

Kenora District Services Board
Financial Statements
For the year ended December 31, 2012

Kenora District Services Board
Financial Statements
For the year ended December 31, 2012

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Independent Auditors' Report

To the Board of Directors of Kenora District Services Board

We have audited the accompanying financial statements of Kenora District Services Board, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and accumulated surplus, changes in net financial debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

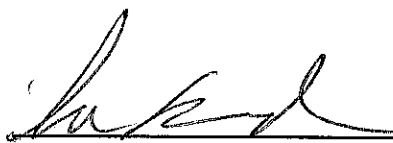
In our opinion, the financial statements present fairly, in all material respects, the financial position of Kenora District Services Board as at December 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
May 9, 2013

Kenora District Services Board Statement of Financial Position

December 31	2012	2011
		(Restated)
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 6,209,547	\$ 7,730,785
Accounts receivable (Note 3)	<u>885,675</u>	<u>1,267,186</u>
	<u>\$ 7,095,222</u>	<u>\$ 8,997,971</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 3,304,600	\$ 4,155,275
Post-retirement benefits (Note 5)	694,727	634,638
Deferred revenue (Note 6)	156,571	370,087
Net long-term liabilities (Note 7)	<u>8,305,384</u>	<u>8,892,438</u>
	<u>12,461,282</u>	<u>14,052,438</u>
Net financial debt	<u>(5,366,060)</u>	<u>(5,054,467)</u>
Non-Financial Assets		
Tangible capital assets (Note 8)	17,947,083	15,638,033
Prepaid expenses	<u>297,504</u>	<u>284,610</u>
	<u>18,244,587</u>	<u>15,922,643</u>
Accumulated Surplus (Note 9)	<u>\$ 12,878,527</u>	<u>\$ 10,868,176</u>


 Board Member


 Board Member

Kenora District Services Board Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2012	Actual 2012	Actual 2011
	(Note 15)		(Restated)
Revenue (Note 10)			
Government grants	\$ 18,805,577	\$ 19,155,437	\$ 19,030,945
Participating Municipalities and Unincorporated Areas	15,033,937	15,071,108	14,493,036
Rents	2,685,859	2,738,759	2,733,125
Interest	55,000	108,386	114,930
Other	71,700	96,709	7,620
	<u>36,652,073</u>	<u>37,170,399</u>	<u>36,379,656</u>
Expenditures (Note 11)			
Homelessness Program	-	68,372	118,372
Rent and Energy Bank Program	-	34,092	30,991
Ontario Disability Support Program	-	-	-
Best Start Program	3,012,601	6,145,165	3,411,405
Child Care Program	3,365,644	713,447	3,210,279
Ontario Works Program	8,817,732	8,158,195	7,674,788
Social Housing Program	11,362,185	10,210,307	10,481,619
Land Ambulance Program	10,096,481	9,820,285	9,484,342
Microfit Solutions	6,000	10,185	-
Administrative Costs	25,000	-	165,672
	<u>36,685,643</u>	<u>35,160,048</u>	<u>34,577,468</u>
Annual surplus (Note 17)	(33,570)	2,010,351	1,802,188
Accumulated surplus, beginning of year as previously stated	10,868,176	10,449,793	8,647,605
Prior period restatement (Note 1)	-	418,383	418,383
Accumulated surplus, beginning of year	10,868,176	10,868,176	9,065,988
Accumulated surplus, end of year (Note 9)	<u>\$ 10,834,606</u>	<u>\$ 12,878,527</u>	<u>\$ 10,868,176</u>

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

Kenora District Services Board Statement of Changes in Net Financial Debt

For the year ended December 31	Budget 2012	Actual 2012	Actual 2011
	(Note 15)		(Restated)
Annual surplus	\$ (33,570)	\$ 2,010,351	\$ 1,802,188
Acquisition of tangible capital assets	(4,051,500)	(3,170,239)	(3,019,244)
Amortization of tangible capital assets	-	861,189	703,252
Acquisition of prepaid expenses	-	(12,894)	107,882
Net change in net financial debt	(4,085,070)	(311,593)	(405,922)
Net financial debt, beginning of year	(5,054,467)	(5,054,467)	(4,648,545)
Net financial debt, end of year	\$ (9,139,537)	\$ (5,366,060)	\$ (5,054,467)

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

Kenora District Services Board Statement of Cash Flows

For the year ended December 31	2012	2011
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 2,010,351	\$ 1,802,188
Item not involving cash		
Amortization	861,190	703,253
	2,871,541	2,505,441
Changes in non-cash operating balances		
Accounts receivable	381,511	(217,513)
Accounts payable and accrued liabilities	(850,675)	(92,102)
Due to municipalities and unincorporated areas over/under levy	-	(564,214)
Post employment benefits	60,089	83,564
Deferred revenue	(213,516)	(193,531)
Prepaid expenses	(12,895)	107,881
	2,236,055	1,629,526
Capital transactions		
Acquisition of tangible capital assets	(3,170,239)	(3,019,244)
Financing transactions		
Decrease in long-term debt	(587,054)	(541,243)
Decrease in cash and cash equivalents during the year	(1,521,238)	(1,930,961)
Cash and cash equivalents, beginning of year	7,730,785	9,661,746
Cash and cash equivalents, end of year	\$ 6,209,547	\$ 7,730,785

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

Kenora District Services Board

Summary of Significant Accounting Policies

December 31, 2012

Nature of Business	The Board is engaged in the provision of social services to residents of Kenora District Services Board and serves as a collection and administrative agent for social assistance, child care, social housing, land ambulance services and various government funded programs. The Board has been established under the District Social Services Administration Boards Act of the Province of Ontario. Its members are the nine municipalities and unincorporated areas in the District.
Management's Responsibility for the Financial Statements	The financial statements of Kenora District Services Board are the responsibility of the management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.
Use of Estimates	The preparation of financial statements 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 those estimates and may have impact on future periods.
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of three months or less, at acquisition, to be cash equivalents.
Retirement Benefits and Other Employee Benefit Plans	Kenora District Services Board accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by the Canadian Institute of Chartered Accountants with respect to accounting for employee future benefits require the municipality to accrue for its obligations under other employee benefit plans and related costs, net of plan assets. The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and not available for operating purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Kenora District Services Board

Summary of Significant Accounting Policies

December 31, 2012

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. Assets under construction are not amortized until the asset is available for productive use.

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	15 to 20 years
Buildings and building improvements	20 to 60 years
Machinery and equipment	5 to 10 years
Vehicles	6 to 10 years

Revenue Recognition

Restricted contributions, except for the Land Ambulance Program, are recognized as revenue in the year in which the related expenditures are incurred. In the Land Ambulance Program, the Ministry of Health and Long-Term Care funding model permits the inclusion of prior years deficits in the current year budgeting process. The restricted contributions related to the funding of the deficit are recognized in revenue when the budget is approved by the Ministry.

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Unrestricted investment income is recognized as revenue when earned.

Rental revenue is recognized monthly when the units are occupied and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Kenora District Services Board Notes to Financial Statements

December 31, 2012

1. Prior Period Restatement

During the year it was noted that the principal payments on the Public Housing loan were being paid down one year earlier than reported on the ministry confirmation.

The impact of the restatement on the prior period was as follows:

	<u>2011</u>
<u>Statement of Financial Position</u>	
Decrease in long-term debt	<u>\$ 418,383</u>
Increase in accumulated surplus (Unfunded Liabilities)	<u>\$ 418,383</u>

Kenora District Services Board Notes to Financial Statements

December 31, 2012

2. Cash and Cash Equivalents

Cash and cash equivalents are represented by petty cash floats, unrestricted operating bank accounts and internally restricted savings accounts. The Board of Directors has internally restricted certain program funds to be used to fund the replacement of unbudgeted capital expenditures related to these programs. The Board must pass a resolution in order to use these funds.

	2012	2011
Petty cash	\$ 5,150	\$ 5,176
Unrestricted		
General	1,061,773	682,400
Services	2,388,188	3,034,784
Ontario Works	246,569	335,090
Rent and Energy	35,097	35,857
Internally Restricted Accounts		
Land Ambulance	1,304,771	1,489,696
Social Housing	1,167,999	2,147,782
	\$ 6,209,547	\$ 7,730,785

3. Accounts Receivable

	2012	2011
Due from Municipalities and Unincorporated Areas		
Township of Sioux Lookout	\$ 76,349	\$ -
Township of Pickle Lake	-	32,811
Unincorporated Areas	-	14,357
Ministry of Health and Long-Term Care	-	233,110
Due from Ministry of Community and Social Services	100,235	-
Ministry of Municipal Affairs and Housing	-	69,866
Non-Profit Housing Provider recoveries	606	32,664
GST and HST receivable	654,194	820,844
Miscellaneous accounts receivable	25,428	30,970
	856,812	1,234,622
Tenant balances	162,867	148,674
Allowance for doubtful accounts	(134,004)	(116,110)
	28,863	32,564
	\$ 885,675	\$ 1,267,186

Included in the tenant rents receivable is \$134,004 (2011 - \$116,110) which represents rents unpaid by former tenants for the years 2002 to 2011. It is unknown if these rents will be collected so they have been included in the allowance for doubtful accounts.

Kenora District Services Board Notes to Financial Statements

December 31, 2012

4. Accounts Payable and Accrued Liabilities

	2012	2011
Trade accounts payable	\$ 1,291,523	\$ 1,882,698
Accrued wages	386,556	307,937
Accrued interest on long-term debt	437,542	491,256
Employee benefits	573,263	546,544
Due to Municipalities and Unincorporated Areas		
City of Dryden	57,917	-
City of Kenora	8,460	-
Township of Ear Falls	1,151	2,470
Township of Ignace	-	7,781
Township of Red Lake	14,854	14,646
Town of Sioux Lookout	67,600	24,186
Township of Sioux Narrows - Nestor Falls	481	425
Due to Ministry of Children and Youth Services		
Social Housing Program	-	3,621
Due to Ministry of Housing		
Social Housing Program	-	32,498
Due to Ministry of Community and Social Services		
Ontario Works Program 2008	-	115,484
Ontario Works Program 2009	-	120,611
Ontario Works Program 2010	-	34,776
Ontario Works Program 2011	-	93,609
Ontario Disability Support Program 2007	-	720
Restricted Liability - Land Ambulance Severance	410,514	410,514
Restricted Liability - Social Housing Stat Entitlement	54,739	65,499
	\$ 3,304,600	\$ 4,155,275

Kenora District Services Board Notes to Financial Statements

December 31, 2012

5. Post-retirement Benefits Liability

Kenora District Services Board provides the following benefits to employees who have been a member of the benefits plan for at least one year immediately prior to retirement from active service with retirement under the terms of the OMERS pension plan.

- Extended health care drug plan
- Dental benefits
- Semi-private hospital coverage
- Vision care

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

Discount rate	3.75%
General inflation rate	2.50%
Health care drug cost increase	8% after the first year of the valuation with the rate decreasing 0.5% per year to an ultimate rate of 3.5%
Other benefits cost increase	3.5% per year

Post-retirement Benefits Liability

	2012	2011
Accrued post-retirement benefits obligations	\$ 886,806	\$ 688,925
Unamortized actuarial loss	(192,079)	(54,287)
Post-retirement benefits liability	\$ 694,727	\$ 634,638

Post-retirement Benefits Expenditure

	2012	2011
Current year benefit costs	\$ 105,716	\$ 99,695
Interest on accrued benefit obligation	31,564	30,305
Employee contributions	(45,627)	(16,131)
Post-retirement benefits expenditure	\$ 91,653	\$ 113,869

Kenora District Services Board Notes to Financial Statements

December 31, 2012

6. Deferred Revenue

	2012	2011
Ministry of Community and Social Services		
Homelessness program	\$ -	\$ 564
Rent funding	26,806	67,567
Energy funding	54,899	4,993
LEAP Kenora Hydro	15,455	17,261
Ministry of Municipal Affairs and Housing		
Renovations and Retro-fit program	-	210,330
Ministry of Children and Youth Services		
Repair and Maintenance funding	-	13,448
Prepaid tenants rents	57,526	53,849
Key deposits	1,885	2,075
	\$ 156,571	\$ 370,087

Kenora District Services Board Notes to Financial Statements

December 31, 2012

6. Deferred Revenue (continued)

The net change during the year in the deferred revenue balances is made up as follows:

	2012	2011
Balance, beginning of year	\$ 370,087	\$ 563,618
Transfers from revenue in the current year		
Ministry of Community and Social Services		
Energy Bank	13,780	14,116
Rent Bank	19,924	20,359
Ministry of Children and Youth Services		
LEAP Kenora Hydro	5,889	22,564
Ministry of Municipal Affairs and Housing		
Social Housing Renovations and Retro-fit program	-	64,562
Loans repaid by clients	5,128	438
Key deposits	-	100
	44,721	122,139
Transfers to revenue in the current year		
Ministry of Community and Social Services		
Homelessness funding	564	1,707
Best Start funding	-	277,685
Energy Bank	14,326	13,779
Rent Bank	11,684	17,195
Ministry of Municipal Affairs and Housing		
Social Housing Renovations and Retro-fit program	210,330	-
Ministry of Children and Youth Services		
Repair and Maintenance funding	13,448	-
LEAP Kenora Hydro	7,695	5,304
Loans repaid	190	-
	258,237	315,670
Balance, end of year	\$ 156,571	\$ 370,087

Kenora District Services Board receives funding from Ministry of Community and Social Services and Ministry of Municipal Affairs and Housing. These funds are designated for specific programs or projects and can be deferred to the subsequent period if unspent. Once the program or project has been completed, any unspent funds must be returned to these funding bodies.

Prepaid tenant rents represent the deposit received from current tenants for their last month rent. The deposit is applied to the last month that the tenant is occupying the unit. If the rent is not applied to the last month, the deposit is refunded to the tenant.

Kenora District Services Board Notes to Financial Statements

December 31, 2012

7. Net Long-term Liabilities

The balance of long-term liabilities reported on the statement of financial position is made up of the following:

	2012	2011
		(Restated)
Debentures payable to Canada Mortgage and Housing Corporation for rental properties transferred to Kenora District Services Board on January 1, 2001 repayable at various fixed amounts including interest at various fixed rates; maturing on dates ranging from January 1, 2016 through January 1, 2028	\$ 6,858,197	\$ 7,320,000
Mortgage payable to Canada Mortgage and Housing Corporation for rental properties transferred to Kenora District Services Board January 1, 2001 repayable monthly at \$5,803 including interest at 3.71%; maturing May 1, 2025	684,891	731,717
Debenture payable to The Corporation of the City of Dryden for rental properties transferred to Kenora District Services Board January 1, 2001 repayable semi-annually at \$63,855 including interest at 6%; maturing June 30, 2020	762,296	840,721
	\$ 8,305,384	\$ 8,892,438

Repayments for the next five years and thereafter are as follows:

	Principal	Interest	Total
2013	\$ 646,562	\$ 558,500	\$ 1,205,062
2014	691,783	517,426	1,209,209
2015	740,697	472,987	1,213,684
2016	766,057	424,859	1,190,916
2017	814,192	372,684	1,186,876
Thereafter	4,646,093	1,363,111	6,009,204
	\$ 8,305,384	\$ 3,709,567	\$ 12,014,951

The gross interest relating to the above long-term liabilities was \$572,862 (2011 - \$632,921).

**Kenora District Services Board
Notes to Financial Statements**

December 31, 2012

8. Tangible Capital Assets

	2012						
	Land	Land Improvements	Building and Building Improvements	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,244,660	\$ 152,222	\$ 13,532,210	\$ 1,204,489	\$ 2,152,017	\$ 846,626	\$ 21,132,224
Additions	-	12,499	3,570,439	79,744	354,183	-	4,016,865
Transfer to additions	-	-	-	-	-	(846,626)	(846,626)
Cost, end of year	3,244,660	164,721	17,102,649	1,284,233	2,506,200	-	24,302,463
Accumulated amortization, beginning of year	-	25,640	3,298,710	543,286	1,626,555	-	5,494,191
Amortization	-	9,797	492,468	146,969	211,955	-	861,189
Accumulated amortization, end of year	-	35,437	3,791,178	690,255	1,838,510	-	6,355,380
Net carrying amount, end of year	\$ 3,244,660	\$ 129,284	\$ 13,311,471	\$ 593,978	\$ 667,690	-	\$ 17,947,083

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2011 - \$846,626).

**Kenora District Services Board
Notes to Financial Statements**

December 31, 2012

8. Tangible Capital Assets (continued)

	2011						
	Land	Land Improvements	Building and Building Improvements	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,244,660	\$ 129,566	\$ 10,835,154	\$ 755,598	\$ 2,210,597	\$ 1,112,365	\$ 18,287,940
Additions	-	22,656	2,697,056	448,891	116,380	816,034	4,101,017
Disposals	-	-	-	-	(174,960)	-	(174,960)
Transfer to additions	-	-	-	-	-	(1,081,773)	(1,081,773)
Cost, end of year	3,244,660	152,222	13,532,210	1,204,489	2,152,017	846,626	21,132,224
Accumulated amortization, beginning of year	-	16,677	2,894,461	439,914	1,614,847	-	4,965,899
Amortization	-	8,963	404,249	103,372	186,668	-	703,252
Disposals	-	-	-	-	(174,960)	-	(174,960)
Accumulated amortization, end of year	-	25,640	3,298,710	543,286	1,626,555	-	5,494,191
Net carrying amount, end of year	\$ 3,244,660	\$ 126,582	\$ 10,233,500	\$ 661,203	\$ 525,462	\$ 846,626	\$ 15,638,033

Kenora District Services Board Notes to Financial Statements

December 31, 2012

9. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2012	2011
		(Restated)
Investment in tangible capital assets	\$ 17,947,083	\$ 15,638,033
Public housing stock	(8,305,384)	(8,892,438)
Unfunded liabilities		
Land Ambulance capital expenditures	(1,558,786)	(1,663,222)
Accrued interest on long-term debt	(437,542)	(491,255)
Post employment benefits	(302,270)	(242,181)
Reserves		
Working fund	2,082,868	1,953,312
Unconditional Child Care	38,568	193,568
WSIB NEER costs	26,408	26,408
Social Housing proceeds on disposal of capital assets	561,541	561,541
Ontario Works Vehicle	30,000	30,000
Technology	50,000	50,000
Reserve Funds		
Land Ambulance	1,304,771	1,491,860
Social Housing	1,441,270	2,212,550
	\$ 12,878,527	\$ 10,868,176

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 bylaw or Board resolutions for specific purposes.

Kenora District Services Board Notes to Financial Statements

December 31, 2012

10. Revenue Summary

	Budget 2012	Actual 2012	Actual 2011
Ministry of Community and Social Services			
Homelessness Program	\$ 68,372	\$ 68,372	\$ 118,372
Ontario Disability Support Program	-	-	-
Ontario Works	6,459,964	6,113,416	6,092,203
Rent and Energy	13,776	14,324	13,753
Ministry of Children and Youth Services			
Child Care	2,626,483	566,054	566,018
Best Start	3,012,600	90,700	352,910
Ministry of Education			
Best Start	-	3,381,428	3,000,810
Child Care	-	2,209,189	2,154,683
Ministry of Municipal Affairs and Housing			
Social Housing	2,996,857	2,872,930	3,130,432
Rent bank	11,278	11,686	16,760
Ministry of Health and Long-Term Care			
Land Ambulance	3,616,246	3,827,338	3,579,700
Miscellaneous	71,700	89,018	7,620
Interest income	55,000	108,386	114,930
Municipalities and Unincorporated Areas			
City of Dryden	1,478,461	1,478,463	1,455,763
Township of Ear Falls	136,845	136,844	132,754
Township of Ignace	157,363	157,364	154,616
City of Kenora	2,841,789	2,841,785	2,763,339
Municipality of Machin	305,215	305,216	292,844
Township of Pickle Lake	52,906	52,906	53,070
Township of Red Lake	758,059	758,057	708,138
Town of Sioux Lookout	916,186	916,186	892,672
Township of Sioux Narrows - Nestor Falls	741,285	741,285	694,902
Unincorporated Areas	7,645,829	7,683,002	7,344,938
Public Housing			
Rents	2,685,859	2,738,759	2,733,125
	\$ 36,652,073	\$ 37,162,708	\$ 36,374,352

Kenora District Services Board Notes to Financial Statements

December 31, 2012

11. Expenditures by Object

	Budget 2012	Actual 2012	Actual 2011
Salaries and benefits	\$ 12,510,105	\$ 11,960,726	\$ 11,638,042
Long-term debt interest	857,306	572,862	632,921
Materials	3,723,018	3,364,514	4,502,633
Contract services	2,812,603	1,961,859	528,439
Rent, administration	329,991	359,862	346,131
External transfers	16,452,620	16,079,036	16,142,486
Amortization	-	861,189	703,253
Post employment benefits	-	-	83,563
	\$ 36,685,643	\$ 35,160,048	\$ 34,577,468

12. Public Sector Salary Disclosure Act

As required under the Public Sector Disclosure Act (1996), the following employees of Kenora District Services Board were paid \$100,000 or more in 2012.

Name	Position	Salary Paid
Dianne Apland	Director of Integrated Services	\$102,900
Theodore Bowcock	Land Ambulance Paramedic	\$101,436
Eric Dalzell	Land Ambulance Co-ordinator	\$111,380
Dan McNeill	Chief Administrative Officer	\$128,435
Andrew Tickner	Director of EMS Services	\$101,457
Edward Turgeon	Land Ambulance Co-ordinator	\$103,512

13. Pension Agreement

Kenora District Services Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 129 members of its staff and Land Ambulance employees. The plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,122 million in respect of benefits accrued for service with actuarial assets at that date of \$59,198 million indicating an actuarial deficit of \$9,924 million. Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, Kenora District Services Board does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2012 was \$684,202 (2011 - \$572,656) for current service. The OMERS Board rate for 2012 was 8.3% to 12.8% (2011 - 7.4% to 10.7%), depending on income level.

Kenora District Services Board Notes to Financial Statements

December 31, 2012

14. Commitments

The organization has entered into lease agreements for various premises for Land Ambulance facilities expiring December 31, 2017. Expected lease payments in 2012 are \$302,987.

15. Budget

The Financial Plan (Budget) motion approved by the Board of Directors on December 15, 2011 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce the current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the Financial Plan approved by the Board of Directors on December 15, 2011 with adjustments as follows:

	2012
Financial Plan (Budget) surplus for the year	\$ -
Add:	
Capital expenditures	4,051,500
Repayment of long-term debt	695,730
Transfers to reserves	175,700
	4,922,930
Less:	
Unfunded capital outlay	(2,836,500)
Transfers from reserves	(2,120,000)
	(4,956,500)
Budget deficit per statement of operations and accumulated surplus	\$ (33,570)

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of operations for comparative purposes. The 2012 budget amounts for Kenora District Services Board, approved by the Board of Directors, have been restated to conform to the basis of preparation of the revenue and expenses on the statement of operations.

Kenora District Services Board Notes to Financial Statements

December 31, 2012

16. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Kenora District Services Board is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Kenora District Services Board is exposed to credit risk as the Kenora District Services Board maintains all its bank accounts at a single financial institution. Balances in these accounts may exceed federally insured amounts.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Kenora District Services Board is exposed to this risk through its fixed rate debt which is subject to interest rate price risk, as the value will fluctuate as a result of changes in market interest rates.

17. Segmented Information

The Board is a diversified para-municipal organization engaged in the provision of social services to residents of Kenora District Services Board and serves as a collection and administrative agent for social assistance, child care, social housing, land ambulance services and various government funded programs. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Homelessness Program, Rent and Energy Bank Program, Integrated Services Program, Child Care Program, Best Start Program, and Ontario Works Program

These programs represent social services that are meant to help the less fortunate in society, and are provided to help individuals and families in need in the service area.

Land Ambulance Program

This program represents ambulance services provided to the service area. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

Social Housing Program and Microfit Solutions

Social housing and microfit solutions are provided to help shelter families and elderly in need in the service area.

Administrative and Board Costs

The administrative and Board costs relate to the operations of Kenora District Services Board.

**Kenora District Services Board
Notes to Financial Statements**

December 31, 2012

17. Segmented Information (continued)

	Homeless Program	Rent and Energy Bank Program	Integrated Services Program	Child Care Program	Resource Centre Program	Ontario Works Program	Social Housing Program	Land Ambulance Program	Microfit Solutions	Admin. Costs	Board Costs	Total 2012
Revenue												
Grants Municipal/ TWOMO	\$ 68,372	\$ 26,010	-	\$ 5,590,617	\$ 656,754	\$ 6,113,416	\$ 2,872,930	\$ 3,827,338	-	\$ -	\$ -	\$ 19,155,437
Rents	-	-	-	605,761	128,922	2,334,341	5,264,722	6,737,362	-	-	-	15,071,108
Interest	-	425	-	-	-	-	2,738,759	-	-	-	-	2,738,759
Other	-	7,695	-	-	-	-	20,217	15,075	-	72,669	-	108,386
	-	-	-	-	-	-	21,884	-	67,130	-	-	96,709
	<u>68,372</u>	<u>34,130</u>	<u>-</u>	<u>6,196,378</u>	<u>785,676</u>	<u>8,447,757</u>	<u>10,918,512</u>	<u>10,579,775</u>	<u>67,130</u>	<u>72,669</u>	<u>-</u>	<u>37,170,399</u>
Expenses												
Salaries and benefits	-	-	647,637	60,088	(4,021)	1,193,951	1,057,915	8,234,515	-	742,350	28,291	11,960,726
Long-term debt charges	-	-	-	-	-	-	547,020	25,842	-	-	-	572,862
Materials	-	3,065	15,017	11,119	-	157,079	2,016,272	764,408	-	338,632	58,922	3,364,514
Contracted services	-	-	1,393	-	752	38,342	1,573,126	141,782	10,185	196,279	-	1,961,859
Rents and financial	-	-	-	-	-	37,901	-	152,852	-	169,109	-	359,862
External transfers	68,372	31,027	-	5,641,020	716,716	5,106,641	4,498,636	11,624	-	-	5,000	16,079,036
Amortization	-	-	-	-	-	-	404,302	406,467	-	50,420	-	861,189
	<u>68,372</u>	<u>34,092</u>	<u>664,047</u>	<u>5,712,227</u>	<u>713,447</u>	<u>6,533,914</u>	<u>10,097,271</u>	<u>9,737,490</u>	<u>10,185</u>	<u>1,496,790</u>	<u>92,213</u>	<u>35,160,048</u>
Internal transfers	-	-	(664,047)	432,938	-	1,624,281	113,036	82,795	-	(1,496,790)	(92,213)	-
	<u>68,372</u>	<u>34,092</u>	<u>-</u>	<u>6,145,165</u>	<u>713,447</u>	<u>8,158,195</u>	<u>10,210,307</u>	<u>9,820,285</u>	<u>10,185</u>	<u>-</u>	<u>-</u>	<u>35,160,048</u>
Surplus for the year	\$ -	\$ 38	\$ -	\$ 51,213	\$ 72,229	\$ 289,562	\$ 708,205	\$ 759,490	\$ 56,945	\$ 72,669	\$ -	\$ 2,010,351

**Kenora District Services Board
Notes to Financial Statements**

December 31, 2012

17. Segmented Information (continued)

	Homeless Program	Rent and Energy Bank Program	Integrated Services Program	Child Care Program	Best Start Program	Ontario Works Program	Social Housing Program	Land Ambulance Program	Admin. Cost	Board Costs	Total 2011
Revenue											
Grants	\$ 118,372	\$ 30,513	-	\$ 2,720,701	\$ 3,353,720	\$ 6,097,507	\$ 3,130,432	\$ 3,579,700	-	-	\$ 19,030,945
Municipal/ TWOMO	-	-	-	739,161	-	2,067,887	5,316,898	6,369,090	-	-	14,493,036
Rents	-	-	-	-	-	-	2,733,125	-	-	-	2,733,125
Interest	-	478	-	-	-	-	23,993	24,788	65,671	-	114,930
Other	-	-	-	-	-	-	3,120	4,500	-	-	7,620
	<u>118,372</u>	<u>30,991</u>	<u>-</u>	<u>3,459,862</u>	<u>3,353,720</u>	<u>8,165,394</u>	<u>11,207,568</u>	<u>9,978,078</u>	<u>65,671</u>	<u>-</u>	<u>36,379,656</u>
Expenses											
Salaries and benefits	-	-	164,120	70,879	131,567	1,240,558	1,369,564	7,806,569	819,541	35,244	11,638,042
Long-term debt charges	-	-	-	-	-	-	617,539	15,382	-	-	632,921
Materials	-	2,816	12,026	1,192	29,226	231,271	3,205,055	680,146	296,345	44,556	4,502,633
Contracted services	-	-	396	-	1,111	23,614	190,118	117,980	195,220	-	528,439
Rents and financial	-	-	-	-	-	34,803	-	146,105	165,223	-	346,131
External transfers	118,372	28,175	-	3,173,967	2,943,461	5,626,273	4,244,695	2,543	-	5,000	16,142,486
Post- employment benefits	-	-	-	1,671	-	15,877	18,384	47,631	-	-	83,563
Amortization	-	-	-	-	-	-	362,042	294,220	46,991	-	703,253
	<u>118,372</u>	<u>30,991</u>	<u>176,542</u>	<u>3,247,709</u>	<u>3,105,365</u>	<u>7,172,396</u>	<u>10,007,397</u>	<u>9,110,576</u>	<u>1,523,320</u>	<u>84,800</u>	<u>34,577,468</u>
Internal transfers	-	-	(176,542)	163,696	104,914	502,392	474,222	373,766	(1,357,648)	(84,800)	-
	<u>118,372</u>	<u>30,991</u>	<u>-</u>	<u>3,411,405</u>	<u>3,210,279</u>	<u>7,674,788</u>	<u>10,481,619</u>	<u>9,484,342</u>	<u>165,672</u>	<u>-</u>	<u>34,577,468</u>
Surplus for the year	\$ -	\$ -	\$ -	\$ 48,457	\$ 143,441	\$ 490,606	\$ 725,949	\$ 493,736	\$ (100,001)	\$ -	\$ 1,802,188

Kenora District Services Board Schedule of Municipal Levies

For the year ended December 31	2012	2011
City of Dryden	11.0717 %	11.2740 %
Township of Ear Falls	1.0248 %	1.0281 %
Township of Ignace	1.1784 %	1.1974 %
City of Kenora	21.2812 %	21.4004 %
Municipality of Machin	2.2857 %	2.2679 %
Township of Pickle Lake	0.3962 %	0.4110 %
Township of Red Lake	5.6769 %	5.4841 %
Town of Sioux Lookout	6.8610 %	6.9132 %
Township of Sioux Narrows - Nestor Falls	5.5512 %	5.3816 %
Unincorporated Areas	44.6729 %	44.6423 %
	<hr/> 100.0000 %	<hr/> 100.0000 %

**Kenora District Services Board
Summary of Levies to Participating Municipalities**

December 31, 2012

	Ontario Disability Support	Child Care	Social Housing	Ontario Works	Land Ambulance	Working Fund	Board Costs	Total 2012
City of Dryden	\$ -	\$ 81,838	\$ 562,033	\$ 258,451	\$ 576,141	\$ -	\$ -	\$ 1,478,463
Township of Ear Falls	-	7,575	52,020	23,922	53,327	-	-	136,844
Township of Ignace	-	8,711	59,821	27,509	61,323	-	-	157,364
City of Kenora	-	157,303	1,080,291	496,776	1,107,415	-	-	2,841,785
Municipality of Machin	-	16,895	116,027	53,355	118,939	-	-	305,216
Township of Pickle Lake	-	2,929	20,111	9,249	20,617	-	-	52,906
Township of Red Lake	-	41,961	288,172	132,517	295,407	-	-	758,057
Town of Sioux Lookout	-	50,714	348,285	160,159	357,028	-	-	916,186
Township of Sioux Narrows - Nestor Falls	-	41,033	281,796	129,585	288,871	-	-	741,285
Unincorporated Areas	-	325,724	2,456,166	1,042,818	3,858,294	-	-	7,683,002
	\$ -	\$ 734,683	\$ 5,264,722	\$ 2,334,341	\$ 6,737,362	\$ -	\$ -	\$ 15,071,108