

**The Corporation of the City of Elliot Lake
Consolidated Financial Statements
For the year ended December 31, 2020**

The Corporation of the City of Elliot Lake
Consolidated Financial Statements
For the year ended December 31, 2020

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

December 31, 2020

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

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, 2020 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, 2020 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 13, 2021

The Corporation of the City of Elliot Lake

Consolidated Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 2)	\$ 17,094,176	\$ 13,817,041
Portfolio investments (Note 3)	7,109,753	6,557,560
Taxes receivable (Note 4)	1,169,536	934,984
Accounts receivable (Note 5)	999,716	2,376,941
Inventory and land held for resale	42,541	31,027
Residential lots inventory for resale (Note 6)	-	25,180
Mortgage receivable (Note 7)	852,549	852,549
	27,268,271	24,595,282
Liabilities		
Accounts payable and accrued liabilities	2,361,603	2,061,486
Other liabilities	309,760	413,540
Deferred revenue (Note 8)	2,473,443	2,007,424
Long term debt (Note 9)	1,828,865	2,076,122
Accrued landfill closure and post-closure costs (Note 10)	1,195,406	1,206,158
Accrued employee benefits (Note 11)	1,950,526	1,981,218
	10,119,603	9,745,948
Net financial assets	17,148,668	14,849,334
Non-financial assets		
Prepays and supplies inventory	581,455	635,645
Tangible capital assets (Schedule 1)	32,006,500	30,390,577
	32,587,955	31,026,222
Accumulated surplus (Note 12)	\$ 49,736,623	\$ 45,875,556

Mayor

Acting Treasurer

The Corporation of the City of Elliot Lake

Consolidated Statement of Operations

For the year ended December 31	(Note 17) Budget	2020	2019
Revenue			
Taxation (Note 14)	\$ 12,595,958	\$ 12,569,334	\$ 12,136,719
Government grants - Provincial	9,908,596	10,070,535	10,387,204
Government grants - Federal	2,860,086	196,032	2,031,289
User fees and service charges	6,014,260	5,358,454	5,623,865
Licences, permits and rents	163,500	171,115	225,039
Investment income	407,710	360,803	436,314
Interest and penalties on taxes, water and other	173,507	141,598	196,865
Other	673,512	1,366,119	3,894,714
	<u>32,797,129</u>	<u>30,233,990</u>	<u>34,932,009</u>
Expenses			
General government	4,218,131	4,886,804	5,005,076
Protection services	5,441,093	5,350,314	5,233,745
Transportation services	4,387,269	5,138,528	5,204,923
Environmental services	3,825,586	4,401,125	4,415,112
Health services	1,640,494	1,702,501	1,586,597
Social and family services	1,201,208	1,216,118	1,219,886
Recreation and cultural services	3,752,867	3,050,384	4,114,692
Planning and development	514,794	627,149	691,685
	<u>24,981,442</u>	<u>26,372,923</u>	<u>27,471,716</u>
Annual surplus	7,815,687	3,861,067	7,460,293
Accumulated surplus, beginning of year	45,875,556	45,875,556	38,415,263
Accumulated surplus, end of year	<u>\$ 53,691,243</u>	<u>\$ 49,736,623</u>	<u>\$ 45,875,556</u>

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	2020	2019
Annual surplus	\$ 7,815,687	\$ 3,861,067	\$ 7,460,293
Acquisition of tangible capital assets	(10,459,257)	(4,039,671)	(8,439,186)
Amortization of tangible capital assets	-	2,422,156	2,150,526
Gain on disposal of tangible capital assets	-	(19,899)	(2,997,192)
Proceeds on sale of tangible capital assets	-	21,491	4,327,640
Write-downs of tangible capital assets	-	-	300,000
Change in prepaid and supplies inventory	-	54,190	(49,640)
Net change in net financial assets	(2,643,570)	2,299,334	2,752,441
Net financial assets, beginning of year	14,849,334	14,849,334	12,096,893
Net financial assets, end of year	\$ 12,205,764	\$ 17,148,668	\$ 14,849,334

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

2020

2019

Operating transactions

Annual surplus	\$ 3,861,067	\$ 7,460,293
Items not involving cash		
Amortization	2,422,156	2,150,526
Gain on disposal of tangible capital assets	(19,899)	(2,997,192)
Write down of capital assets	-	300,000
	<u>6,263,324</u>	<u>6,913,627</u>
Changes in non-cash operating balances		
Taxes receivable	(234,552)	211,350
Accounts receivable	1,377,225	(1,255,692)
Inventory and land for resale	(11,514)	(7,871)
Prepays and supplies inventory	54,190	(49,640)
Residential lots inventory for resale	25,180	50,358
Accounts payable and accrued liabilities	300,117	746,427
Other liabilities	(103,780)	300,219
Deferred revenue	466,019	(290,968)
Accrued employee benefits	(30,692)	(32,659)
Accrued landfill closure and post-closure costs	(10,752)	114,030
	<u>8,094,765</u>	<u>6,699,181</u>

Capital transactions

Acquisition of tangible capital assets	(4,039,671)	(8,439,186)
Proceeds on sale of tangible capital assets	21,491	4,327,640
	<u>(4,018,180)</u>	<u>(4,111,546)</u>

Investing transactions

Disposal (acquisition) of portfolio investments	(552,193)	175,070
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Financing activities

Repayment of long term debt	(247,257)	(299,479)
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Net change in cash

3,277,135 2,463,226

Cash and cash equivalents, beginning of year

13,817,041 11,353,815

Cash and cash equivalents, end of year

\$ 17,094,176 \$ 13,817,041

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020

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, 2020

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

	2020	2019
Unrestricted cash and cash equivalents are comprised of:		
Cash on hand	\$ 2,750	\$ 3,850
Cash held in banks	14,317,577	10,781,872
	<u>14,320,327</u>	<u>10,785,722</u>
Internally restricted cash and cash equivalents are composed of:		
Cash held in banks	2,770,717	2,664,017
Cash held in investment account	3,132	367,302
	<u>2,773,849</u>	<u>3,031,319</u>
	<u>\$ 17,094,176</u>	<u>\$ 13,817,041</u>

3. Portfolio investments

	2020	2019
GICs, corporate and provincial bonds, bond and equity funds	\$ 4,769,876	\$ 3,666,834
Strip and coupon bonds	1,949,451	2,509,534
Term deposits	390,426	381,192
	<u>\$ 7,109,753</u>	<u>\$ 6,557,560</u>

Corporate, provincial bonds and GICs carry effective interest rates between 0.50% and 4.35% and mature between January 2021 and November 2026. Interest is receivable annually.

Strip and coupon bonds carry effective interest rates between 2.59% and 3.80% and mature between December 2021 and June 2026.

Term deposits carry effective interest rates between 2.25% 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, 2020

4. Taxes receivable

	2020	2019
Levies	\$ 1,107,424	\$ 893,081
Interest and penalties	62,112	41,903
	<u>\$ 1,169,536</u>	<u>\$ 934,984</u>

5. Accounts receivable

	2020	2019
Canada specific grants	\$ 40,625	\$ -
Ontario specific grants	471,017	1,078,234
HST receivable	258,757	1,102,437
Accounts receivable general	194,106	164,542
Accounts receivable water	26,156	28,353
Due from Care and Maintenance Trust fund	14,905	7,956
Other receivables	70,639	79,168
Physician recruitment loan receivable	-	20,069
Less: allowance for doubtful collection	(76,489)	(103,818)
	<u>\$ 999,716</u>	<u>\$ 2,376,941</u>

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, 2020

8. Deferred revenue

	Opening balance	Contributions Received	Externally restricted investment income	Revenue Recognized	Ending balance
Gas tax	\$ 1,755,937	\$ 651,683	\$ 34,974	\$ (137,950)	\$ 2,304,644
Other	251,487	168,799	-	(251,487)	168,799
	\$ 2,007,424	\$ 820,482	\$ 34,974	\$ (389,437)	\$ 2,473,443

9. Long term debt

Long term debt is made up of the following:

	2020	2019
RBC demand loan, payable \$13,503 monthly including interest at 2.23%, matured during the year	\$ -	\$ 96,923
Ontario Infrastructure debenture loan, with \$49,250 bi-annual payments plus interest at 2.75%, maturing April 2035	1,428,250	1,526,750
RealTerm loan, payable \$8,800 (2019 - \$8,556) monthly including interest at 12.74%, with payment amounts escalating each September, maturing August 2025	400,615	452,449
	\$ 1,828,865	\$ 2,076,122

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

Year	Amount
2021	\$ 160,424
2022	171,965
2023	185,154
2024	200,217
2025	175,355
Thereafter	<u>935,750</u>
	\$ 1,828,865

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, 2020

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 \$1,195,406 (2019 - \$1,206,158) and reflects a discount rate of 3.04% (2019 - 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 30 years and the estimated remaining capacity is 476,894 cubic metres (2019 - 415,664). The total undiscounted estimated future expenditures for closure and post-closure care are \$2,674,000 (2019 - \$2,942,600). 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:

	2020	2019
Accrued sick leave	\$ -	\$ 42,631
Accrued vacation pay	452,126	446,687
Accrued retirement and post-employment benefits	1,498,400	1,491,900
	\$ 1,950,526	\$ 1,981,218

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, 2020.

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, 2020 actuarial valuation that included the following significant assumptions:

Discount rate of 2.20% (2019 - 2.80%)

There are no plan assets.

Weighted average health care trend rate of 6.27% (2019 - 5.77%) decreasing by 0.11% per year to 4.0% in 2041.

The accrued benefit obligation at the end of the year was \$1,600,400 (2019 - \$1,543,800).

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

	2020	2019
Current year benefit cost	\$ 94,300	\$ 86,800
Interest cost	48,900	52,400
Amortization of actuarial gain	21,400	29,100
	\$ 164,600	\$ 168,300

The Corporation of the City of Elliot Lake

Notes to the Consolidated Financial Statements

December 31, 2020

12. Accumulated surplus

	2020	2019
Reserves set aside for specific purposes by Council		
Working capital	\$ 3,081,152	\$ 1,833,654
Elections	54,554	33,793
Capital expenses	13,974,394	13,449,295
Cemetery capital development	165,584	140,451
Landfill closure and post closure	2,126,288	2,164,151
Sick leave	-	42,631
Economic development	245,042	219,650
Miner's heritage	64,054	61,473
Legislative requirements	150,036	147,473
Wireless towers	161,294	103,445
Waterfront development	2,631,012	2,558,224
Total reserves	22,653,410	20,754,240
Equity in tangible capital assets	31,605,884	29,938,126
Operating surplus (deficit)	-	-
Unfunded liabilities		
Long term debt	(1,828,865)	(2,076,121)
Employee benefit plans liabilities	(1,498,400)	(1,491,900)
Sick leave	-	(42,631)
Landfill closure and post closure costs	(1,195,406)	(1,206,158)
	\$ 49,736,623	\$ 45,875,556
Allocation of annual surplus:		
Reserves	\$ 651,835	\$ 2,495,992
Transfer of operating surplus to working capital	1,247,335	523,768
Total reserves	1,899,170	3,019,760
Equity in tangible capital assets	1,667,758	4,701,230
Operating surplus	-	(478,043)
Unfunded liabilities	294,139	217,346
	\$ 3,861,067	\$ 7,460,293

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, 2020 OMERS reported an actuarial funding deficit of \$3.2 billion (2019 - \$3.4 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 2020 was \$592,698 (2019 - \$524,212).

The Corporation of the City of Elliot Lake

Notes to Consolidated Financial Statements

December 31, 2020

14. Taxation

	2020	2019
Residential and multi-residential	\$ 11,273,377	\$ 10,872,665
Commercial and industrial	2,440,422	2,345,162
Taxation from other governments	315,987	279,893
Tax reductions and rebates	(102,260)	21,482
	13,927,526	13,519,202
Deduct: amounts received or receivable for school boards	(1,358,192)	(1,382,483)
	\$ 12,569,334	\$ 12,136,719

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, 2020

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 \$330,260 (2019 - \$316,820) 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, 2020

17. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 25, 2020 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	(2,000)
	<u>(2,000)</u>
<i>Add:</i>	
Capital expenditures	10,459,257
Principal payments on long-term debt	247,257
<i>Less:</i>	
Net inter-fund transfers from reserves	<u>(2,888,827)</u>
<i>Budget surplus per statement of operations</i>	<u>\$ 7,815,687</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

Early 2020, the World Health Organization announced a global health emergency, and later a pandemic, due to the COVID-19 outbreak. As of the report date of the financial statements, the governments' response to curb the spread of COVID-19 continues to evolve. Municipal services are considered essential services and, consequently, the City has been able to continue to operate, providing services to support residents.

No penalties were charged on resident tax and user fee billings for the period of mid-March to June 2020. Transit has been operating with fees waived since March 21, 2020. City recreation facilities were required to close at certain times during the year due to government restrictions. The City was able to partially offset these revenue drops by incurring lower operating costs during the closures as well as temporarily laying off staff during closures.

The impact on operations and the financial results of the City is being continuously monitored and evaluated by management. 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 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, 2020

	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	\$ 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
Additions	-	20,537	44,090	276,637	646,690	40,803	1,232,010	15,317	53,896	146,227	1,563,464	4,039,671
Disposals	-	-	-	-	(405,469)	-	-	-	-	-	-	(405,469)
Capitalized construction	139,592	127,996	38,344	-	-	-	2,491,911	-	1,108	-	(2,798,951)	-
Cost, end of year	4,039,565	10,459,044	18,427,761	6,255,424	9,275,351	671,529	58,272,082	588,995	3,387,866	15,756,067	2,710,954	129,844,638
Accumulated amortization, beginning 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
Amortization	-	90,633	270,940	258,592	478,966	69,250	636,995	57,872	94,275	464,633	-	2,422,156
Disposals	-	-	-	-	(403,877)	-	-	-	-	-	-	(403,877)
Accumulated amortization, end of year	-	9,536,455	14,872,716	3,477,586	5,630,880	370,282	47,123,861	273,971	2,582,314	13,970,073	-	97,838,138
Net carrying amount, end of year	\$ 4,039,565	\$ 922,589	\$ 3,555,045	\$ 2,777,838	\$ 3,644,471	\$ 301,247	\$ 11,148,221	\$ 315,024	\$ 805,552	\$ 1,785,994	\$ 2,710,954	\$ 32,006,500

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$2,710,954 (2019 - \$3,946,441).

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, 2019 (comparative figures)

	Land	Land Improvements	Buildings & Leasehold Improvements	Machinery and Equipment	Vehicles	Library collection	Linear assets	Information technology	Parks infra- structure	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 (or development or have been removed from service) is \$3,946,441.

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

For the year ended December 31, 2020

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 2,422,534	\$ 3,158,088	\$ 2,784,874	\$ 318,981	\$ 962,412	\$ 784,984	\$ 1,793,449	\$ 344,012	\$ 12,569,334
Ontario grants	1,582,409	2,217,763	2,596,758	227,266	627,094	511,484	1,248,608	1,059,153	10,070,535
Canada grants	-	-	137,950	-	-	-	58,082	-	196,032
User fees and service charges	44,856	12,338	218,783	4,656,935	88,858	-	336,684	-	5,358,454
Licences, permits and rents	1,950	142,894	-	-	-	-	26,271	-	171,115
Investment income	319,523	-	-	-	6,949	-	-	34,331	360,803
Interest and penalties on taxes, water and other	109,093	-	-	32,505	-	-	-	-	141,598
Other	817,866	34,320	35,018	282,841	561	-	18,785	176,728	1,366,119
	5,298,231	5,565,403	5,773,383	5,518,528	1,685,874	1,296,468	3,481,879	1,614,224	30,233,990
Expenses									
Salaries and benefits	2,093,580	1,892,462	2,079,776	1,298,065	45,025	-	1,473,659	312,697	9,195,264
Materials and supplies	1,938,192	159,537	1,268,231	1,534,525	47,081	-	664,851	66,620	5,679,037
Contracted services	689,810	3,171,300	778,816	910,529	233,709	-	318,037	159,337	6,261,538
Rents and financial	9,971	-	61,102	-	-	789	114,371	48,204	234,437
External transfers	-	-	-	-	1,365,162	1,215,329	-	-	2,580,491
Amortization	155,251	127,015	950,603	658,006	11,524	-	479,466	40,291	2,422,156
	4,886,804	5,350,314	5,138,528	4,401,125	1,702,501	1,216,118	3,050,384	627,149	26,372,923
Excess (deficiency) of revenue over expenses	\$ 411,427	\$ 215,089	\$ 634,855	\$ 1,117,403	\$ (16,627)	\$ 80,350	\$ 431,495	\$ 987,075	\$ 3,861,067

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, 2019 (comparative figures)

	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
Care and Maintenance Trust Funds
Financial Statements
For the year ended December 31, 2020**

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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, 2020, 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, 2020, 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 13, 2021

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

Statement of Financial Position

December 31	2020	2019
Assets		
Cash	\$ 111,858	\$ 100,222
Investments	219,867	214,299
Due from the City of Elliot Lake	-	2,299
	\$ 331,725	\$ 316,820
Liabilities and Fund Balance		
Due to the City of Elliot Lake	\$ 1,465	\$ -
Trust Fund Balance	330,260	316,820
	\$ 331,725	\$ 316,820

Statement of Operations and Trust Balance

For the year ended December 31	2020	2019
Revenue		
Interest earned	\$ 14,905	\$ 7,956
Contributions from the City of Elliot Lake:		
Care and maintenance	4,800	5,250
Marker installation fees	700	550
Niche care and maintenance	7,940	4,455
	28,345	18,211
Expenditures		
Contributions to the City of Elliot Lake	14,905	7,956
	13,440	10,255
Annual surplus	13,440	10,255
Trust Fund Balance, beginning of year	316,820	306,565
Trust Fund Balance, end of year	\$ 330,260	\$ 316,820

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

December 31, 2020

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 \$219,867 (2019 - \$214,299) have an estimated market value of \$217,834 (2019 - \$210,988). Investments consist of corporate and provincial coupon bonds, money market fund, and bond fund.