(1,965)
Accounts payable and accrued liabilities	6,971	4,275
	4,873	9,640
Increase (decrease) in cash during the year	740	(17,010)
Cash and bank, beginning of year	68,690	85,700
Cash and bank, end of year	\$ 69,430	\$ 68,690

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

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

**December 31, 2014**

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**1. Significant Accounting Policies**

<b>Nature of Business</b>	<p>The Public Library Board is responsible for the operation and administration of The Sioux Lookout Public Library.</p> <p>The organization is exempt from tax under section 149(1)(l) of the income tax act.</p>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations.</p>
<b>Basis of Consolidation</b>	<p>The Public Library Board has been consolidated with the financial statements of Corporation of the Municipality of Sioux Lookout.</p>
<b>Pension and Employee Benefits</b>	<p>The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.</p>
<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>



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

December 31, 2014

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**1. Significant Accounting Policies (continued)**

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

**Property, Plant and Equipment**

Property, plant and equipment are not recorded on the statement of financial position. Expenditures for property, plant and equipment in the year are recorded as expenses and disclosed in the statement of operations.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

December 31, 2014

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**2. Accounts Payable and Accrued Liabilities**

	2014	2013
Trade accounts payable	\$ 21,386	\$ 21,565
Vested and non-vested sick leave payable	29,114	24,453
Employee deductions	9,701	7,212
	\$ 60,201	\$ 53,230

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**3. Reserve Fund for Capital Expenditures**

A reserve fund in the amount of \$17,812 (2013 - \$22,142) is being held by the Library Board and is for the purpose of financing the board's furniture purchases and other major capital.

	2014	2013
Reserve Fund, beginning of year	\$ 22,142	\$ 18,632
<b>Transfer</b>		
Transfer from library operations	-	3,510
Transfer to library operations	(4,330)	-
	(4,330)	3,510
Reserve Fund, end of year	\$ 17,812	\$ 22,142

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**4. Bank Indebtedness**

The Public Library Board 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.

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

**December 31, 2014**

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**5. Financial Instrument Risk**

**General Objectives, Policies and Process**

The Board of Directors has overall responsibility for the determination of the organization's risk management objectives and policies. The Board has delegated the authority to management for designing and operation processes that ensure effective implantation of the objectives and policies.

The organization's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instruments risk.

**Credit Risk**

The organization is exposed to credit risk through the possibility of non-collection of its accounts and contributions receivable. The majority of the organization's receivables are from government entities which minimizes the risk of non-collection. The organization also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding. The amounts outstanding at year end, which is the organization's maximum exposure to credit risk related to accounts and contributions receivable, were all current.

**Liquidity Risk**

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization has a planning budgeting process in place to help determine the funds required to support the organization's normal operating requirements on an ongoing basis. The organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain cash balances to meet, at a minimum, expected requirements for a period of at least 90 days. All contractual maturities of financial liabilities are current.

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

**December 31, 2014**

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**6. Economic Dependence**

Approximately 89% (2013 - 89%) 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.

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**7. Pension Plan**

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$77,284 million in respect of benefits accrued for service with actuarial assets at that date of \$70,206 million indicating an actuarial deficit of \$7,078 million. 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 Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2014 was \$21,662 (2013 - \$20,571).

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