

Resolution

MOVED BY: Mark

NO.: 2017-054

SECONDED BY: Ray

DATE: May 11, 2017

RESOLVED THAT the Board of Directors approves the Audited Financial Statements for the fiscal year ended December 31, 2016 as presented and recommended by the Audit Committee

AND

BE IT FURTHER RESOLVED THAT the Board of Directors reaffirms the appointment of Grant Thornton LLP as external auditors for the fiscal year ended December 31, 2017 representing the second year of a five year appointment.

DIVISION OF VOTES		
MEMBER	YEA	NAY
	Barry Baltessen – LoW North Unincorporated	
Karl Hopf – Township of Pickle Lake		
Chicki Pesola – Township of Ignace		
Ron Kujansuu – Municipality of Machin		
Doug Lawrance – Municipality of Sioux Lookout		
Ray Leray – Oxdrift Unincorporated		
Sandy Middleton – Municipality of Red Lake		
Jerry O’Leary – Township of SN-NF		
Louis Roussin – City of Kenora		
Mark Sobchuk – Lac Seul Unincorporated		
Bob Stewart – LoW South Unincorporated		
Dan Sutton – Township of Ear Falls		
Roger Valley – City of Dryden		
TOTALS		

DECLARATION OF INTEREST:

DISPOSITION OF RESOLUTION (Check One):

Carried: Defeated:

[Signature]

Chair

[Signature]

Chief Administrative Officer



Financial Statements

Kenora District Services Board

December 31, 2016

Statement of Administrative Responsibility

The management of the Kenora District Services Board have prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Board assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Directors reviews and approves the financial statements before such statements are published for the residents of the District of Kenora. The external auditors have access to, and meet with the Board to discuss their audit and the results of their examination.

The 2016 Financial Statements have been reported on by the Kenora District Services Board external auditors, Grant Thornton LLP, the auditors appointed by the Board. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Barry Baltessen
Board Chair
Kenora District Services Board



Henry Wall
Chief Administrative Officer
Kenora District Services Board

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Independent Auditor's Report

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To the Board Members, Members of Municipal Council,
Inhabitants and Ratepayers as listed in Note 3 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, 2016, and the statements of operations and accumulated surplus, change 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.

Auditor's 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 auditor's judgment, 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 auditor considers 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The financial statements of Kenora District Services Board for the year ended December 31, 2015 were audited by another auditor, who expressed an unqualified opinion on the financial statements dated May 19, 2016.

Grant Thornton LLP

Thunder Bay, Canada
May 11, 2017

Chartered Professional Accountants
Licensed Public Accountants

Kenora District Services Board

Statement of Financial Position

As at December 31

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 4]</i>	10,190,219	8,601,426
Accounts receivable <i>[note 5]</i>	1,474,466	1,332,910
Total financial assets	11,664,685	9,934,336
LIABILITIES		
Accounts payable and accrued liabilities <i>[note 6]</i>	4,049,508	2,911,675
Post-retirement benefits <i>[note 10]</i>	894,922	843,491
Deferred revenue <i>[note 7]</i>	1,307,408	747,653
Long-term debt <i>[note 9]</i>	8,125,936	9,006,363
Total liabilities	14,377,774	13,509,182
NET FINANCIAL DEBT	(2,713,089)	(3,574,846)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 11] [schedule 2]</i>	20,677,502	20,301,733
Prepaid expenses	10,674	19,002
	20,688,176	20,320,735
Accumulated surplus <i>[schedule 1]</i>	17,975,087	16,745,889

See accompanying notes to the financial statements.

Kenora District Services Board

Statement of Operations and Accumulated Surplus

Year ended December 31	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 16]</i>		
REVENUES			
Government transfers - operating	19,765,935	21,570,379	20,041,685
Municipal/TWOMO - operating	14,372,504	14,372,546	13,938,466
Municipal/TWOMO - capital	2,117,114	2,117,114	2,055,450
Rents	2,829,106	2,705,832	2,738,009
Interest	105,500	80,887	71,963
Other	77,030	108,685	242,019
Total revenues	39,267,189	40,955,443	39,087,592
EXPENSES			
Homelessness Program	1,199,938	1,671,832	683,701
Integrated Social Services Program	27,999	-	1,320
Child Care Program	6,375,430	6,295,392	6,030,594
Family Support Program	714,184	727,184	727,184
Ontario Works Program	7,066,569	8,148,543	8,121,024
Social Housing Program	10,296,186	10,776,340	10,721,513
Land Ambulance Program	12,301,664	12,243,952	11,654,556
Administrative Costs	75,436	65,834	107,363
	38,057,406	39,929,077	38,047,255
NET REVENUES BEFORE UNDERNOTED ITEM	1,209,783	1,026,366	1,040,337
Gain on disposal of tangible capital assets	-	202,832	-
Annual surplus	1,209,783	1,229,198	1,040,337
Accumulated surplus, beginning of year	16,745,889	16,745,889	15,705,552
Accumulated surplus, end of year	17,955,672	17,975,087	16,745,889

See accompanying notes to the financial statements.

Kenora District Services Board

Statement of Change in Net Financial Debt

Year ended December 31

	Budget 2016 \$ <i>[note 16]</i>	Actual 2016 \$	Actual 2015 \$
Annual surplus	1,209,783	1,229,198	1,040,337
Acquisition of tangible capital assets	(2,397,412)	(1,683,005)	(2,620,691)
Amortization of tangible capital assets	1,202,367	1,202,367	1,117,008
Gain on disposal of tangible capital assets	-	(202,832)	-
Proceeds on disposal of tangible capital assets	-	307,701	-
Acquisition of prepaid expenses	-	(10,674)	(19,002)
Use of prepaid expenses	-	19,002	561,519
Increase in net financial assets	14,738	861,757	79,171
Net financial debt, beginning of year	(3,574,846)	(3,574,846)	(3,654,017)
Net financial debt, end of year	(3,560,108)	(2,713,089)	(3,574,846)

See accompanying notes to the financial statements.

Kenora District Services Board

Statement of Cash Flows

Year ended December 31	2016	2015
	\$	\$
OPERATIONS		
Annual surplus	1,229,198	1,040,337
Items not involving cash		
Amortization of tangible capital assets	1,202,367	1,117,008
Gain on disposal of tangible capital assets	(202,832)	-
	2,228,733	2,157,345
Net change in non-cash working capital balances		
Increase in accounts receivable	(141,556)	(519,652)
Increase (decrease) in accounts payable and accrued liabilities	1,137,833	(611,584)
Increase in post-retirement benefits	51,431	19,435
Increase in deferred revenue	559,755	124,828
Decrease in prepaid expenses	8,328	542,517
Cash provided by operating transactions	3,844,524	1,712,889
CAPITAL		
Acquisition of tangible capital assets	(1,683,005)	(2,620,691)
Proceeds on disposal of tangible capital assets	307,701	-
Cash used in capital transactions	(1,375,304)	(2,620,691)
FINANCING		
Proceeds from issuance of debt	-	2,800,000
Debt principal repayment	(880,427)	(760,677)
Cash provided by (used in) financing transactions	(880,427)	2,039,323
Increase in cash and cash equivalents during year	1,588,793	1,131,521
Cash and cash equivalents, beginning of year	8,601,426	7,469,905
Cash and cash equivalents, end of year	10,190,219	8,601,426

See accompanying notes to the financial statements.

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

GENERAL

The Kenora District Services Board was formed under the District Social Services Administration Board Act of the Province of Ontario to accommodate the provincial government's requirement to consolidate the delivery of social assistance, child care, social housing, land ambulance and other various government funded programs. The Kenora District Services Board delivers provincially mandated services on behalf of the citizens of the District of Kenora.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment.

Basis of accounting

The Board uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, estimated useful lives of tangible capital assets and post-retirement benefits. Actual results could differ from these estimates.

Post-retirement benefits

The Board accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer defined benefit plan, as a defined contribution plan. Obligations for sick leave under accounts payable and accrued liabilities are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

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 and Accumulated Surplus in the year it is used for the specified purpose.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

[a] Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives 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

Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[c] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property to the Board are accounted for as the acquisition of a capital asset and the incurrence of an obligation. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

[d] Prepaid expenses

Amounts paid in advance of the receipt of goods or services are recorded as prepaid expense.

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 and Accumulated Surplus as the stipulation liabilities are settled.

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

2. FINANCIAL INSTRUMENTS

[i] Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relative short periods to maturity of the instruments. The carrying value of the long-term debt may differ from its fair value due to the terms of repayment and interest rates charged.

[ii] Credit risk

Credit risk is the risk that a third party will fail to discharge its obligation to Kenora District Services Board, reducing the expected cash inflow from Kenora District Services Board's assets recorded at the Statement of Financial Position date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. Kenora District Services Board provides for an allowance for doubtful accounts to absorb credit losses. Kenora District Services Board has assessed that there are no significant concentrations of credit risk with respect to any class of financial assets.

3. PARTICIPATING MUNICIPALITIES AND TERRITORIES WITHOUT MUNICIPAL ORGANIZATION

City of Dryden
City of Kenora
District of Kenora territories without municipal organization
Municipality of Machin
Municipality of Red Lake
Municipality of Sioux Lookout
Township of Ear Falls
Township of Ignace
Township of Pickle Lake
Township of Sioux Narrows/Nestor Falls

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

4. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Petty cash	4,550	4,598
Unrestricted		
General	3,454,249	1,529,240
Services	607,725	825,103
Ontario Works	498,245	670,704
Rent and Energy	78,550	77,643
Internally Restricted Accounts		
Working Reserve Fund	2,774,940	2,768,277
Land Ambulance	1,306,793	1,379,628
Social Housing	1,465,167	1,346,233
	10,190,219	8,601,426

5. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Due from Municipalities and Unincorporated Areas	83,822	75,146
Keewatin Non-Profit Housing	-	30,814
Ministry of Community and Social Services	141,972	325,729
Ministry of Education	-	54,510
Ministry of Health and Long-Term Care	237,164	-
Ministry of Housing	98,100	-
Non-profit housing provider recoveries	195,514	99,399
HST receivable	650,933	683,322
Miscellaneous accounts receivable	26,920	24,938
	1,434,425	1,293,858
Tenant rents receivables	286,370	273,771
Allowance for doubtful accounts	(246,329)	(234,719)
	40,041	39,052
	1,474,466	1,332,910

Included in the tenant rents receivable is \$246,329 [2015 - \$234,719] which represents rents unpaid by former tenants for the years 2002 to 2016. 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 the Financial Statements

December 31, 2016

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
	\$	\$
Trade accounts payable	1,885,926	882,300
Accrued wages	1,508,906	1,169,131
Accrued interest on long-term debt	291,499	329,460
Employee benefits	151,452	191,824
Ministry of Education	56,871	-
Due to Municipalities and unincorporated areas		
City of Dryden	-	116,591
City of Kenora	-	47,066
Township of Ear Falls	-	936
Township of Ignace	-	1,519
Township of Pickle Lake	-	203
Municipality of Red Lake	-	33,771
Municipality of Sioux Lookout	-	81,280
Township of Sioux Narrows/Nestor Falls	-	1,613
Restricted liability - social housing entitlement	66,448	55,981
Keewatin Non-Profit Housing	46,474	-
Northern Ontario Service Deliverers Association	41,932	-
	4,049,508	2,911,675

7. DEFERRED REVENUE

	2016	2015
	\$	\$
Key deposits	2,256	2,256
LEAP Kenora & Sioux Lookout Hydro	-	2,125
Rent funding	8,160	8,160
Energy funding	49,363	49,363
Ministry of Municipal Affairs and Housing		
Community Homelessness Prevention Initiative	277,359	268,290
Investment in Affordable Housing	676,176	379,321
Survivors of Domestic Violence - Portable Housing Benefit Pilot	266,805	-
Prepaid tenants rents	27,289	38,138
	1,307,408	747,653

The Board receives funding from the Ministry of Community and Social Services and the 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 the Financial Statements

December 31, 2016

8. PENSION AGREEMENTS

The Board makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2016 was \$64,938 [2015 - \$65,695] for current service.

9. LONG-TERM DEBT

[a] The balance of debt reported on the Statement of Financial Position is made up of the following:

	2016 \$	2015 \$
Canada Mortgage and Housing Corporation		
Debentures payable 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, 2017 through January 1, 2028.	4,576,404	5,192,267
Debentures payable for rental properties transferred to Kenora District Services Board on January 1, 2001, repayable monthly at \$5,316 including interest at 2.40%.	482,366	536,926
The Corporation of the City of Dryden		
Debenture payable for 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.	397,834	495,838
Bank of Montreal		
Debenture repayable monthly at \$9,333 plus interest at 2.89%, maturing October 31, 2020.	2,669,332	2,781,332
	8,125,936	9,006,363

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

[b] Principal due on debt is summarized as follows:

	\$
2017	928,618
2018	978,633
2019	869,906
2020	827,150
2021	684,197
Thereafter	3,837,432
	<u>8,125,936</u>

[c] Total interest charges for debt reported on the Statement of Operations and Accumulated Surplus are \$437,381 [2015 - \$433,161].

10. POST-RETIREMENT BENEFITS

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	3.50%
General inflation rate	2.50%
Health care cost increase	7.5% after the first year of the valuation with the rate decreasing 0.5% per year to an ultimate rate of 3.5%
Dental care cost increase	3.5% per year

	2016 \$	2015 \$
Post-retirement benefits liability		
Accrued post-retirement benefits obligation	1,246,982	1,137,261
Unamortized gains	(352,060)	(293,770)
Post-retirement - benefits liability	<u>894,922</u>	<u>843,491</u>
Post-retirement benefits expense		
Current year benefit costs	65,381	64,957
Interest on accrued benefit obligation	44,114	35,447
Employer contribution	(54,473)	(80,969)
Post-retirement benefits expense	<u>55,022</u>	<u>19,435</u>

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

11. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Board by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets during 2016 [2015 - \$nil].

Interest capitalized during 2016 was \$nil [2015 - \$nil].

There were no contributed tangible capital assets in 2016 [2015 - \$nil].

12. SEGMENTED INFORMATION

The Board is a diversified para-municipal organization engaged in the provision of social services to residents of the Kenora District 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, Integrated Services Program, Child Care Program, Family Support 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

The social housing program is provided to help shelter families and elderly in need in the service area.

Administration and Board Costs

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

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

13. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds which makes up part of accumulated surplus in Schedule 1 is as follows:

	2016 \$	2015 \$
Reserves		
Balance, beginning of year	1,090,589	4,347,435
Increases		
Transfer from current operations	329,384	269,816
Interest earned	10,929	147,295
	340,313	417,111
Decreases		
Transfer to current operations	377,521	3,673,957
Balance, end of year	1,053,381	1,090,589
	2016 \$	2015 \$
Reserve funds		
Balance, beginning of year	5,532,305	2,184,729
Increases		
Contributions from current operations	201,632	3,776,364
Interest earned	29,598	21,222
	231,230	3,797,586
Decreases		
Contributions to current operations	268,069	450,010
Balance, end of year	5,495,466	5,532,305

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

14. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Board has designated \$5,495,466 [2015 - \$5,532,305] to support reserve funds.

15. EXPENSES BY OBJECT

	Budget 2016	Actual 2016	Actual 2015
	\$	\$	\$
Salaries and benefits	14,256,215	14,230,736	13,540,326
Long-term debt interest	486,154	437,382	433,161
Materials	3,830,685	4,565,748	4,677,431
Contract services	553,198	601,275	545,718
Rent and financial	408,611	423,799	416,387
External transfers	17,320,176	18,615,674	17,317,224
Amortization	1,202,367	1,202,367	1,117,008
	38,057,406	40,076,981	38,047,255

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

16. BUDGET FIGURES

The operating budget approved by the Board for 2016 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures. The Board does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results. Below is a reconciliation of figures from the approved fiscal plan to the fiscal plan per the financial statements.

	Approved 2016 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
Revenues	40,411,137	(1,143,948)	39,267,189
Expenses	40,411,137	2,353,731	38,057,406
Annual surplus	-	1,209,783	1,209,783
Less:			
Acquisition of tangible capital assets	-	(2,397,412)	(2,397,412)
Contributions to reserves	255,731	(255,731)	-
Principal on long-term debt	902,955	(902,955)	-
Add:			
Amortization of tangible capital assets	-	1,202,367	1,202,367
Contributions from reserves	(468,000)	468,000	-
Contributions from reserve funds	(675,948)	675,948	-
	14,738	(1,209,783)	(1,195,045)
Increase in net financial assets	14,738	-	14,738

Under Canadian public sector accounting standards, budget amounts are to be reported on the Statement of Operations and Accumulated Surplus for comparative purposes. The 2016 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 and Accumulated Surplus.

Kenora District Services Board

Notes to the Financial Statements

December 31, 2016

17. COMMITMENTS

The Board has entered into lease agreements for various premises for Land Ambulance and Ontario Works facilities, expiring at various times between December 31, 2017 and January 31, 2020.

The future payments expected over the next four years are as follows:

	\$
2017	360,482
2018	283,798
2019	271,301
2020	48,084
	<hr/> 963,665 <hr/>

18. PROVINCE OF ONTARIO GRANTS

Revenue from the Province of Ontario has been calculated according to the terms of the governing statutes and is subject to final approval by the Province. Ultimate determination of amounts is dependent upon the reconciliation of funding by the Province of Ontario. Adjustment to the accounting records is made at the time of final settlement.

19. CONTINGENT LIABILITIES

The Board is subject to legal proceedings and claims from time to time, which arise in the normal course of business for which the amount of settlement, if any, is indeterminable at this time. The settlement, if any, will be expensed in the financial statements at the time of settlement.

20. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 financial statements.

Kenora District Services Board
Schedule of Accumulated Surplus

Schedule 1

Year ended December 31	2016	2015
	\$	\$
Surpluses		
Investment in tangible capital assets	20,677,502	20,301,733
Long-term debt	(8,125,936)	(9,006,363)
Unfunded liabilities		
Land ambulance capital expenses	(331,362)	(391,881)
Accrued interest on long-term debt	(291,499)	(329,460)
Post-retirement benefits	(502,465)	(451,034)
Total surpluses	11,426,240	10,122,995
Reserves		
Working fund	538,728	409,170
Child Care mitigation	277,490	655,011
WSIB NEER costs	-	26,408
Emergency Medical Services	237,163	-
Total reserves	1,053,381	1,090,589
Reserve funds		
Land Ambulance	1,119,498	1,302,211
Social Housing	1,601,028	1,461,817
Working Fund	2,774,940	2,768,277
Total reserves and reserve funds	5,495,466	5,532,305
Accumulated surplus	17,975,087	16,745,889

Kenora District Services Board
Schedule of Tangible Capital Assets

Schedule 2

Year ended December 31, 2016

	Land \$	Land Improvements \$	Building and building Improvements \$	Machinery and Equipment \$	Vehicles \$	Work-in- Progress \$	Assets held for sale \$	Total 2016 \$	Total 2015 \$
COST									
Balance, beginning of year	3,356,022	328,643	19,851,487	1,644,189	3,095,114	817,943	-	29,093,398	26,788,160
Add									
Additions during the year	-	21,471	235,963	23,660	426,900	975,011	-	1,683,005	2,620,691
Less									
Disposals during the year	7,632	-	99,341	-	32,815	-	42,390	182,178	315,453
Transfers	(125,993)	384,203	63,329	-	-	(792,430)	470,891	-	-
Balance, end of year	3,222,397	734,317	20,051,438	1,667,849	3,489,199	1,000,524	428,501	30,594,225	29,093,398
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	71,384	5,515,066	1,142,651	2,062,564	-	-	8,791,665	7,990,111
Add									
Amortization during the year	-	32,580	638,455	133,102	388,052	-	10,178	1,202,367	1,117,007
Less									
Accumulated amortization on disposals	-	-	41,020	-	29,538	-	6,751	77,309	315,453
Transfers	-	-	(134,428)	-	-	-	134,428	-	-
Balance, end of year	-	103,964	5,978,073	1,275,753	2,421,078	-	137,855	9,916,723	8,791,665
Net book value of tangible capital assets, beginning of year	3,356,022	257,259	14,336,421	501,538	1,032,550	817,943	-	20,301,733	18,798,049
Net book value of tangible capital assets, end of year	3,222,397	630,353	14,073,365	392,096	1,068,121	1,000,524	290,646	20,677,502	20,301,733

Kenora District Services Board Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2016

	Homelessness Program		Integrated Services Program		Child Care Program		Family Support Program		Ontario Works Program	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Government transfers - operating	1,860,320	667,689	-	-	5,326,691	5,138,521	599,887	599,887	6,631,933	6,450,512
Municipal/TWOMO - operating	-	-	-	-	591,181	595,051	127,297	127,297	1,516,610	1,940,028
Municipal/TWOMO - capital	-	-	-	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	300
Other	8,160	16,012	-	1,320	-	-	-	-	-	-
	1,868,480	683,701	-	1,320	5,917,872	5,733,572	727,184	727,184	8,148,543	8,390,840
Expenditures										
Salaries and benefits	-	-	1,950,683	1,977,689	-	-	-	-	104,722	132,683
Long-term debt charges	-	-	-	-	-	-	-	-	-	-
Materials	-	-	290,715	339,012	-	-	-	-	29,818	30,397
Contracted services	-	-	61,293	52,554	2,748	-	-	-	-	-
Rents and financial	-	-	260,858	257,046	-	-	-	-	11,928	13,172
External transfers	1,523,928	683,701	-	-	5,756,012	5,528,139	717,184	727,184	5,630,276	5,400,000
Amortization	-	-	27,999	27,999	-	-	-	-	-	9,337
	1,523,928	683,701	2,591,548	2,654,300	5,758,760	5,528,139	717,184	727,184	5,776,744	5,585,589
Internal transfers	147,904	-	(2,591,548)	(2,652,980)	536,632	502,455	10,000	-	2,371,799	2,535,435
	1,671,832	683,701	-	1,320	6,295,392	6,030,594	727,184	727,184	8,148,543	8,121,024
Surplus (deficit) for the year before undernoted item										
	196,648	-	-	-	(377,520)	(297,022)	-	-	-	269,816
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
Surplus (deficit), for the year										
	196,648	-	-	-	(377,520)	(297,022)	-	-	-	269,816

Kenora District Services Board
Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2016

	Social Housing Program		Land Ambulance Program		Administration Costs		Board Costs		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Government transfers - operating	2,621,783	3,033,981	4,529,765	4,151,095	-	-	-	-	21,570,379	20,041,685
Municipal/TWOMO - operating	4,763,668	4,436,780	7,373,790	6,839,310	-	-	-	-	14,372,546	13,938,466
Municipal/TWOMO - capital	1,771,600	1,720,000	345,514	335,450	-	-	-	-	2,117,114	2,055,450
Rents	2,705,832	2,738,009	-	-	-	-	-	-	2,705,832	2,738,009
Interest	-	10,028	198	11,194	80,689	50,441	-	-	80,887	71,963
Other	72,174	74,855	2,680	20,470	25,671	129,362	-	-	108,685	242,019
	11,935,057	12,013,653	12,251,947	11,357,519	106,360	179,803	-	-	40,955,443	39,087,592
Expenditures										
Salaries and benefits	1,091,700	1,028,921	9,985,366	9,345,285	1,042,659	1,001,550	55,606	54,198	14,230,736	13,540,326
Long-term debt charges	347,573	405,782	89,809	27,379	-	-	-	-	437,382	433,161
Materials	3,061,505	3,159,850	982,416	919,090	153,558	186,853	47,736	42,229	4,565,748	4,677,431
Contracted services	170,429	172,814	227,432	169,958	139,373	150,392	-	-	601,275	545,718
Rents and financial	444	418	143,137	141,485	7,432	4,266	-	-	423,799	416,387
External transfers	4,835,947	4,963,132	4,423	7,972	-	-	-	7,096	18,467,770	17,317,224
Amortization	607,987	541,011	510,944	484,141	55,437	54,520	-	-	1,202,367	1,117,008
	10,115,585	10,271,928	11,943,527	11,095,310	1,398,459	1,397,581	103,342	103,523	39,929,077	38,047,255
Internal transfers	660,755	449,585	300,425	559,246	(1,332,625)	(1,290,218)	(103,342)	(103,523)	-	-
	10,776,340	10,721,513	12,243,952	11,654,556	65,834	107,363	-	-	39,929,077	38,047,255
Surplus (deficit) for the year before undernoted item										
Gain on disposal of tangible capital assets	201,632	-	1,200	-	-	-	-	-	202,832	-
	1,158,717	1,292,140	7,995	(297,037)	40,526	72,440	-	-	1,026,366	1,040,337
Surplus (deficit), for the year										
	1,360,349	1,292,140	9,195	(297,037)	40,526	72,440	-	-	1,229,198	1,040,337

Kenora District Services Board

Summary of Levies to Participating Municipalities

Schedule 4

Year ended December 31

							2016	2015	2016	2015
	Child Care	Social Housing	Ontario Works	Land Ambulance	Working Fund	Board Costs	Total	Total	%	%
	\$	\$	\$	\$	\$	\$	\$	\$		
City of Dryden	63,728	579,676	134,524	464,940	-	-	1,242,868	1,245,084	7.5	9.2
City of Kenora	162,304	1,476,308	342,600	1,184,316	-	-	3,165,528	3,026,676	19.2	22.4
Municipality of Machin	14,584	132,664	30,788	106,680	-	-	284,716	281,880	1.7	2.1
Municipality of Red Lake	48,928	445,088	103,280	357,120	-	-	954,416	901,452	5.8	6.7
Municipality of Sioux Lookout	46,988	427,404	99,188	343,144	-	-	916,724	883,596	5.6	6.6
Township of Ear Falls	6,752	61,432	14,256	49,060	-	-	131,500	127,092	0.8	0.9
Township of Ignace	7,184	65,352	15,168	52,484	-	-	140,188	139,104	0.9	1.0
Township of Pickle Lake	2,660	24,180	5,612	19,112	-	-	51,564	49,980	0.3	0.4
Township of Sioux Narrows/Nestor Falls	37,792	343,752	79,772	275,544	-	-	736,860	717,660	4.5	5.3
Unincorporated Areas	327,558	2,979,412	691,422	4,866,904	-	-	8,865,296	8,621,392	53.8	45.4
	718,478	6,535,268	1,516,610	7,719,304	-	-	16,489,660	15,993,916		