

**The Corporation of the City of Elliot Lake
Consolidated Financial Statements
For the year ended December 31, 2019**

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Consolidated Financial Statements
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**The Corporation of the City of Elliot Lake
Management's Responsibility for Financial Reporting**

December 31, 2019

The accompanying consolidated financial statements of The Corporation of the City of Elliot Lake (the City) are the responsibility of management and have been approved by the Mayor and Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

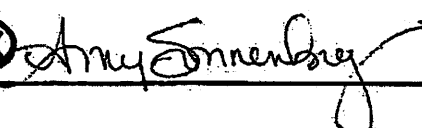

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

The City Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers and inhabitants of the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

Mayor

Treasurer



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Elliot Lake

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Elliot Lake (the City), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019 and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

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

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

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

Independent Auditor's Report (continued)

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

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


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



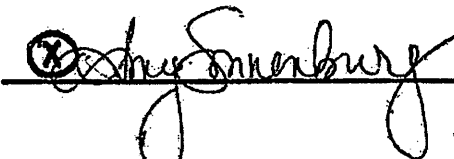
Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
September 28, 2020

**The Corporation of the City of Elliot Lake
Consolidated Statement of Financial Position**

December 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 13,817,041	\$ 11,353,815
Portfolio investments (Note 3)	6,557,560	6,732,630
Taxes receivable (Note 4)	934,984	1,146,334
Accounts receivable (Note 5)	2,376,941	1,121,249
Inventory and land held for resale	31,027	23,156
Residential lots inventory for resale (Note 6)	25,180	75,538
Mortgage receivable (Note 7)	852,549	852,549
	24,595,282	21,305,271
Liabilities		
Accounts payable and accrued liabilities	2,061,486	1,315,059
Other liabilities	413,540	113,321
Deferred revenue (Note 8)	2,007,424	2,298,392
Long term debt (Note 9)	2,076,122	2,375,601
Accrued landfill closure and post-closure costs (Note 10)	1,206,158	1,092,128
Accrued employee benefits (Note 11)	1,981,218	2,013,877
	9,745,948	9,208,378
Net financial assets	14,849,334	12,096,893
Non-financial assets		
Prepays and supplies inventory	636,645	586,005
Tangible capital assets (Schedule 1)	30,390,577	25,732,365
	31,026,222	26,318,370
Accumulated surplus (Note 12)	\$ 45,875,556	\$ 38,415,263



Mayor



Treasurer

**The Corporation of the City of Elliot Lake
Consolidated Statement of Operations**

For the year ended December 31	(Note 17) Budget	2019	2018
Revenue			
Taxation (Note 14)	\$ 12,054,294	\$ 12,136,719	\$ 11,616,817
Government grants - Provincial	9,812,051	10,387,204	8,680,461
Government grants - Federal	2,306,306	2,031,289	155,400
User fees and service charges	5,678,533	5,623,865	5,584,091
Licences, permits and rents	147,880	225,039	151,966
Investment income	384,000	436,314	365,975
Interest and penalties on taxes, water and other	118,500	196,865	203,233
Other	611,738	3,894,714	1,882,950
	<u>31,113,302</u>	<u>34,932,009</u>	<u>28,640,893</u>
Expenses			
General government	3,670,542	5,005,076	4,066,205
Protection services	5,457,847	5,233,745	4,981,053
Transportation services	5,621,449	5,204,923	5,140,076
Environmental services	4,349,410	4,415,112	4,025,506
Health services	1,509,200	1,586,597	1,537,026
Social and family services	1,337,784	1,219,886	1,184,652
Recreation and cultural services	4,302,549	4,114,692	3,947,329
Planning and development	675,779	691,685	861,342
	<u>26,924,560</u>	<u>27,471,716</u>	<u>25,743,189</u>
Annual surplus	4,188,742	7,460,293	2,897,704
Accumulated surplus, beginning of year	38,415,263	38,415,263	35,517,559
Accumulated surplus, end of year	<u>\$ 42,604,005</u>	<u>\$ 45,875,556</u>	<u>\$ 38,415,263</u>

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

**The Corporation of the City of Elliot Lake
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	(Note 17) Budget	2019	2018
Annual surplus	\$ 4,188,742	\$ 7,460,293	\$ 2,897,704
Acquisition of tangible capital assets	(11,235,964)	(8,439,186)	(3,077,428)
Amortization of tangible capital assets	2,445,000	2,150,526	2,236,329
Gain on disposal of tangible capital assets	-	(2,997,192)	(16,123)
Proceeds on sale of tangible capital assets	-	4,327,640	16,123
Write-downs of tangible capital assets	-	300,000	-
Change in prepaid and supplies inventory	-	(49,640)	292,474
Net change in net financial assets	(4,602,222)	2,752,441	2,349,079
Net financial assets, beginning of year	12,096,893	12,096,893	9,747,814
Net financial assets, end of year	\$ 7,494,671	\$ 14,849,334	\$ 12,096,893

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

**The Corporation of the City of Elliot Lake
Consolidated Statement of Cash Flows**

For the year ended December 31	2019	2018
Operating transactions		
Annual surplus	\$ 7,460,293	\$ 2,897,704
Items not involving cash		
Amortization	2,150,526	2,236,329
Gain on disposal of tangible capital assets	(2,997,192)	(16,123)
Write down of capital assets	300,000	-
	<u>6,913,627</u>	<u>5,117,910</u>
Changes in non-cash operating balances		
Taxes receivable	211,350	(129,993)
Accounts receivable	(1,255,692)	(132,140)
Inventory and land for resale	(7,871)	8,242
Prepays and supplies inventory	(49,640)	292,474
Residential lots inventory for resale	50,358	56,207
Accounts payable and accrued liabilities	746,427	(82,923)
Other liabilities	300,219	(81,809)
Deferred revenue	(290,968)	810,685
Accrued employee benefits	(32,659)	(220,335)
Accrued landfill closure and post-closure costs	114,030	45,970
	<u>6,699,181</u>	<u>5,684,288</u>
Capital transactions		
Acquisition of tangible capital assets	(8,439,186)	(3,077,428)
Proceeds on sale of tangible capital assets	4,327,640	16,123
	<u>(4,111,546)</u>	<u>(3,061,305)</u>
Investing transactions		
Disposal (acquisition) of portfolio investments	175,070	(94,495)
Financing activities		
Repayment of long term debt	(299,479)	(288,305)
Net change in cash	<u>2,463,226</u>	<u>2,240,183</u>
Cash and cash equivalents, beginning of year	<u>11,353,815</u>	<u>9,113,632</u>
Cash and cash equivalents, end of year	<u>\$ 13,817,041</u>	<u>\$ 11,353,815</u>

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

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

December 31, 2019

1. Significant accounting policies

The consolidated financial statements of the Corporation of the City of Elliot Lake (the City) are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.

Basis of Consolidation These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of all City organizations, committees and boards which are owned or controlled by the City including the following:

Elliot Lake Public Library Board
Elliot Lake Residential Development Commission

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

Trust Funds Funds held in trust by the City and their related operations are not included in these consolidated financial statements. The financial activity and financial position of the trust funds are reported separately.

Portfolio Investments Portfolio investments are recorded at cost. A write down is recorded where there has been a loss in value that is other than a temporary decline.

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	20 years to indefinite
Buildings	10 to 40 years
Machinery and equipment	3 to 40 years
Vehicles	5 to 40 years
Library collection	10 years
Linear assets	8 to 40 years
Information technology	3 to 8 years
Parks infrastructure	5 to 40 years
Plants equipment	5 to 40 years
Leasehold improvements	over the lease term

Leased Assets Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the City, and the obligation, including interest thereon, is retired over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

December 31, 2019

1. Significant accounting policies (continued)

Inventories and Land Held for Resale	Inventories held for consumption are recorded at the lower of cost and replacement cost. Land held for resale is recorded at the lower of cost and net realizable value.
Collection of taxes on Behalf of Other Taxation Authorities	The City collects tax revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these consolidated financial statements.
Retirement Benefits and Other Employee Benefit Plans	The City provides pension benefits to specified employees through the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The City's contributions due during the period are expensed as incurred. The City provides other post-employment defined benefits. These costs accumulate over the period of service provided by employees and are determined by actuaries using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee groups.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general City purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers are recognized as revenue 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.
Revenue Recognition	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Charges for sewer and water usage are recorded as user fees which are recorded upon provision of service. Connection fee revenues are recognized when the connection has been established.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

December 31, 2019

1. Significant accounting policies (continued)

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. Future events may result in significant changes to the estimated total expenses, capacity used, or total capacity and the estimated liability and would be recognized prospectively, as a change in estimate, when applicable.

Use of Estimates The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

2. Cash and cash equivalents

	2019	2018
Unrestricted cash and cash equivalents are comprised of:		
Cash on hand	\$ 3,850	\$ 3,850
Cash held in banks	10,781,872	7,525,575
	10,785,722	7,529,425
Internally restricted cash and cash equivalents are composed of:		
Cash held in banks	2,664,017	3,820,438
Cash held in investment account	367,302	3,952
	3,031,319	3,824,390
	\$ 13,817,041	\$ 11,353,815

3. Portfolio investments

	2019	2018
GICs, corporate and provincial bonds, bond and equity funds	\$ 3,666,834	\$ 3,606,837
Strip and coupon bonds	2,509,534	2,757,773
Term deposits	381,192	368,020
	\$ 6,557,560	\$ 6,732,630

Corporate, provincial bonds and GIC's carry effective interest rates between 2.20% and 4.35% and mature between June 2020 and November 2026. Interest is receivable annually.

Strip and coupon bonds carry effective interest rates between 2.59% and 4.74% and mature between June 2020 and June 2026.

Term deposits carry effective interest rates between 2.00% and 2.60% and mature between September 2024 and October 2024. Interest is receivable on an annual basis.

The Corporation of the City of Elliot Lake
Notes to the Consolidated Financial Statements

December 31, 2019

4. Taxes receivable

	2019	2018
Levies	\$ 893,081	\$ 1,103,933
Interest and penalties	41,903	42,401
	\$ 934,984	\$ 1,146,334

5. Accounts receivable

	2019	2018
Canada specific grants	\$ -	\$ 100,034
Ontario specific grants	1,078,234	769,306
School board receivable (payable)	-	(135)
HST receivable	1,102,437	148,755
Accounts receivable general	164,542	139,946
Accounts receivable water	28,353	53,490
Due from Care and Maintenance Trust fund	7,956	5,579
Other receivables	79,168	74,681
Physician recruitment loan receivable	20,069	39,162
Less: allowance for doubtful collection	(103,818)	(209,569)
	\$ 2,376,941	\$ 1,121,249

6. Residential lots inventory for resale

Land is purchased from the Crown and is further developed to bring the land ready for resale to residential builders. The Elliot Lake Residential Development Commission is responsible for the development and facilitation of the sale of the land to residential developers. Land inventory is carried at the lower of cost and fair market value.

7. Mortgage receivable

The City holds a first mortgage on the property known as the ELNOS building. Commencing in 2007, subject to an agreement dated October 19, 2006, there are no annual payments required so long as the borrower remains the owner of the property. On the sale of the property, the City will be entitled to the principal amount of the mortgage plus interest at the rate of 2% calculated from the date of advance of the funds.

**The Corporation of the City of Elliot Lake
Notes to the Consolidated Financial Statements**

December 31, 2019

8. Deferred revenue

	Opening balance	Contributions Received	Externally restricted investment income	Revenue Recognized	Ending balance
Gas tax	\$ 2,126,167	\$ 1,388,036	\$ 45,500	\$(1,803,766)	\$ 1,755,937
Other	172,225	251,487	-	(172,225)	251,487
	<u>\$ 2,298,392</u>	<u>\$ 1,639,523</u>	<u>\$ 45,500</u>	<u>\$(1,975,991)</u>	<u>\$ 2,007,424</u>

9. Long term debt

Long term debt is made up of the following:

	<u>2019</u>	<u>2018</u>
RBC demand loan, payable \$13,503 monthly including interest at 2.23%, maturing September 2020	\$ 96,923	\$ 254,884
Ontario Infrastructure debenture loan, with \$49,250 bi-annual payments plus interest at 2.75%, maturing April 2035	1,526,750	1,625,250
RealTerm loan, payable \$8,566 (2018 - \$8,338) monthly including interest at 12.74%, with payment amounts escalating each September, maturing August 2025	<u>452,449</u>	495,467
	<u>\$ 2,076,122</u>	<u>\$ 2,375,601</u>

Principal repayments over the next five years and thereafter are as follows:

Year	Amount
2020	\$ 247,256
2021	160,424
2022	171,965
2023	185,154
2024	200,217
Thereafter	<u>1,111,106</u>
	<u>\$ 2,076,122</u>

10. Landfill closure and post-closure costs

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

December 31, 2019

10. Landfill closure and post-closure costs (continued)

The present value of the City's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$1,206,158 (2018 - \$1,092,128) and reflects a discount rate of 3.58% (2018 - 3.58%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The landfill is expected to reach its capacity in 27 years and the estimated remaining capacity is 415,664 cubic metres (2018 - 424,800). The total undiscounted estimated future expenditures for closure and post-closure care are \$2,942,600 (2018 - \$2,606,600). The estimated length of time needed for post-closure care is 25 years.

11. Employee benefits

Employee benefits plan liabilities are made up of the following:

	2019	2018
Accrued sick leave	\$ 42,631	\$ 51,527
Accrued vacation pay	446,687	447,450
Accrued retirement and post-employment benefits	1,491,900	1,514,900
	\$ 1,981,218	\$ 2,013,877

The City provides sick leave employee benefits to certain employees, accessible only upon request, termination or retirement. The liability represents the value required to cover the sick leave plan.

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31, 2019.

The City provides certain health, dental and life insurance on behalf of retired employees. The City accrues the liability for these employee future benefits over the service periods in which the employees earn the benefits. The cost of these employee future benefits was determined based on the December 31, 2017 actuarial valuation that included the following significant assumptions:

Discount rate of 2.80% (2018 - 3.30%)

There are no plan assets.

Weighted average health care trend rate of 5.77% (2018 - 5.87%) decreasing by 0.10% per year to 4.0% in 2038.

The accrued benefit obligation at the end of the year was \$1,543,800 (2018 - \$1,595,900).

The following total expenses related to these benefits are included in the consolidated statement of operations as a component of program expenses:

	2019	2018
Current year benefit cost	\$ 86,800	\$ 84,000
Interest cost	52,400	53,800
Amortization of actuarial gain	29,100	29,100
	\$ 168,300	\$ 166,900

The Corporation of the City of Elliot Lake
Notes to the Consolidated Financial Statements

December 31, 2019

12. Accumulated surplus

	2019	2018
Reserves set aside for specific purposes by Council		
Working capital	\$ 1,833,654	\$ 318,627
Elections	33,793	13,242
Capital expenses	13,449,295	12,019,088
Cemetery capital development	140,451	124,730
Landfill closure and post closure	2,164,151	2,229,014
Sick leave	42,631	51,527
Economic development	219,650	363,570
Miner's heritage	61,473	60,048
Legislative requirements	147,473	144,056
Wireless towers	103,445	74,321
Waterfront development	2,558,224	2,336,257
	20,754,240	17,734,480
Total reserves	20,754,240	17,734,480
Equity in tangible capital assets	29,938,126	25,236,896
Operating surplus (deficit)	-	478,043
Unfunded liabilities		
Long term debt	(2,076,121)	(2,375,601)
Employee benefit plans liabilities	(1,491,900)	(1,514,900)
Sick leave	(42,631)	(51,527)
Landfill closure and post closure costs	(1,206,158)	(1,092,128)
	\$ 45,875,556	\$ 38,415,263
 Allocation of annual surplus:		
Reserves	\$ 2,495,992	\$ 2,237,465
Transfer of operating surplus to working capital	523,768	-
	3,019,760	2,237,465
Total reserves	3,019,760	2,237,465
Equity in tangible capital assets	4,701,230	876,423
Operating surplus	(478,043)	(467,537)
Unfunded liabilities	217,346	251,353
	\$ 7,460,293	\$ 2,897,704

13. Pension agreements

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

Because OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit, as this is a joint responsibility of all Ontario municipalities and their employees. At December 31, 2019 OMERS reported an actuarial funding deficit of \$3.4 billion (2018 - \$4.2 billion). Employer's contributions for current and past service are included as an expense on the consolidated statement of operations. The amount contributed to OMERS in 2019 was \$524,212 (2018 - \$564,570).

The Corporation of the City of Elliot Lake
Notes to Consolidated Financial Statements

December 31, 2019

14. Taxation

	2019	2018
Residential and multi-residential	\$ 10,872,665	\$ 10,465,452
Commercial and industrial	2,345,162	2,289,402
Taxation from other governments	279,893	263,886
Tax reductions and rebates	21,482	8,615
	13,519,202	13,027,355
Deduct: amounts received or receivable for school boards	(1,382,483)	(1,410,538)
	\$ 12,136,719	\$ 11,616,817

Property tax billings are prepared by the City based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the City were reviewed and new values established based on a common valuation date which was used by the City in computing the property tax billings. However, property tax revenue and taxes receivable of the City are subject to measurement uncertainty as ratepayers may appeal the values assessed.

15. Segmented information

The City is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, City operations and activities are organized and reported by department. Departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. This category encompasses the CAO's office, Mayor and Council, clerks and elections, administrative buildings, treasury financial, budgets and bill collection. Administrative services to other departments include information technology and human resources departments.

Protection

Protection is comprised of the fire/emergency by-law enforcement and building inspections departments as well as transfers to the Ontario Provincial Police for policing services. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation

The transportation department is responsible for the delivery of City public works services related to the planning, development and maintenance of City roads and streets, transit operations, airport operations and street lighting.

The Corporation of the City of Elliot Lake

Notes to Consolidated Financial Statements

December 31, 2019

15. Segmented information (continued)

Environmental

The environmental department consists of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water to ratepayers, collects and treats wastewater, and provides garbage disposal and waste minimization programs and facilities for solid waste disposal.

Health

Through the Algoma Health Unit, the City contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of City cemeteries.

Social and family

Through the Algoma District Services Administration Board, the City contributes to social assistance payments, child care services and social housing.

Recreation and cultural

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, arena and pool operation, fitness and sports programs, civic centre operation, recreational programming and trail maintenance. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the City's citizens through the provision of library services.

Planning

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Note 1 significant accounting policies. For additional information see Schedule 2 - Consolidated Schedule of Segment Disclosure.

16. Funds held in trust

Funds held in trust by the City for cemetery care and maintenance amounting to \$316,820 (2018 - \$306,565) are not included in these financial statements but are reported upon separately.

The Corporation of the City of Elliot Lake

Notes to Consolidated Financial Statements

December 31, 2019

17. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 10, 2019 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to increase current year revenues in excess of expenditures. 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 change in net financial assets include the following adjustments:

<i>Financial Plan (Budget) Bylaw</i>	
Operating fund surplus for the year	\$ -
Capital fund surplus for the year	(25,000)
	<u>(25,000)</u>
<i>Add:</i>	
Capital expenditures	11,235,964
Principal payments on long-term debt	299,479
<i>Less:</i>	
Additional long-term debt financing	(403,200)
Amortization	(2,445,000)
Net inter-fund transfers from reserves	(4,473,501)
	<u>(4,473,501)</u>
<i>Budget surplus per statement of operations</i>	<u>\$ 4,188,742</u>

18. Contingent liabilities

The City has been named in litigation matters, the outcome of which is not determinable and accordingly, no provision has been made for them in these financial statements. Should any loss result from these claims, such loss would be charged to operations in the year of resolution.

19. Uncertainty due to COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. There could be further impact on the City, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the City's assets and future ability to deliver services and projects. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The City's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The City will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

**The Corporation of the City of Elliot Lake
Schedule 1 - Consolidated Tangible Capital Assets**

For the year ended December 31, 2019

	Land	Land Improvements	Buildings & Leasehold Improvements	Machinery and Equipment	Vehicles	Library collection	Linear assets	Information technology	Parks infrastructure	Plants equipment	Work in progress	Total
Cost, beginning of year	\$ 2,835,171	\$ 10,351,541	\$ 18,669,456	\$ 5,633,196	\$ 8,584,291	\$ 589,399	\$ 54,179,790	\$ 361,739	\$ 3,391,744	\$ 15,064,190	\$ 1,241,225	\$ 120,901,742
Additions	1,011,166	-	1,188,104	345,591	1,420,185	41,327	368,371	-	136,551	504,789	3,423,102	8,439,186
Disposals	-	(41,030)	(1,385,487)	-	(970,346)	-	-	-	(195,433)	-	(238,196)	(2,830,492)
Capitalized construction	53,636	-	173,254	-	-	-	-	211,939	-	40,861	(479,690)	-
Write-downs	-	-	(300,000)	-	-	-	-	-	-	-	-	(300,000)
Cost, end of year	3,899,973	10,310,511	18,345,327	5,978,787	9,034,130	630,726	54,548,161	573,678	3,332,862	15,609,840	3,946,441	126,210,436
Accumulated amortization, beginning of year	-	9,395,547	14,970,769	2,986,800	5,827,913	235,018	45,952,752	178,194	2,558,464	13,063,920	-	95,169,377
Amortization	-	82,070	225,054	232,194	442,863	66,014	534,114	37,905	88,792	441,520	-	2,150,526
Disposals	-	(31,795)	(594,047)	-	(714,985)	-	-	-	(159,217)	-	-	(1,500,044)
Accumulated amortization, end of year	-	9,445,822	14,601,776	3,218,994	5,555,791	301,032	46,486,866	216,099	2,488,039	13,505,440	-	95,819,859
Net carrying amount, end of year	\$ 3,899,973	\$ 864,689	\$ 3,743,551	\$ 2,759,793	\$ 3,478,339	\$ 329,694	\$ 8,061,295	\$ 357,579	\$ 844,823	\$ 2,104,400	\$ 3,946,441	\$ 30,390,577

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$3,946,441 (2018 - \$1,241,225).

The City holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

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

The Corporation of the City of Elliot Lake
Schedule 1 - Consolidated Tangible Capital Assets (Continued)

For the year ended December 31, 2018 (comparative figures)

	Land	Land Improvements	Buildings & Leasehold Improvements	Machinery and Equipment	Vehicles	Library collection	Linear assets	Information technology	Parks infrastructure	Plants equipment	Work in progress	Total
Cost, beginning of year	\$ 2,835,171	\$ 10,116,342	\$ 18,367,109	\$ 5,484,517	\$ 7,601,809	\$ 530,672	\$ 53,395,126	\$ 361,739	\$ 3,350,000	\$ 15,031,177	\$ 950,642	\$ 118,024,304
Additions	-	235,199	302,347	107,120	1,182,472	58,727	516,821	-	21,917	33,013	619,812	3,077,428
Disposals	-	-	-	-	(199,990)	-	-	-	-	-	-	(199,990)
Write-downs	-	-	-	41,559	-	-	267,843	-	19,827	-	(329,229)	-
Cost, end of year	2,835,171	10,351,541	18,669,456	5,633,196	8,584,291	589,399	54,179,790	361,739	3,391,744	15,064,190	1,241,225	120,901,742
Accumulated amortization, beginning of year	-	9,324,792	14,733,537	2,800,269	5,550,510	182,179	45,317,899	161,546	2,467,142	12,595,164	-	93,133,038
Amortization	-	70,755	237,232	186,531	477,393	52,839	634,853	16,648	91,322	468,756	-	2,236,329
Disposals	-	-	-	-	(199,990)	-	-	-	-	-	-	(199,990)
Accumulated amortization, end of year	-	9,395,547	14,970,769	2,986,800	5,827,913	235,018	45,952,752	178,194	2,558,464	13,063,920	-	95,169,377
Net carrying amount, end of year	\$ 2,835,171	\$ 955,994	\$ 3,698,687	\$ 2,646,396	\$ 2,756,378	\$ 354,381	\$ 8,227,038	\$ 183,545	\$ 833,280	\$ 2,000,270	\$ 1,241,225	\$ 25,732,365

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 \$1,241,225.

The City holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

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

The Corporation of the City of Elliot Lake
Schedule 2 - Consolidated Segment Disclosure

For the year ended December 31, 2019

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 1,894,919	\$ 3,274,104	\$ 2,949,521	\$ 315,696	\$ 925,372	\$ 955,389	\$ 1,796,467	\$ 25,251	\$ 12,136,719
Ontario grants	2,050,861	2,371,278	2,624,402	511,150	624,451	644,708	1,543,314	17,040	10,387,204
Canada grants	-	-	1,803,766	-	-	-	227,523	-	2,031,289
User fees and service charges	42,805	80,590	403,999	4,373,723	61,517	-	661,231	-	5,623,865
Licences, permits and rents	5,200	196,922	-	-	-	-	23,258	(341)	225,039
Investment income	362,585	-	-	-	6,785	-	-	66,944	436,314
Interest and penalties on taxes, water and other	164,793	-	-	32,072	-	-	-	-	196,865
Other	3,027,204	80,112	94,367	256,822	554	-	131,879	303,776	3,894,714
	7,548,367	6,003,006	7,876,055	5,489,463	1,618,679	1,600,097	4,383,672	412,670	34,932,009
Expenses									
Salaries and benefits	1,749,643	1,925,065	2,018,957	1,213,779	52,710	-	1,951,206	266,452	9,177,812
Materials and supplies	2,401,628	140,692	1,433,782	1,593,297	74,203	-	926,743	122,306	6,692,651
Contracted services	722,850	3,049,998	816,484	1,033,523	60,966	-	552,127	211,916	6,447,864
Rents and financial	-	-	71,816	-	-	4,068	270,173	51,814	397,871
External transfers	-	-	-	-	1,389,174	1,215,818	-	-	2,604,992
Amortization	130,955	117,990	863,884	574,513	9,544	-	414,443	39,197	2,150,526
	5,005,076	5,233,745	5,204,923	4,415,112	1,586,597	1,219,886	4,114,692	691,685	27,471,716
Excess (deficiency) of revenue over expenses	\$ 2,543,291	\$ 769,261	\$ 2,671,132	\$ 1,074,351	\$ 32,082	\$ 380,211	\$ 268,980	\$ (279,015)	\$ 7,460,293

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

The Corporation of the City of Elliot Lake
Schedule 2 - Consolidated Segment Disclosure (Continued)

For the year ended December 31, 2018 (comparative figures)

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 2,536,904	\$ 2,951,515	\$ 2,566,064	\$ 306,036	\$ 883,921	\$ 515,325	\$ 1,588,581	\$ 268,471	\$ 11,616,817
Ontario grants	1,788,550	2,160,786	2,142,344	215,759	623,175	363,311	1,196,661	189,875	8,680,461
Canada grants	50,000	-	-	-	-	-	102,912	2,488	155,400
User fees and service charges	39,163	89,064	587,910	4,106,120	53,306	-	708,528	-	5,584,091
Licences, permits and rents	5,070	122,564	-	-	-	-	22,523	1,809	151,966
Investment income	315,461	-	-	-	6,180	-	-	44,334	365,975
Interest and penalties on taxes, water and other	171,065	-	-	32,168	-	-	-	-	203,233
Other	681,963	32,144	130,610	290,151	-	-	101,254	646,828	1,882,950
	5,588,176	5,356,073	5,426,928	4,950,234	1,566,582	878,636	3,720,459	1,153,805	28,640,893
Expenses									
Salaries and benefits	1,841,684	1,791,397	1,869,753	953,695	31,409	-	2,017,196	281,678	8,786,812
Materials and supplies	1,118,018	157,878	1,384,906	1,562,345	65,441	-	933,238	244,557	5,466,383
Contracted services	1,031,465	2,946,440	786,359	931,207	51,659	-	533,093	242,094	6,522,317
Rents and financial	-	-	69,973	-	-	7,548	44,765	54,004	176,290
External transfers	-	-	-	-	1,377,954	1,177,104	-	-	2,555,058
Amortization	75,038	85,338	1,029,085	578,259	10,563	-	419,037	39,009	2,236,329
	4,066,205	4,981,053	5,140,076	4,025,506	1,537,026	1,184,652	3,947,329	861,342	25,743,189
Excess (deficiency) of revenue over expenses	\$ 1,521,971	\$ 375,020	\$ 286,852	\$ 924,728	\$ 29,556	\$ (306,016)	\$ (226,870)	\$ 292,463	\$ 2,897,704

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

**The Corporation of the City of Elliot Lake
Care and Maintenance Trust Funds
Financial Statements
For the year ended December 31, 2019**

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Elliot Lake

Opinion

We have audited the financial statements of The Corporation of the City of Elliot Lake Trust Fund (the Trust Fund), which comprise the statement of financial position as at December 31, 2019, and the statement of operations and trust balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

Basis of Opinion

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

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Trust Funds to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Independent Auditor's Report (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
September 28, 2020

**The Corporation of the City of Elliot Lake
Cemetery Care and Maintenance Trust Funds**

Statement of Financial Position

December 31	2019	2018
Assets		
Cash	\$ 100,222	\$ 95,211
Investments	214,299	209,835
Due from the City of Elliot Lake	2,299	1,519
	\$ 316,820	\$ 306,565
Liabilities and Fund Balance		
Trust Fund Balance	316,820	306,565

Statement of Operations and Trust Balance

For the year ended December 31	2019	2018
Revenue		
Interest earned	\$ 7,956	\$ 5,579
Contributions from the City of Elliot Lake:		
Care and maintenance	5,250	2,100
Marker installation fees	550	150
Niche care and maintenance	4,455	4,848
	18,211	12,677
Expenditures		
Contributions to the City of Elliot Lake	7,956	5,579
Annual surplus	10,255	7,098
Trust Fund Balance, beginning of year	306,565	299,467
Trust Fund Balance, end of year	\$ 316,820	\$ 306,565

**The Corporation of the City of Elliot Lake
Cemetery Care and Maintenance Trust Funds
Notes to Financial Statements**

December 31, 2019

1. Significant accounting policies

Management's responsibility

The financial statements of The Corporation of the City of Elliot Lake Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events, estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.

Accrual basis of accounting

Sources of 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.

2. Nature of Trust Fund

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

3. Investments

Trust fund investments of \$214,299 (2018 - \$209,835) have an estimated market value of \$210,988 (2018 - \$205,402). Investments consist of corporate and provincial coupon bonds, money market fund, and bond fund.