

**The Corporation of the
Town of Atikokan**
Consolidated Financial Statements
For the year ended December 31, 2020

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The Corporation of the Town of Atikokan Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Corporation of the Town of Atikokan and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Treasurer on behalf of Council.

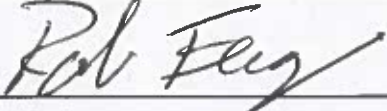
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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 Town 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 Town's assets are appropriately accounted for and adequately safeguarded.

The Town 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 Council reviews the Town's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.


_____ Mayor


_____ Treasurer



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BDO Canada LLP
607 Portage Ave
Fort Frances, Ontario
P9A 0A7

Independent Auditor's Report

**To the Mayor and Councilors of
The Corporation of the Town of Atikokan**

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Atikokan and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2020, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended, and Notes to Consolidated Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

March 11, 2024

**The Corporation of the Town of Atikokan
Consolidated Statement of Financial Position**

December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 2)	\$ 7,044,203	\$ 4,872,800
Taxes receivable	921,677	752,066
Accounts receivable	1,673,630	3,608,320
Investment in government business enterprises (Note 1)	4,418,281	4,271,999
	<u>14,057,791</u>	<u>13,505,185</u>
Liabilities		
Accounts payable and accrued liabilities (Note 3)	2,367,238	1,929,277
Deferred revenue (Note 6)	1,180,418	1,198,262
Employee benefits payable (Note 16)	613,800	624,800
Solid waste closure and post-closure liabilities (Note 7)	442,946	419,372
Long-term debt (Note 8)	3,833,688	4,898,429
	<u>8,438,090</u>	<u>9,070,140</u>
Net financial assets	<u>5,619,701</u>	<u>4,435,045</u>
Non-financial assets		
Tangible capital assets (Note 9)	51,549,639	50,249,482
Prepaid expenses	44,819	15,246
Inventories of supplies	177,056	183,796
Tangible capital assets under construction	-	8,877
	<u>51,771,514</u>	<u>50,457,401</u>
Accumulated surplus (Note 10)	<u>\$57,391,215</u>	<u>\$ 54,892,446</u>



Mayor



Treasurer

The Corporation of the Town of Atikokan Consolidated Statement of Operations

For the year ended December 31	Budget 2020	2020	2019
Revenue			
Taxation	\$ 8,634,738	\$ 8,646,903	\$ 8,506,304
Government transfers - Federal (Note 12)	281,400	312,755	255,676
Government transfers - Provincial (Note 13)	3,073,864	3,166,746	7,595,646
User fees and service charges	1,787,825	1,865,292	2,112,733
Municipal grants	12,000	2,583	11,324
Income from government business enterprises (Note 1)	-	146,282	166,622
Other income (Note 11)	592,850	625,173	581,611
	<u>14,382,677</u>	<u>14,765,734</u>	<u>19,229,916</u>
Expenses			
General government	1,840,519	1,625,728	1,944,844
Protection services	1,387,601	1,207,721	1,238,079
Transportation services	2,724,975	2,831,608	3,086,891
Environmental services	2,681,970	3,607,383	3,561,505
Health services	705,404	667,119	688,512
Social and family services	88,666	61,040	85,045
Social housing	256,167	256,167	271,865
Recreation and cultural services	2,231,629	1,707,837	1,802,021
Planning and development	258,190	302,362	224,344
	<u>12,175,121</u>	<u>12,266,965</u>	<u>12,903,106</u>
Annual surplus	<u>2,207,556</u>	<u>2,498,769</u>	<u>6,326,810</u>
Accumulated surplus, beginning of year	<u>54,892,446</u>	<u>54,892,446</u>	<u>48,565,636</u>
Accumulated surplus, end of year	<u>\$57,100,002</u>	<u>\$57,391,215</u>	<u>\$ 54,892,446</u>

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

**The Corporation of the Town of Atikokan
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2020	2020	2019
Annual surplus	\$ 2,207,556	\$ 2,498,769	\$ 6,326,810
Acquisition of tangible capital assets	(5,525,500)	(3,958,576)	(7,462,166)
Amortization of tangible capital assets	1,878,060	2,667,296	2,982,065
Transfer (acquisition) of assets under construction	-	-	848,689
	(1,439,884)	1,207,489	2,695,398
Use/consumption (purchase) of prepaid expenses and inventory of supplies	-	(22,833)	(41,185)
Net change in net financial assets	(1,439,884)	1,184,656	2,654,213
Net financial assets, beginning of year	4,435,045	4,435,045	1,780,832
Net financial assets, end of year	\$ 2,995,161	\$ 5,619,701	\$ 4,435,045

**The Corporation of the Town of Atikokan
Consolidated Statement of Cash Flows**

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus	\$ 2,498,769	\$ 6,326,810
Items not involving cash		
Income from government business enterprises	(146,282)	(166,622)
Amortization	2,667,296	2,982,065
Changes in non-cash operating balances		
Taxes receivable	(169,611)	122,383
Accounts receivable	1,934,690	(1,385,241)
Inventories of supplies	6,740	(51,605)
Prepaid expenses	(29,573)	10,421
Accounts payable and accrued liabilities	437,961	192,042
Employment benefits payable	(11,000)	(16,600)
Deferred revenue	(17,844)	(3,395,092)
Solid waste closure and post-closure liabilities	23,574	(114,289)
	<u>7,194,720</u>	<u>4,504,272</u>
Capital transactions		
Acquisition of tangible capital assets	(3,958,576)	(7,462,166)
Acquisition of tangible capital assets under construction	-	848,689
	<u>(3,958,576)</u>	<u>(6,613,477)</u>
Financing transactions		
Repayment of long-term debt	(1,064,741)	(1,051,950)
Net change in cash and cash equivalents	2,171,403	(3,161,155)
Cash and cash equivalents, beginning of year	<u>4,872,800</u>	<u>8,033,955</u>
Cash and cash equivalents, end of year	<u>\$ 7,044,203</u>	<u>\$ 4,872,800</u>

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

The Corporation of the Town of Atikokan Summary of Significant Accounting Policies

December 31, 2020

Basis of Consolidation The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all municipal Organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Waterworks
- Library Board
- Centennial Museum Board
- Recreation, Parks and Community Centres Board
- Cemetery Board
- Ski Club Community Centres Board
- Senior Citizens Drop-In Centre

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the consolidated financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the consolidated financial statements.

The following boards are not consolidated:

- Northwestern Health Unit
- Rainy River District Social Services Administration Board

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. The Municipality's government business enterprises consist of investments in Atikokan Hydro Inc. and Atikokan Enercom Inc. These investments are accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with public sector accounting standards and inter-entity transactions and balances are not eliminated.

The Corporation of the Town of Atikokan Summary of Significant Accounting Policies

December 31, 2020

Basis of Accounting The consolidated financial statements have been prepared using Canadian public sector accounting standards.

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

Investments The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is determined to be other than temporary.

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 assets 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 assets commencing once the assets are available for productive use as follows:

Buildings and facilities	40 years
Linear assets	20 to 60 years
Pooled assets	20 to 60 years
Machinery and equipment	5 to 15 years
Vehicles	10 years

The Corporation of the Town of Atikokan Summary of Significant Accounting Policies

December 31, 2020

**Revenue
Recognition**

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 uncollectible amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total amount of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

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

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized on the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized as revenue on the consolidated 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. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

School Boards

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operation of the school boards are not reflected in these consolidated financial statements.

Trust Funds

Funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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.

The Corporation of the Town of Atikokan Summary of Significant Accounting Policies

December 31, 2020

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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.

The estimates used in preparation of these consolidated financial statements are the useful lives of the tangible capital assets, the capacity of the landfill site, the useful life of the landfill site, the post-closure costs of the landfill and the Municipality's employee post-retirement benefits liability.

Retirement Benefits and Other Employee Benefit Plans

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality records pension expense when contributions are due.

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2019

1. Investment in Government Business Enterprises

Atikokan Hydro Inc.

Atikokan Hydro Inc. is a Corporation that was created for the purpose of distributing electrical power within the Corporation of the Town of Atikokan. The Municipality holds 100% of the common shares of Atikokan Hydro Inc.

Atikokan Enercom Inc.

Atikokan Enercom Inc. is a Corporation that was created for the purpose of providing utility maintenance services to the Corporation of the Town of Atikokan. The Corporation is also in the business of retail sales including cell phones, accessories and plans. The Municipality holds 100% of the common shares of Atikokan Enercom Inc.

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

1. Investment in Government Business Enterprises (continued)

The condensed supplementary financial information is as follows:

Financial position			2020	2019
	Atikokan Hydro Inc.	Atikokan Enercom Inc.	Total	Total
Current assets	\$ 1,411,279	\$ 659,118	\$2,070,397	\$ 1,691,390
Loan receivable	-	411,952	411,952	558,438
Capital assets	3,405,547	21,215	3,426,762	3,536,140
Other assets	199,174	-	199,174	201,502
	<u>\$ 5,016,000</u>	<u>\$ 1,092,285</u>	<u>\$6,108,285</u>	<u>\$ 5,987,470</u>
Current liabilities	\$ 1,006,289	\$ 6,829	\$1,013,118	\$ 895,500
Long-term liabilities	399,846	-	399,846	514,558
Deferred liability	109,364	-	109,364	112,769
	<u>1,515,499</u>	<u>6,829</u>	<u>1,522,328</u>	<u>1,522,827</u>
Regulatory deferral account credits and related deferred tax	167,676	-	167,676	192,644
Share capital	2,539,963	1	2,539,964	2,539,964
Net equity, end of year	792,862	1,085,455	1,878,317	1,732,035
	<u>3,332,825</u>	<u>1,085,456</u>	<u>4,418,281</u>	<u>4,271,999</u>
	<u>\$ 5,016,000</u>	<u>\$ 1,092,285</u>	<u>\$6,108,285</u>	<u>\$ 5,987,470</u>
			2020	2019
Results of operations	Atikokan Hydro Inc.	Atikokan Enercom Inc.	Atikokan Total	Total
Revenues	\$ 5,363,246	\$ 156,137	\$5,519,383	\$ 5,526,118
Operating expenses	5,222,070	151,031	5,373,101	5,359,496
Net income	141,176	5,106	146,282	166,622
Net equity, beginning of year	651,686	1,080,349	1,732,035	1,565,413
Net equity, end of year	\$ 792,862	\$ 1,085,455	\$1,878,317	\$ 1,732,035

**The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements**

December 31, 2020

2. Cash and Cash Equivalents

The balance of cash reported on the consolidated statement of financial position is made up of the following:

	<u>2020</u>	<u>2019</u>
Unrestricted	\$ 2,244,975	\$ 1,273,118
Restricted by Council resolution	3,778,558	2,507,058
Restricted by funding agreement	1,020,670	1,092,624
	<u>\$ 7,044,203</u>	<u>\$ 4,872,800</u>

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 10).

3. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 2,183,419	\$ 1,729,352
Accrued vacation	183,819	199,925
Total accounts payable and accrued liabilities	<u>\$ 2,367,238</u>	<u>\$ 1,929,277</u>

4. Bank Indebtedness

The maximum authorized amount is \$2,000,000 and bears interest at the prime rate. As of December 31, 2020, the amount of overdraft used was \$NIL (2019 - \$NIL).

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

5. Pension Agreement

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Municipality is only one of a number of employers that participate in the plan and the financial information provided to the Municipality on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contributions payable in exchange for services rendered during a period is recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2020, was \$209,877 (2019 - \$210,494).

As at December 31, 2020, the OMERS plan was 97% funded (December 31, 2019 - 97%) and reported an actuarial funding deficit of \$3.2 billion (2019 - \$3.4 billion). OMERS has a strategy to return the plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

**The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements**

December 31, 2020

6. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 1,092,624	\$ 167,031	\$ 11,015	\$ (250,000)	\$ 1,020,670
Other programs	12,963	72,287	458	(2,524)	83,184
Provincial gas tax	51,334	24,594	636	-	76,564
Main Street Revitalization	41,341	-	360	(41,701)	-
	\$ 1,198,262	\$ 263,912	\$ 12,469	\$ (294,225)	\$ 1,180,418

Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

Provincial Gas Tax

The Ministry of Transportation advanced the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects.

Main Street Revitalization

Funds relate to the Main Street Revitalization Project. These funds are to be spent on approved infrastructure projects and, therefore, are deferred until the funds are spent and the projects are completed.

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

7. Solid Waste Closure and Post-Closure Liabilities

The Municipality owns and operates one active landfill site as they closed the old site in the year and opened the new site. The liability for closure and post-closure of the old landfill site has been recognized using the present value of the estimated closure and post-closure costs, based upon usage of the site's capacity. The total capacity of the site was estimated at 377,722 cubic metres. The approximate area that has been filled is 397,516 cubic metres, to have an estimated 19,794 cubic metres above capacity. The estimated remaining life of the landfill site is 0 years and post-closure care is estimated to be required for 30 years from the date of site closure, which was in 2019. The liability for closure and post-closure of the new landfill site has been recognized using the present value of the estimated closure and post-closure costs, based upon usage of the site's capacity. The total capacity of the site was estimated at 262,500 cubic metres. The approximate area that has been filled is 11,189 cubic metres, to have an estimated 251,302 cubic metres remaining. The estimated remaining life of the landfill site is 45 years and post-closure care is estimated to be required for 30 years from the date of site closure, which is expected in 2065.

The discount factor used is 6.76% net of inflation of 2.10%. The liability as at December 31, 2020, is \$442,946 (2019 - \$419,372). Estimated expenditures for closure and post-closure care are \$1,723,249. The liability remaining to be recognized is \$1,280,303.

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

8. Net Long-term Debt

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

	2020	2019
Canada Mortgage and Housing Corporation, 3.68%, annual payments of \$395,731 including interest, due June 2025.	\$ 1,814,595	\$ 2,141,262
Ontario Power Generation, deferred payment charge (DPC) of 0.5% per annum, annual payments of \$562,500 plus DPC, due September 2020.	-	562,500
Infrastructure Ontario loan, 3.02%, semi-annual payments of \$87,787 plus interest, due March 2032.	2,019,093	2,194,667
	3,833,688	4,898,429
Current portion	(505,886)	(1,056,662)
	\$ 3,327,802	\$ 3,841,767

The loans are unsecured and there are no financial covenants set in relation to the loans.

Principal repayments and interest are due as follows:

	Principal Repayments	Interest	Total
2021	\$ 505,886	\$ 125,059	\$ 630,945
2022	518,042	107,601	625,643
2023	530,644	89,696	620,340
2024	543,711	71,450	615,161
2025	557,258	52,477	609,735
Thereafter	1,178,147	120,624	1,298,771
	\$ 3,833,688	\$ 566,907	\$ 4,400,595

The gross interest paid relating to the above long-term debt was \$154,814 (2019 - \$170,154).

The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements

December 31, 2020

9. Tangible Capital Assets

	2020					
	Buildings and facilities	Equipment and machinery	Linear assets	Pooled assets	Vehicles	Total
Cost, beginning of year	\$ 29,626,974	\$ 3,994,968	\$ 50,104,156	\$ 2,634,519	\$ 1,721,454	\$ 88,082,071
Additions	3,008,656	180,134	724,191	18,835	35,637	3,967,453
Disposals	-	-	-	-	(57,954)	(57,954)
Cost, end of year	32,635,630	4,175,102	50,828,347	2,653,354	1,699,137	91,991,570
Accumulated amortization, beginning of year	11,076,224	2,406,978	21,591,469	1,561,917	1,196,001	37,832,589
Amortization	665,282	196,054	1,689,758	41,245	74,957	2,667,296
Disposals	-	-	-	-	(57,954)	(57,954)
Accumulated amortization, end of year	11,741,506	2,603,032	23,281,227	1,603,162	1,213,004	40,441,931
Net carrying amount, end of year	\$ 20,894,124	\$ 1,572,070	\$ 27,547,120	\$ 1,050,192	\$ 486,133	\$ 51,549,639

The Town of Atikokan owns numerous parcels of land; however, the historical cost of the land is nominal and therefore, has not been disclosed separately on the consolidated financial statements.

**The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements**

December 31, 2020

9. Tangible Capital Assets (continued)

						2019
	Buildings and facilities	Equipment and machinery	Linear assets	Pooled assets	Vehicles	Total
Cost, beginning of year	\$ 27,773,795	\$ 3,930,000	\$ 44,597,735	\$ 2,596,921	\$ 1,721,454	\$ 80,619,905
Additions	1,853,179	64,968	5,506,421	37,598	-	7,462,166
Disposals	-	-	-	-	-	-
Cost, end of year	29,626,974	3,994,968	50,104,156	2,634,519	1,721,454	88,082,071
Accumulated amortization, beginning of year	10,097,523	2,226,300	19,883,802	1,520,537	1,122,362	34,850,524
Amortization Disposals	978,701	180,678	1,707,667	41,380	73,639	2,982,065
Accumulated amortization, end of year	11,076,224	2,406,978	21,591,469	1,561,917	1,196,001	37,832,589
Net carrying amount, end of year	\$ 18,550,750	\$ 1,587,990	\$ 28,512,687	\$ 1,072,602	\$ 525,453	\$ 50,249,482

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2019 - \$8,877). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

10. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2020	2019
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$51,549,639	\$ 50,249,483
Investment in tangible capital assets under construction	-	8,877
Long-term debt related to capital assets	(3,833,688)	(4,335,929)
Total investment in tangible capital assets	47,715,951	45,922,430
<u>Current operations</u>		
General operating	1,687,056	2,614,724
<u>Other allocated deficits</u>		
Landfill closure	(442,943)	(419,372)
Employee future benefits	(613,800)	(624,800)
Total other allocated deficits	(1,056,743)	(1,044,172)
<u>Reserve funds</u>		
Employee benefits	625,196	448,196
Fire department	237,000	256,000
Roads	752,478	902,478
Equipment replacement	145,000	215,000
Environmental	1,712,283	427,283
Medical building	73,249	73,249
Other reserves	233,352	184,852
Total reserve funds	3,778,558	2,507,058
Working capital reserve	425,680	290,680
Reserves	422,433	329,728
Investment in government business enterprises	4,418,280	4,271,998
Total surplus	\$57,391,215	\$ 54,892,446

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

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

**The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements**

December 31, 2020

11. Other Income

	2020	2019
Penalties and interest on taxation	\$ 142,155	\$ 137,667
Investment income	73,043	110,942
Licenses, permits and rents	163,225	122,704
Donations	39,334	68,013
Other	207,416	142,285
	\$ 625,173	\$ 581,611

12. Government Transfers - Federal

	2020	2019
Operating		
Total operating transfers	\$ 44,017	\$ 80,676
Tangible capital assets		
Association of Municipalities of Ontario		
Federal Gas Tax Fund	250,000	175,000
ICIP	18,738	-
	268,738	175,000
Total tangible capital assets transfers	268,738	175,000
Total federal transfers	\$ 312,755	\$ 255,676

**The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements**

December 31, 2020

13. Government Transfers - Provincial

	<u>2020</u>	<u>2019</u>
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 1,693,200	\$ 1,710,300
Other	290,796	585,312
	<u>1,983,996</u>	<u>2,295,612</u>
Total operating transfers		
Tangible capital assets		
Province of Ontario		
Ontario Community Infrastructure Fund	245,504	1,654,420
Small Communities Fund	881,295	362,874
Other	55,951	3,282,740
	<u>1,182,750</u>	<u>5,300,034</u>
Total tangible capital assets transfers		
Total provincial transfers	<u>\$ 3,166,746</u>	<u>\$ 7,595,646</u>

14. Expenses by Object

	<u>2020</u>	<u>2019</u>
Salaries, wages and employee benefits	\$ 3,539,413	\$ 3,665,367
Materials	2,700,751	3,109,507
Contracted services	2,222,006	1,986,039
Rents and financial expenses	83,822	47,473
Contributions to other Organizations	898,862	942,499
Amortization	2,667,298	2,982,067
Interest on long-term debt	154,813	170,154
	<u>\$12,266,965</u>	<u>\$ 12,903,106</u>

15. Operations of School Boards

During the year, the following taxation revenue was raised and remitted:

	<u>2020</u>	<u>2019</u>
School boards	\$ 328,968	\$ 341,288

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

16. Employee Benefits Payable

Employee benefits payable reported on the consolidated statement of financial position are comprised of the following:

	2020	2019
Post-retirement benefits liability	\$ 350,400	\$ 349,000
Illness allowance	263,400	275,800
	\$ 613,800	\$ 624,800

The latest actuarial valuation was performed in May 2020.

Employee Benefits Liabilities	Illness Allowance	Post-Retirement Benefits
Accrued benefits obligation	\$ 275,800	\$ 293,100
Unamortized net estimation adjustment	(12,400)	(17,300)
Employee benefits liabilities	\$ 263,400	\$ 275,800

Employee Benefits Expenditures	Illness Allowance	Post-Retirement Benefits
Current year service costs	\$ 26,200	\$ 24,500
Interest on accrued benefit obligation	8,900	10,200
Amortization of actuarial (gains)/losses	2,900	2,100
Employee benefits expenditures	\$ 38,000	\$ 36,800

The significant actuarial assumptions adopted and estimated for the calculation of the accrued benefit obligations are as follows:

	2020	2019
Discount on accrued benefit obligations	2.90%	2.90%
Dental cost trend rates	4%	4%
Extended health care trend rates	6.00%	6.20%

Extended health care trend rates are assumed to be 7.00% per annum beginning in 2015, decreasing by 0.2% per annum to an ultimate rate of 5.0% in 2025 and thereafter.

Dental cost trend rates are assumed to be 4% per annum beginning in 2015 and thereafter.

As at December 31, 2020, the Municipality's post-retirement benefits were unfunded.

**The Corporation of the Town of Atikokan
Notes to Consolidated Financial Statements**

December 31, 2020

17. Trust Funds

The trust funds administered by the Municipality amounting to \$148,099 (2019 - \$143,809) have not been included on the consolidated statement of financial position nor have the operations been included on the consolidated statement of operations.

18. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards.

	<u>2020</u>	<u>2019</u>
Northwestern Health Unit	\$ 140,284	\$ 140,284
Rainy River District Social Services Administration Board	<u>688,577</u>	<u>717,215</u>
	<u>\$ 828,861</u>	<u>\$ 857,499</u>

19. Comparatives

Certain prior year balances have been reclassified to reflect changes in current year's presentation.

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information

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

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

General Government

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

Protection Services

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

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services

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

Health Services

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

Social and Family Services

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

The Corporation of the Town of Atikokan Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information (continued)

Social Housing

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

Recreation and Cultural Services

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

Planning and Development

This service relates to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Town of Atikokan

Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and		Recreation and Cultural Services	Planning and Development	2020 Total
						Family Services	Social Housing			
Revenue										
Taxation	\$ 1,145,964	\$ 851,315	\$ 1,995,982	\$ 2,542,821	\$ 470,248	\$ 43,027	\$ 180,570	\$ 1,203,843	\$ 213,133	\$ 8,646,903
Fees and user charges	-	15,422	98,834	1,546,272	29,757	3,717	-	169,480	1,810	1,865,292
Conditional grants	-	7,537	300,847	1,207,937	-	8,550	-	101,346	-	1,626,217
Unconditional grants	245,613	182,462	427,796	545,001	100,788	9,222	38,702	258,019	45,681	1,853,284
Municipal grants	-	2,583	-	-	-	-	-	-	-	2,583
Gain from government business enterprises	146,282	-	-	-	-	-	-	-	-	146,282
Other	82,853	61,550	144,310	183,847	33,999	3,111	13,055	87,038	15,410	625,173
	1,620,712	1,120,869	2,967,769	6,025,878	634,792	67,627	232,327	1,819,726	276,034	14,765,734
Expenses										
Wages and benefits	836,533	263,041	1,206,880	290,776	30,271	85	-	908,977	2,850	3,539,413
Materials	310,001	147,816	739,901	695,688	51,738	13,119	-	495,585	246,903	2,700,751
Contracted services	260,571	722,688	14,380	1,164,632	7,800	4,430	-	45,531	1,974	2,222,006
Rents and financial	20,139	-	-	60,596	-	-	-	2,452	635	83,822
External transfers	-	-	-	-	557,439	35,256	256,167	-	50,000	898,862
Interest	-	-	154,813	-	-	-	-	-	-	154,813
Amortization	198,484	74,176	715,634	1,395,691	19,871	8,150	-	255,292	-	2,667,298
	1,625,728	1,207,721	2,831,608	3,607,383	667,119	61,040	256,167	1,707,837	302,362	12,266,965
Net surplus (deficit)	\$ (5,016)	\$ (86,852)	\$ 136,161	\$ 2,418,495	\$ (32,327)	\$ 6,587	\$ (23,840)	\$ 111,889	\$ (26,328)	\$ 2,498,769

The Corporation of the Town of Atikokan

Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and			Recreation and		2019 Total	
						Family Services	Social Housing	Cultural Services	Planning and Development	Total		
Revenue												
Taxation	\$ 1,282,128	\$ 816,197	\$ 2,083,016	\$ 2,258,903	\$ 463,898	\$ 56,065	\$ 194,226	\$ 1,187,973	\$ 163,898	\$ 8,506,304		
Fees and user charges	-	16,853	362,131	1,517,225	21,698	3,269	-	190,637	920	2,112,733		
Conditional grants	-	10,281	-	5,507,407	-	23,120	-	134,908	-	5,675,716		
Unconditional grants	327,922	208,754	520,484	600,509	116,091	14,340	45,839	303,840	37,827	2,175,606		
Municipal grants	-	11,324	-	-	-	-	-	-	-	-		
Gain from government business enterprises	166,621	-	-	-	-	-	-	-	-	-		
Other	87,665	55,807	139,143	160,536	31,035	3,833	12,254	81,227	10,112	166,621		
	1,864,336	1,119,216	3,104,774	10,044,580	632,722	100,627	252,319	1,898,585	212,757	19,229,916		
Expenses												
Wages and benefits	909,443	277,056	1,119,369	317,781	41,592	444	-	988,400	11,282	3,665,367		
Materials	597,103	177,919	755,263	850,453	49,647	20,281	-	496,508	162,333	3,109,507		
Contracted services	272,599	716,758	8,650	925,092	8,285	4,985	-	49,548	122	1,986,039		
Rents and financial	9,597	-	-	35,351	-	-	-	1,918	607	47,473		
External transfers	-	-	-	-	569,449	51,185	271,865	-	50,000	942,499		
Interest	156,102	66,346	170,154	-	19,539	-	-	265,647	-	170,154		
Amortization	-	-	1,033,455	1,432,828	688,512	85,045	-	1,802,021	224,344	2,982,067		
	1,944,844	1,238,079	3,086,891	3,561,505	688,512	85,045	271,865	1,802,021	224,344	12,903,106		
Net surplus	\$ (80,508)	\$ (118,863)	\$ 17,883	\$ 6,483,075	\$ (55,790)	\$ 15,582	\$ (19,546)	\$ 96,564	\$ (11,587)	\$ 6,326,810		

For each reported segment, revenues and expenditures represent 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. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.



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Independent Auditor's Report

To the Mayor and Councilors of
The Corporation of the Town of Atikokan

Opinion

We have audited the financial statements of the Corporation of the Town of Atikokan Trust Funds (the Entity), which comprise the Balance Sheet as at December 31, 2020, and the Statement of Continuity for the year then ended, and Notes to 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 Entity 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 Entity 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.

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 Corporation of the Town of Atikokan 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
March 11, 2024

**The Corporation of the Town of Atikokan
Trust Funds
Statement of Continuity**

December 31	2020	2019
Balance, beginning of year	\$ 143,809	\$ 139,319
Capital receipts		
Perpetual care	4,290	4,490
Expenditures	-	-
Balance, end of year	\$ 148,099	\$ 143,809

**The Corporation of the Town of Atikokan
Trust Funds
Balance Sheet**

December 31	2020	2019
Assets		
Cash	\$ 148,099	\$ 143,809
Liabilities		
Balance - capital	\$ 148,099	\$ 143,809

**The Corporation of the Town of Atikokan
Trust Funds
Notes to Financial Statements**

December 31, 2020

1. Significant Accounting Policies

Management's Responsibility

The financial statements of the Corporation of the Town of Atikokan trust funds are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.

Accrual Basis of Accounting

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

2. Nature of Trust Funds

Cemetery Perpetual Care Trust Fund

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