

Kenora District Services Board
Financial Statements
For the year ended December 31, 2013

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For the year ended December 31, 2013

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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, 2013, 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, 2013 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 1, 2014

Kenora District Services Board Statement of Financial Position

December 31	2013	2012
Financial Assets		
Cash and cash equivalents (Note 1)	\$ 8,299,230	\$ 6,209,547
Accounts receivable (Note 2)	<u>725,982</u>	<u>885,675</u>
	<u>9,025,212</u>	<u>7,095,222</u>
 Liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 2,970,796	\$ 3,304,600
Post-retirement benefits (Note 4)	749,284	694,727
Deferred revenue (Note 5)	278,837	156,571
Net long-term liabilities (Note 6)	<u>7,658,822</u>	<u>8,305,384</u>
	<u>11,657,739</u>	<u>12,461,282</u>
 Net financial debt	 <u>(2,632,527)</u>	 <u>(5,366,060)</u>
 Non-Financial Assets		
Tangible capital assets (Note 7)	18,449,482	17,947,083
Prepaid expenses	<u>10,392</u>	<u>297,504</u>
	<u>18,459,874</u>	<u>18,244,587</u>
 Accumulated Surplus (Note 8)	 <u>\$ 15,827,347</u>	 <u>\$ 12,878,527</u>


 _____ Board Member


 _____ Board Member

Kenora District Services Board Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2013	Actual 2013	Actual 2012
	(Note 14)		
Revenue (Note 9)			
Government grants	\$ 18,378,769	\$ 20,629,488	\$ 19,155,437
Participating Municipalities and Unincorporated Areas	15,205,021	15,205,053	15,071,108
Rents	2,685,859	2,682,633	2,738,759
Interest	84,500	107,042	108,386
Other	77,030	498,022	96,709
	<u>36,431,179</u>	<u>39,122,238</u>	<u>37,170,399</u>
Expenses (Note 10)			
Homelessness Program	-	614,712	68,372
Rent and Energy Bank Program	-	10,669	34,092
Best Start Program	3,194,353	5,771,201	6,145,165
Child Care Program	2,753,434	715,094	713,447
Ontario Works Program	6,645,972	7,874,945	8,158,195
Social Housing Program	9,713,310	10,082,798	10,210,307
Land Ambulance Program	10,200,298	11,039,271	9,820,285
Microfit Solutions	16,000	64,728	10,185
Administrative Costs	2,429,578	-	-
	<u>34,952,945</u>	<u>36,173,418</u>	<u>35,160,048</u>
Annual surplus (Note 16)	1,478,234	2,948,820	2,010,351
Accumulated surplus, beginning of year	12,878,527	12,878,527	10,868,176
Accumulated surplus, end of year (Note 8)	<u>\$ 14,356,761</u>	<u>\$ 15,827,347</u>	<u>\$ 12,878,527</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 2013	Actual 2013	Actual 2012
	(Note 14)		
Annual surplus	\$ 1,478,234	\$ 2,948,820	\$ 2,010,351
Acquisition of tangible capital assets	(2,707,200)	(1,479,530)	(3,170,239)
Amortization of tangible capital assets	977,131	977,131	861,189
Acquisition of prepaid expenses	-	287,112	(12,894)
Net change in net financial debt	(251,835)	2,733,533	(311,593)
Net financial debt, beginning of year	(5,366,060)	(5,366,060)	(5,054,467)
Net financial debt, end of year	\$ (5,617,895)	\$ (2,632,527)	\$ (5,366,060)

Kenora District Services Board Statement of Cash Flows

For the year ended December 31	2013	2012
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 2,948,820	\$ 2,010,351
Item not involving cash		
Amortization	977,132	861,190
	3,925,952	2,871,541
Changes in non-cash operating balances		
Accounts receivable	159,693	381,511
Accounts payable and accrued liabilities	(333,804)	(850,675)
Post employment benefits	54,557	60,089
Deferred revenue	122,266	(213,516)
Prepaid expenses	287,111	(12,895)
	4,215,775	2,236,055
Capital transactions		
Acquisition of tangible capital assets	(1,479,530)	(3,170,239)
Financing transactions		
Decrease in long-term debt	(646,562)	(587,054)
Increase (decrease) in cash and cash equivalents during the year	2,089,683	(1,521,238)
Cash and cash equivalents, beginning of year	6,209,547	7,730,785
Cash and cash equivalents, end of year	\$ 8,299,230	\$ 6,209,547

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, 2013

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.

The corporation is exempt from income tax under section 149.

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 in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents

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

Post-Retirement Benefits

Kenora District Services Board 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. Kenora District Services Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. Kenora District Services Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

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, 2013

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 expenses 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.

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 expenses are made.

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.

Kenora District Services Board Notes to Financial Statements

December 31, 2013

1. 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 expenses related to these programs. The Board must pass a resolution in order to use these funds.

	2013	2012
Petty cash	\$ 5,150	\$ 5,150
Unrestricted		
General	2,059,559	1,061,773
Services	2,929,358	2,388,188
Ontario Works	776,488	246,569
Rent and Energy	31,334	35,097
Internally Restricted Accounts		
Land Ambulance	1,317,878	1,304,771
Social Housing	1,179,463	1,167,999
	\$ 8,299,230	\$ 6,209,547

2. Accounts Receivable

	2013	2012
Due from Municipalities and Unincorporated Areas		
Township of Sioux Lookout	\$ -	\$ 76,349
Township of Pickle Lake	4,379	-
Ministry of Community and Social Services	11,913	100,235
Ministry of Municipal Affairs and Housing	-	-
Non-Profit Housing Provider recoveries	37,108	606
GST and HST receivable	597,426	654,194
Miscellaneous accounts receivable	33,757	25,428
	684,583	856,812
Tenant balances	201,335	162,867
Allowance for doubtful accounts	(159,936)	(134,004)
	41,399	28,863
	\$ 725,982	\$ 885,675

Included in the tenant rents receivable is \$159,936 (2012 - \$134,004) which represents rents unpaid by former tenants for the years 2002 to 2013. 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, 2013

3. Accounts Payable and Accrued Liabilities

	2013	2012
Trade accounts payable	\$ 1,077,192	\$ 1,291,523
Accrued wages	631,655	386,556
Accrued interest on long-term debt	402,130	437,542
Employee benefits	605,480	573,263
Due to Municipalities and Unincorporated Areas		
City of Dryden	90,278	57,917
City of Kenora	-	8,460
Township of Ear Falls	4,923	1,151
Township of Red Lake	21,206	14,854
Town of Sioux Lookout	60,511	67,600
Township of Sioux Narrows - Nestor Falls	-	481
Ministry of Municipal Affairs and Housing	20,185	-
Restricted Liability - Land Ambulance Severance	-	410,514
Restricted Liability - Social Housing Stat Entitlement	57,236	54,739
	<u>\$ 2,970,796</u>	<u>\$ 3,304,600</u>

Kenora District Services Board Notes to Financial Statements

December 31, 2013

4. 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	4.25%
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

	2013	2012
Accrued post-retirement benefits obligations	\$ 886,154	\$ 886,806
Unamortized actuarial loss	(136,870)	(192,079)
Post-retirement benefits liability	\$ 749,284	\$ 694,727

Post-retirement Benefits Expenditure

	2013	2012
Current year benefit costs	\$ 67,139	\$ 74,152
Interest on accrued benefit obligation	33,418	31,564
Employee contributions	(46,000)	(45,627)
Post-retirement benefits expenditure	\$ 54,557	\$ 60,089

Kenora District Services Board Notes to Financial Statements

December 31, 2013

5. Deferred Revenue

	2013	2012
Key deposits	\$ 2,165	\$ 1,885
LEAP Kenora Hydro	9,545	15,455
Insurance proceeds	20,751	-
Ministry of Community and Social Services		
Rent funding	7,202	26,806
Energy funding	54,899	54,899
Ministry of Municipal Affairs and Housing		
Community Homelessness Prevention Initiative	120,950	-
Prepaid tenants rents	63,325	57,526
	<u>\$ 278,837</u>	<u>\$ 156,571</u>

Kenora District Services Board Notes to Financial Statements

December 31, 2013

5. Deferred Revenue (continued)

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

	2013	2012
Balance, beginning of year	\$ 156,571	\$ 370,087
Transfers from revenue in the current year		
Key deposits	280	-
LEAP Kenora & Sioux Lookout Hydro	5,825	5,889
Insurance proceeds	20,751	-
Ministry of Community and Social Services		
Energy Bank	-	64,232
Rent Bank	580	20,923
Ministry of Municipal Affairs and Housing		
Community homelessness prevention initiative	120,950	-
Tenant rent	63,325	57,526
	211,711	148,570
Transfers to revenue in the current year		
Key deposits	-	190
LEAP Kenora & Sioux Lookout Hydro	11,735	7,695
Ministry of Community and Social Services		
Homelessness funding	-	564
Energy Bank	-	14,326
Rent Bank	20,184	61,684
Ministry of Children and Youth Services		
Repair and Maintenance funding	-	13,448
Ministry of Municipal Affairs and Housing		
Social Housing Renovations and Retro-fit program	-	210,330
Tenant rents	57,526	53,849
	89,445	362,086
Balance, end of year	\$ 278,837	\$ 156,571

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 amounts received from current tenants for rent related to future periods.

Kenora District Services Board Notes to Financial Statements

December 31, 2013

6. Net Long-term Liabilities

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

	2013	2012
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	\$ 6,342,802	\$ 6,858,197
Mortgage payable to Canada Mortgage and Housing Corporation for rental properties transferred to Kenora District Services Board January 1, 2001 repayable monthly at \$5,316 including interest at 2.40%; maturing May 1, 2025	636,926	684,891
Debenture payable to The Corporation of the City of Dryden for rental properties transferred to Kenora District Services Board on January 1, 2001, repayable semi-annually at \$63,855 including interest at 6%; maturing June 30, 2020	679,094	762,296
	\$ 7,658,822	\$ 8,305,384

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

	Principal	Interest	Total
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
2018	864,912	317,781	1,182,693
Thereafter	3,781,181	1,045,330	4,826,511
	\$ 7,658,822	\$ 3,151,067	\$ 10,809,889

The gross interest relating to the above long-term liabilities was \$527,242 (2012 - \$572,862).

Kenora District Services Board Notes to Financial Statements

December 31, 2013

7. Tangible Capital Assets

	2013						
	Land	Land Improvements	Building and Building Improvements	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,244,660	\$ 164,721	\$ 17,102,649	\$ 1,284,233	2,506,200	\$ -	\$ 24,302,463
Additions	-	-	792,954	111,133	575,443	-	1,479,530
Disposals	-	-	-	-	(186,862)	-	(186,862)
Cost, end of year	3,244,660	164,721	17,895,603	1,395,366	2,894,781	-	25,595,131
Accumulated amortization, beginning of year	-	35,437	3,791,178	690,255	1,838,510	-	6,355,380
Amortization	-	9,797	531,462	135,144	300,728	-	977,131
Disposals	-	-	-	-	(186,862)	-	(186,862)
Accumulated amortization, end of year	-	45,234	4,322,640	825,399	1,952,376	-	7,145,649
Net carrying amount, end of year	\$ 3,244,660	\$ 119,487	\$ 13,572,963	\$ 569,967	\$ 942,405	-	\$ 18,449,482

Kenora District Services Board Notes to Financial Statements

December 31, 2013

7. Tangible Capital Assets (continued)

	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

Kenora District Services Board Notes to Financial Statements

December 31, 2013

8. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2013	2012
Investment in tangible capital assets	\$ 18,449,482	\$ 17,947,083
Public housing stock	(7,658,822)	(8,305,384)
Unfunded liabilities		
Land Ambulance capital expenses	(1,469,265)	(1,558,786)
Accrued interest on long-term debt	(402,130)	(437,542)
Post employment benefits	(356,827)	(302,270)
Reserves		
Working fund	2,516,947	2,082,868
Child Care - Mitigation	1,361,465	-
Unconditional Child Care	38,568	38,568
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	1,355,249	1,304,771
Social Housing	1,324,731	1,441,270
	\$ 15,827,347	\$ 12,878,527

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, 2013

9. Revenue Summary

	Budget 2013	Actual 2013	Actual 2012
Ministry of Community and Social Services			
Homelessness Program	\$ -	\$ 56,787	\$ 68,372
Ontario Works	5,635,055	5,958,928	6,113,416
Rent and Energy	-	-	14,324
Ministry of Children and Youth Services			
Best Start	532,187	656,930	656,754
Ministry of Education			
Child Care	5,108,547	6,524,121	5,590,617
Ministry of Municipal Affairs and Housing			
Homelessness	545,516	557,925	-
Social Housing	2,983,024	2,910,535	2,872,930
Rent bank	-	-	11,686
Ministry of Health and Long-Term Care			
Land Ambulance	3,574,440	3,964,262	3,827,338
Miscellaneous	77,030	498,022	96,709
Interest income	84,500	107,042	108,386
Municipalities and Unincorporated Areas			
City of Dryden	1,432,478	1,432,480	1,478,463
Township of Ear Falls	131,991	131,992	136,844
Township of Ignace	151,129	151,130	157,364
City of Kenora	3,003,807	3,003,806	2,841,785
Municipality of Machin	302,260	302,260	305,216
Township of Pickle Lake	52,579	52,580	52,906
Township of Red Lake	828,798	828,798	758,057
Town of Sioux Lookout	934,796	934,796	916,186
Township of Sioux Narrows - Nestor Falls	749,386	749,385	741,285
Unincorporated Areas	7,617,797	7,617,826	7,683,002
Public Housing			
Rents	2,685,859	2,682,633	2,738,759
	\$ 36,431,179	\$ 39,122,238	\$ 37,170,399

Kenora District Services Board Notes to Financial Statements

December 31, 2013

10. Expenses by Object

	Budget 2013	Actual 2013	Actual 2012
Salaries and benefits	\$ 12,525,319	\$ 13,047,948	\$ 11,960,726
Long-term debt interest	653,861	527,242	572,862
Materials	3,736,050	3,926,716	3,372,779
Contract services	1,084,000	918,378	1,953,594
Rent, administration	314,371	348,823	359,862
External transfers	15,662,213	16,427,180	16,079,036
Amortization	977,131	977,131	861,189
	\$ 34,952,945	\$ 36,173,418	\$ 35,160,048

11. 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 2013.

Name	Position	Salary Paid
Dianne Apland	Director of Integrated Services	\$108,610
Ryan Daubney	Land Ambulance Paramedic	\$105,791
Eric Dalzell	Land Ambulance Co-ordinator	\$107,878
Ryan Larsen	Land Ambulance Paramedic	\$105,450
Dan McNeill	Chief Administrative Officer	\$134,101
Andrew Tickner	Director of EMS	\$101,954

12. Pension Agreement

OMERS provides pension services to more than 439,528 active and retired members and approximately 982 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, 2013. The results of this valuation disclosed total actuarial liabilities of \$73,004 million in respect of benefits accrued for service, with actuarial assets at that date of \$64,363 million, indicating an actuarial deficit of \$8,641 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. Contributions made by Kenora District Services Board to OMERS for 2013 was \$760,365 (2012 - \$684,202).

Kenora District Services Board Notes to Financial Statements

December 31, 2013

13. Commitments

The organization has entered into lease agreements for various premises for Land Ambulance and Ontario Works facilities, expiring at various time between September 30, 2014 and December 31, 2017. Expected lease payments in 2014 are \$289,752.

14. Budget

The Financial Plan (Budget) motion approved by the Board of Directors on December 13, 2012 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 expenses in excess of current year revenues to \$nil. 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 13, 2012, with adjustments as follows:

	<u>2013</u>
Financial Plan (Budget) surplus for the year	<u>\$ -</u>
Add:	
Capital expenses	2,707,200
Repayment of long-term debt	753,665
Transfers to reserves	<u>121,700</u>
	<u>3,582,565</u>
Less:	
Amortization	(977,131)
Transfers from reserves	<u>(1,127,200)</u>
	<u>(2,104,331)</u>
Budget deficit per statement of operations and accumulated surplus	<u>\$ 1,478,234</u>

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of operations for comparative purposes. The 2013 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, 2013

15. Comparative Figures

Certain of the comparative figures have been restated to conform to the presentation adopted in the current year.

16. 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, Resource Centre 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, 2013

16. 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	Microfit Solutions	Admin. Costs	Board Costs	Total 2013
Revenue												
Government transfers - operating	\$ 614,712	\$ -	\$ -	\$ 6,524,121	\$ 656,930	\$ 5,958,928	\$ 2,910,535	\$ 3,964,262	\$ -	\$ -	\$ -	\$ 20,629,488
Municipal/TWOMO - operating	-	-	-	607,712	137,050	1,976,402	4,418,744	6,510,145	-	-	-	13,650,053
Municipal/TWOMO - capital	-	-	-	-	-	-	1,250,000	305,000	-	-	-	1,555,000
Rents	-	-	-	-	-	-	2,682,633	-	-	-	-	2,682,633
Interest	-	-	-	-	-	-	10,437	12,162	-	84,443	-	107,042
Other	-	11,735	-	-	-	-	833	413,014	72,440	-	-	498,022
	614,712	11,735	-	7,131,833	793,980	7,935,330	11,273,182	11,204,583	72,440	84,443	-	39,122,238
Expenses												
Salaries and benefits	-	-	696,214	16,102	-	1,224,634	1,111,649	8,991,096	-	977,494	30,759	13,047,948
Long-term debt charges	-	-	-	-	-	-	504,898	22,344	-	-	-	527,242
Materials	-	-	21,196	1,812	10,106	119,894	2,441,206	992,455	63,202	244,932	31,913	3,926,716
Contracted services	-	-	796	-	773	24,471	552,962	164,781	1,526	168,414	4,655	918,378
Rents and financial	-	-	-	-	-	42,216	-	121,835	-	184,772	-	348,823
External transfers	614,712	10,669	-	5,279,598	704,215	4,981,897	4,797,096	33,201	-	-	5,792	16,427,180
Amortization	-	-	-	-	-	-	446,353	484,928	-	45,850	-	977,131
	614,712	10,669	718,206	5,297,512	715,094	6,393,112	9,854,164	10,810,640	64,728	1,621,462	73,119	36,173,418
Internal transfers	-	-	(718,206)	473,689	-	1,481,833	228,634	228,631	-	(1,621,462)	(73,119)	-
	614,712	10,669	-	5,771,201	715,094	7,874,945	10,082,798	11,039,271	64,728	-	-	36,173,418
Surplus for the year	\$ -	\$ 1,066	\$ -	\$ 1,360,632	\$ 78,886	\$ 60,385	\$ 1,190,384	\$ 165,312	\$ 7,712	\$ 84,443	\$ -	\$ 2,948,820

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

December 31, 2013

16. 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	Microfit Solutions	Admin. Cost	Board Costs	Total 2012
Revenue												
Grants	\$ 68,372	\$ 26,010	\$ -	\$ 5,590,617	\$ 656,754	\$ 6,113,416	\$ 2,872,930	\$ 3,827,338	\$ -	\$ -	\$ -	\$ 19,155,437
Municipal/ TWOMO	-	-	-	605,761	128,922	2,334,341	5,264,722	6,737,362	-	-	-	15,071,108
Rents	-	-	-	-	-	-	2,738,759	-	-	-	-	2,738,759
Interest	-	425	-	-	-	-	20,217	15,075	-	72,669	-	108,386
Other	-	7,695	-	-	-	-	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	8,265	338,632	58,922	3,372,779
Contracted services	-	-	1,393	-	752	38,342	1,573,126	141,782	1,920	196,279	-	1,953,594
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 Schedule of Municipal Levies

For the year ended December 31	2013	2012
City of Dryden	10.4200 %	11.0717 %
Township of Ear Falls	0.9600 %	1.0248 %
Township of Ignace	1.1000 %	1.1784 %
City of Kenora	21.8500 %	21.2812 %
Municipality of Machin	2.2000 %	2.2857 %
Township of Pickle Lake	0.3800 %	0.3962 %
Township of Red Lake	6.0300 %	5.6769 %
Town of Sioux Lookout	6.8000 %	6.8610 %
Township of Sioux Narrows - Nestor Falls	5.4500 %	5.5512 %
Unincorporated Areas	44.8100 %	44.6729 %
	<hr/> 100.0000 %	<hr/> 100.0000 %

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

December 31, 2013

	Child Care	Social Housing	Ontario Works	Land Ambulance	Working Fund	Board Costs	Total 2013
City of Dryden	\$ 77,600	\$ 590,684	\$ 205,941	\$ 558,255	\$ -	\$ -	\$ 1,432,480
Township of Ear Falls	7,150	54,420	18,973	51,449	-	-	131,992
Township of Ignace	8,192	62,356	21,740	58,842	-	-	151,130
City of Kenora	162,723	1,238,621	431,844	1,170,618	-	-	3,003,806
Municipality of Machin	16,384	124,712	43,481	117,683	-	-	302,260
Township of Pickle Lake	2,830	21,541	7,510	20,699	-	-	52,580
Township of Red Lake	44,907	341,825	119,177	322,889	-	-	828,798
Town of Sioux Lookout	50,641	385,475	134,395	364,285	-	-	934,796
Township of Sioux Narrows - Nestor Falls	40,588	308,947	107,714	292,136	-	-	749,385
Unincorporated Areas	333,747	2,540,163	885,627	3,858,289	-	-	7,617,826
	\$ 744,762	\$ 5,668,744	\$ 1,976,402	\$ 6,815,145	\$ -	\$ -	\$ 15,205,053