

**MANITOULIN-SUDBURY
DISTRICT SERVICES BOARD**

Financial Statements

Year Ended December 31, 2018

MANAGEMENT’S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements of Manitoulin-Sudbury District Services Board (“Board”) are the responsibility of the Board’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board members meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors’ Report outlines their responsibilities, the scope of their examination and their opinion on the Board’s financial statements.

Chief Administrator Officer

Director of Finance

Date

INDEPENDENT AUDITORS' REPORT

To the Members of Manitoulin-Sudbury District Services Board and Members of Councils, Inhabitants and Ratepayers of Municipalities listed in Note 2

Opinion

We have audited the financial statements of Manitoulin-Sudbury District Services Board, which comprise the financial position as at December 31, 2018, and the statements of operations and changes in accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoulin-Sudbury District Services Board as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 7 is presented for purposes of management analysis, budgeting and funding provider analysis and is not a required part of the basic financial statements. The supplementary schedules have not been and are not intended to be prepared in accordance with Canadian generally accepted accounting principles. The supplementary schedules have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Espanola, Ontario
May 23, 2019

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Financial Position**

Year ended December 31, 2018 with comparative figures for 2017

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	10,149,782	9,072,368
Accounts receivable	396,528	663,237
	10,546,310	9,735,605
Liabilities		
Accounts payable and accrued liabilities	5,872,250	4,868,118
Deferred contributions (note 4)	816,456	774,026
Mortgage payable (note 6)	-	15,751
Capital lease obligation (note 7)	560,218	700,272
	7,248,924	6,358,167
Net assets (note 8)	3,297,386	3,377,438
Non-financial Assets (note 9)		
Tangible capital assets (note 10)	17,463,724	18,013,113
Prepaid expenses	178,086	181,628
Prepaid assistance	372,117	356,583
	18,013,927	18,551,324
Accumulated Surplus	21,311,313	21,928,762

Contingent liabilities (note 11)

Approved by the Board of Directors:

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Operations and Changes in Accumulated Surplus****Year ended December 31, 2018 with comparative figures for 2017**

	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Ontario Works Administration Programs	8,302,037	8,047,528	7,652,518
Land ambulance / EMS Services	16,312,700	17,006,255	16,542,995
Social Housing	4,908,832	4,839,125	5,535,759
Child Care Programs	7,469,256	9,269,921	6,125,125
Homelessness Programs	629,054	635,857	442,834
Other revenue	281,825	405,191	297,886
Total revenue	37,903,704	40,203,877	36,597,117
Expenditures			
Ontario Works Administration Programs	8,284,926	8,035,564	7,641,429
Land ambulance / EMS Services	16,286,088	17,560,876	16,817,372
Social Housing	4,906,918	4,901,646	5,611,885
Child Care Programs	7,469,256	9,269,921	6,125,125
Homelessness Programs	629,054	635,857	442,834
Other expenditures	227,133	278,372	280,354
Total expenditures	37,803,375	40,682,236	36,918,999
Annual surplus (deficit) before undernoted item	100,329	(478,359)	(321,882)
Refund of prior years' Municipal Apportionment	-	(139,090)	(275,471)
Annual surplus (deficit)	100,329	(617,449)	(597,353)
Accumulated surplus, beginning of year	21,928,762	21,928,762	22,526,115
Accumulated surplus, end of year	22,029,091	21,311,313	21,928,762

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Changes in Net Assets****Year ended December 31, 2018 with comparative figures for 2017**

	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	100,329	(617,449)	(597,353)
Acquisition of tangible capital assets	-	(1,064,070)	(858,142)
Amortization of tangible capital assets	15,751	1,598,237	1,542,774
Gain on disposal of tangible capital assets	-	(15,491)	(20,985)
Proceeds on disposal of tangible capital assets	-	30,713	20,985
Change in prepaid expenses	-	3,542	17,507
Change in prepaid assistance	-	(15,534)	(2,992)
Change in net assets	116,080	(80,052)	101,794
Net assets, beginning of year	3,377,438	3,377,438	3,275,644
Net assets, end of year	3,493,518	3,297,386	3,377,438

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Cash Flows**

Year ended December 31, 2018 with comparative figures for 2017

	2018	2017
	\$	\$
Cash flows from operations		
Annual surplus (deficit)	(617,449)	(597,353)
Non-cash items including amortization		
Amortization of tangible capital assets	1,598,237	1,542,774
Gain on disposal of tangible capital assets	(15,491)	(20,985)
Changes in non-cash assets and liabilities		
Accounts receivable	266,709	(436,883)
Accounts payable and accrued liabilities	1,004,132	752,819
Deferred contributions	42,430	(61,206)
Prepaid expenses	3,542	17,507
Prepaid assistance	(15,534)	(2,992)
	2,266,576	1,193,681
Capital transactions		
Proceeds on disposal of tangible capital assets	30,713	20,985
Cash used to acquire tangible capital assets	(1,064,070)	(858,142)
	(1,033,357)	(837,157)
Financing transactions		
Repayment of capital lease obligation	(140,054)	(140,055)
Repayment of mortgage payable	(15,751)	(62,334)
	(155,805)	(202,389)
Increase in cash	1,077,414	154,135
Cash and cash equivalents, beginning of year	9,072,368	8,918,233
Cash and cash equivalents, end of year	10,149,782	9,072,368

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board are the representation of management. The financial statements are prepared using Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

a) Basis of accounting

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

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances held by major financial institutions and short-term investments which are readily convertible into a known amount of cash and are subject to an insignificant risk to changes in fair value.

c) Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the company are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described below. Payments under operating leases are expensed as incurred.

d) Tangible capital assets

Tangible capital assets are recorded at cost. The Board provides for the amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital asset over the estimated useful life of the asset. The annual amortization rates are follows:

Assets	Basis	Rate %
Buildings	Straight-line	4
Computer equipment	Straight-line	30
Vehicles, machinery and equipment	Straight-line	30
Furniture, fixtures, and other equipment	Straight-line	20
Software	Straight-line	100

Additions are amortized at the full annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue recognition and deferred contributions

Revenue from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Government contributions received before these criteria have been met are recorded in the accounts as deferred contributions in the year of receipt and are recognized as revenue in the period in which all the recognition criteria have been met.

Other revenues including certain user fees, rents and interest are recorded on the accrual basis, when earned, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Provincial Ministries subsidize the operations of the Manitoulin-Sudbury District Services Board. Since the operations are reviewed by the Ministries in the subsequent fiscal period, subsidy adjustments, if any, are recorded in the year in which the adjustments are determined.

f) Financial instruments

Measurement of financial instruments

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual surplus in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, mortgage payable and capital lease obligation.

Impairment

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairments. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the annual surplus.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the annual surplus, in the period it is identified and measurable up to the amount of the previously recognized impairment.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**g) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Estimates used in the preparation of the accompanying financial statements include certain accounts receivable, allowances for accounts receivable, certain deferred contributions, amounts repayable to certain funders and the estimated useful lives of tangible capital assets.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

2. MUNICIPAL APPORTIONMENT

Municipal apportionment is allocated to programs as follows:

	2018	2017
	\$	\$
Ontario Works	1,035,400	1,182,225
Land Ambulance	6,533,090	6,397,062
Social Housing	2,242,459	2,278,573
Child Care	626,038	663,468
Administration	(99,163)	(99,163)
	10,337,824	10,422,165

	2018	2017
	%	%
Municipal Percentage Share		
Town of Espanola	11.460	10.850
Township of Sables-Spanish Rivers	6.270	6.280
Township of Baldwin	1.100	1.100
Township of Nairn and Hyman	1.470	1.440
Municipality of Markstay - Warren	5.430	5.430
Municipality of St. Charles	3.700	3.790
Municipality of French River	11.210	11.460
Town of Chapleau	1.830	1.780
Township of Cockburn Island	0.220	0.190
Township of Gordon and Barrie Island	2.630	2.640
Township of Burpee and Mills	1.350	1.380
Town of Gore Bay	1.370	1.410
Township of Billings	3.330	3.400
Township of Central Manitoulin	7.420	7.510
Township of Tehkummah	1.440	1.440
Township of Northeastern Manitoulin and the Islands	10.190	10.310
Township of Assiginack	3.530	3.580
Municipality of Killarney	6.170	6.110
Other unorganized areas within the Manitoulin-Sudbury Districts	19.900	19.900

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

3. PENSION AGREEMENTS

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

The amount contributed to OMERS for 2018 was \$1,057,582 (2017 - \$1,020,204) for current service and is included on the statement of operations and changes in accumulated surplus.

At December 31, 2018, the OMERS pension plan had total assets of \$111.8 billion (2017 - \$105.7 billion) and an accumulated deficit of \$2.64 billion (2017 - \$0.77 billion surplus).

4. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent provincial subsidies for the following programs:

	2018	2017
	\$	\$
Ontario Works	20,264	69,040
Land Ambulance	320,262	38,331
Social Housing	430,796	28,663
Child Care	42,086	609,670
Homelessness	3,048	28,322
	816,456	774,026

5. COMMITMENTS

The Board rents office and EMS service space under leases with terms as follows:

	Annual Rent	Expiry date
	\$	\$
Noelville - EMS	46,319	2029
Little Current - OW	26,105	2029
Warren - OW	14,861	2021
Killarney - EMS	38,731	2029

In addition, the Board rents office and EMS space in several locations under month to month leases with no specific term.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

6. MORTGAGE PAYABLE

	2018	2017
	\$	\$
C.M.H.C.		
1.67% mortgage payable \$63,157 per annum including interest, due April 1, 2018 secured by land and buildings at 10 O'Neil Street, Webbwood ON	-	15,751

7. CAPITAL LEASE OBLIGATION

The capital lease is recorded at an amount equal to the present value of the minimum lease payments using the lower of the company's incremental borrowing rate and the interest rate implicit in the lease. The interest rate on this obligation is 2%. The following is a schedule of future minimum lease payments under capital leases:

	\$
2019	140,054
2020	140,055
2021	140,054
2022	140,055
	<hr/> 560,218 <hr/>

The capital lease is secured by equipment with a net book value of \$560,218 (2017 - \$700,272) which is included in furniture, fixtures and other equipment (see tangible capital assets note 9).

8. NET ASSETS

The balance on the statement of financial position of net assets at the end of the year is comprised of the following:

	2018	2017
	\$	\$
To be used:		
for the general increase in (reduction of) annual operations	(1,042,359)	(1,083,565)
for reserves and reserve funds (schedule 7)	4,339,745	4,461,003
Total net assets	<hr/> 3,297,386 <hr/>	<hr/> 3,377,438 <hr/>

MANITOULIN-SADBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

9. NON-FINANCIAL ASSETS

Tangible capital assets, prepaid expenses and prepaid assistance are accounted for as assets by the Board, because they can be used to provide services in future periods. These assets do not normally provide resources to discharge liabilities of the Board unless they are sold.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2018

10. TANGIBLE CAPITAL ASSETS

	Capital Work in Progress \$	Land \$	Buildings \$	Furniture, fixtures, and other equipment \$	Computer Equipment \$	Vehicles, Machinery & Equipment \$	2018 Total \$
Cost							
Balance, beginning of year	-	4,744,410	22,930,961	2,097,911	264,485	3,893,655	33,931,422
Additions	-	-	74,122	462,497	70,243	457,208	1,064,070
Disposals	-	-	-	-	-	(294,217)	(294,217)
Balance, end of year	-	4,744,410	23,005,083	2,560,408	334,728	4,056,646	34,701,275
Accumulated Amortization							
Balance, beginning of year	-	-	11,953,853	1,146,870	243,837	2,573,749	15,918,309
Disposals	-	-	-	-	-	(278,995)	(278,995)
Amortization expense	-	-	797,622	332,509	25,626	442,480	1,598,237
Balance, end of year	-	-	12,751,475	1,479,379	269,463	2,737,234	17,237,551
Net book value	-	4,744,410	10,253,608	1,081,029	65,265	1,319,412	17,463,724
	Capital Work in Progress \$	Land \$	Buildings \$	Furniture, fixtures, and other equipment \$	Computer Equipment \$	Vehicles, Machinery & Equipment \$	2017 Total \$
Cost							
Balance, beginning of year	-	4,744,410	22,596,827	1,989,976	264,485	4,309,089	33,904,787
Additions	-	-	334,134	107,935	-	416,073	858,142
Disposals	-	-	-	-	-	(831,507)	(831,507)
Balance, end of year	-	4,744,410	22,930,961	2,097,911	264,485	3,893,655	33,931,422
Accumulated Amortization							
Balance, beginning of year	-	-	11,153,073	878,409	216,899	2,958,661	15,207,042
Disposals	-	-	-	-	-	(831,507)	(831,507)
Amortization expense	-	-	800,780	268,461	26,938	446,595	1,542,774
Balance, end of year	-	-	11,953,853	1,146,870	243,837	2,573,749	15,918,309
Net book value	-	4,744,410	10,977,108	951,041	20,648	1,319,906	18,013,113

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

10 TANGIBLE CAPITAL ASSETS (continued)

Included in furniture, fixtures and other equipment are assets under capital lease with cost and accumulated amortization of \$980,381 (2017 - \$980,381) and \$420,163 (2017 - \$280,109), respectively.

11. CONTINGENT LIABILITIES

The Board is contingently liable for accumulated sick leave in the amount of \$160,798 (2017 - \$183,415) for EMS employees. Accumulated sick leave is only payable to cover illness related absences and there is no liability to pay any amounts to employees on change or termination of employment.

No liability is reflected in these financial statements for the accumulated sick leave to EMS employees.

Provincial Ministries subsidize the operations of the Manitoulin-Sudbury District Services Board. Since the operations are reviewed by the Ministries in the subsequent fiscal period, subsidy adjustments, if any, are recorded in the year in which the adjustments are determined.

12. FORGIVABLE LOANS

Included in the Social Housing Program expenditures is \$185,299 (2017 - \$553,739) in grants with forgivable conditions. These grants are issued to low income home owners as forgivable loans. The loans are to be written off over 10 years. However, if the house is sold before the 10-year forgiveness period, the home owner must repay a pro-rated amount back to the Board. If the Board receives funds because of a homeowner selling their property, the amount is used by the Board to grant a new loan to another low income home owner.

13. EXPENDITURES BY OBJECT

As required by Section 1201.086 of the Public Sector Accounting Board reporting requirements, these financial statements report on the Board's expenditures by function. The Board's expenditures by object are as follows:

	2018	2017
	\$	\$
Salaries, wages and benefits	16,656,324	16,012,581
Contracted services	12,156,733	10,988,444
Materials	2,719,018	2,020,787
Rents and financial items	436,533	278,140
Interest on mortgage payable	269	823
External transfers	7,115,122	6,075,450
Amortization of tangible capital assets	1,598,237	1,542,774
	40,682,236	36,918,999

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

14. BUDGET AND OPERATING RESULTS

The Budget adopted by the Board was not prepared on a basis consistent with that used to report actual results in the financial statements. The budget was prepared on a modified accrual basis while public sector accounting standards require the full accrual basis. The budget figures expense all tangible capital acquisitions and does not include a provision for amortization expense. As a result, the budget figures presented in the statements of operations and changes in net assets represent the budget adopted by the Board adjusted as follows:

	2018
	\$
Budget surplus approved by the Board	100,329
Add: Net budgeted transfers to/from reserves and reserve funds	(100,329)
	-

Similarly, the actual operating results for the year are presented using public sector accounting standards which require the full accrual basis. Thus, the actual operating results presented in the statements of operations and changes in net assets represent actual results adjusted as follows:

	2018
	\$
Excess (deficiency) of revenue over expenditures before undernoted items per schedules/programs:	
Ontario Works Administration Programs - Schedule 1	(3,740)
Land Ambulance / EMS Services - Schedule 2	(427,578)
Social Housing Programs - Schedule 3	392,620
Child Care Programs - Schedule 4	-
Homelessness Programs - Schedule 5	-
Other Revenue and Expenditures - Schedule 6	90,932
	52,234
Add: Net transfers to/from reserves and reserve funds - prior	34,553
Less: Repayment of mortgage payable	(15,751)
DSB excess of revenues over expenditures before adjustments below	71,036
Adjustment to Canadian Public Sector Accounting Standards:	
Add: Net transfers to/from reserves and reserve funds - current	(155,811)
Less: Net tangible capital acquisitions, proceeds and amortization	(393,584)
Annual surplus (deficit) before refund of prior year Municipal Apportionment	(478,359)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2018

15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring financial instruments to or from another party. The Board is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Board is exposed to this risk relating to its cash and cash equivalents and accounts receivable.

The Board minimizes risk associated with cash and cash equivalents by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The Board incurs receivable transactions, in the normal course of operations, and is exposed to credit risk associated with its accounts receivable balances of \$396,528 (2017 - \$663,237). The Board minimizes this risk through management's on-going monitoring of amounts due to the organization and collections. Valuations of amounts due to the organization are performed on a regular basis and adjustments for amounts determined to be uncollectable are recorded when applicable.

(b) Concentration risk

Concentration risk is the risk that an entity's balance due to the Board has a value of more than ten percent of the total accounts receivable and thus there is a higher risk to the Board in the event of a default by one of these entities. At December 31, 2018 receivables from two organization comprised approximately 59% of the total outstanding receivables. The Board reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitors any overdue balances.

(c) Liquidity risk

Liquidity risk is the risk that an organization cannot repay its obligations when they become due to its creditors. The Board is exposed to this risk associated with its accounts payable and accrued liabilities balances of \$5,872,250 (2017 - \$4,868,118). The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and maintains adequate cash resources to repay creditors, mortgage interest and principal and capital lease obligation principal and interest as those liabilities become due.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2018**

15. FINANCIAL INSTRUMENTS (continued)**(d) Interest rate risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Board is exposed to this risk through its interest-bearing cash balances, the interest rates of which change over time due to a variety of financial market factors and may cause changes in interest earnings in future periods.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
ONTARIO WORKS ADMINISTRATION PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenue			
Provincial Subsidy			
OW General	5,404,467	5,134,694	4,636,384
OW Administration and Employment programs	1,364,000	1,394,900	1,355,000
Employment Ontario	268,500	271,067	254,382
Youth Employment Fund	194,513	197,904	191,342
Canada Ontario Job Grant	35,157	6,654	21,617
Other subsidy	-	2,612	4,568
Municipal apportionment	1,035,400	1,035,400	1,182,225
Total revenue	8,302,037	8,043,231	7,645,518
Expenditures			
OW General	5,404,467	5,123,348	4,762,034
Administration and Employment Expenses (Schedule 1A)	2,261,889	2,306,589	2,263,681
Employment Ontario	268,500	271,067	254,382
Youth Employment	194,513	197,904	191,341
National Child Benefit	120,400	120,400	120,760
Canada Ontario Job Grant expense	35,157	6,654	21,617
Other subsidy expense	-	2,580	4,425
Total expenditures	8,284,926	8,028,542	7,618,240
Excess of revenue over expenditures before net transfers to reserves	17,111	14,689	27,278
Transfer to reserves - current	(17,111)	(17,111)	(17,111)
Transfer to reserves - prior	-	(1,318)	-
Net transfer to reserves	(17,111)	(18,429)	(17,111)
Excess (deficiency) of revenue over expenditures before undernoted items	-	(3,740)	10,167
Capital assets included in expenditures	-	50,218	23,643
Proceeds on disposition included in expenditures	-	(19,519)	(7,000)
Gain on disposition of capital assets	-	4,297	7,000
Amortization of capital assets	-	(37,721)	(39,832)
Excess (deficiency) of revenue over expenditures	-	(6,465)	(6,022)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
Analysis of Ontario Works Administration Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
Administration and Employment Expenses			
Salaries and benefits	1,221,780	1,252,710	1,306,734
Purchased services	571,091	655,727	478,008
Travel and training	111,312	100,225	93,871
Employment funded expenses - CPE and ERE training	129,071	79,441	130,134
Computer software and hardware	71,287	68,668	68,370
Accommodation costs	63,658	66,364	77,457
Office supplies and postage	33,521	25,067	49,136
Insurance	21,015	22,317	20,971
Board travel, meetings	16,421	13,714	16,382
Telephone and communications	13,659	12,488	14,096
Audit and accounting fee	6,800	8,491	6,644
Advertising	525	950	1,144
Legal and consulting fee	1,749	427	734
	2,261,889	2,306,589	2,263,681

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
LAND AMBULANCE / EMS SERVICES
Schedule of Revenue and Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenue			
Provincial Subsidy			
Operating	7,408,503	7,813,368	7,680,917
Wikwemikong (Schedule 2A)	1,946,207	2,082,591	1,945,531
Patient Transfer Service	396,900	478,655	435,767
Community Paramedicine	28,000	87,067	69,378
Other	-	290	355
Municipal apportionment	6,533,090	6,533,090	6,397,062
Total revenue	16,312,700	16,995,061	16,529,010
Expenditures			
Salaries and benefits	11,555,935	12,258,771	11,877,927
Wikwemikong expenses (Schedule 2A)	1,946,207	2,082,591	1,945,531
Capital expenditures	677,412	887,781	673,436
Vehicle expenses	517,871	640,276	540,719
Patient transfer services	396,900	478,655	435,767
Building expenses	337,388	399,535	384,240
Transportation and communication	242,900	246,402	230,918
Administrative expenses	260,854	238,836	243,742
Medical supplies and equipment	149,938	159,978	118,731
Other supplies and equipment	117,599	139,265	108,029
Community Paramedicine expenses	28,000	87,067	69,378
Interest expense	55,084	55,084	58,122
Total expenditures	16,286,088	17,674,291	16,686,540
Excess (deficiency) of revenue over expenditures before net transfers (to) from reserves	26,612	(679,230)	(157,530)
Transfer from reserves - current	758,492	998,072	673,436
Transfer to reserves - current	(785,104)	(785,104)	(710,292)
Transfer from reserves - prior	-	38,684	-
Net transfer (to) from reserves	(26,612)	251,652	(36,856)
Excess (deficiency) of revenue over expenditures before undernoted items	-	(427,578)	(194,386)
Capital assets included in expenditures	-	804,498	509,416
Capital lease expenditures	-	140,054	140,054
Proceeds on disposition included in expenditures	-	(11,194)	(13,985)
Gain on disposition of capital assets	-	11,194	13,985
Amortization of capital assets	-	(819,943)	(766,317)
Excess (deficiency) of revenue over expenditures	-	(302,969)	(311,233)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
Analysis of Wikwemikong Ambulance Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget	January to March (3 months)	April to December (9 months)	2018 Total	2017 Total
	\$	\$	\$	\$	\$
Revenue					
Provincial subsidy	1,946,207	793,340	1,289,251	2,082,591	1,945,531
Expenditures					
Salaries and benefits	1,656,633	579,340	1,104,745	1,684,085	1,510,343
Vehicle expenses	67,900	22,928	87,100	110,028	106,581
One time expenses	-	72,438	28,704	101,142	-
Vehicle purchases	-	-	58,566	58,566	178,031
Building expenses	31,550	10,394	25,694	36,088	37,233
Transportation and communication	21,075	13,187	20,516	33,703	22,362
Medical supplies and equipment	29,300	7,379	22,709	30,088	27,363
Other supplies	14,650	2,174	18,047	20,221	14,914
Other services	18,940	2,349	10,566	12,915	19,515
Administration costs	106,159	83,151	(87,396)	(4,245)	29,189
Total expenditures	1,946,207	793,340	1,289,251	2,082,591	1,945,531

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
SOCIAL HOUSING PROGRAMS

Schedule of Revenue and Expenditures

Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenue			
Rental income	1,165,484	1,250,646	1,169,253
Federal subsidy	920,305	981,708	1,027,367
Provincial Subsidy			
IAH program	471,646	230,957	583,719
SIF program	108,938	130,875	132,654
IEC program	-	2,480	-
SHIP program	-	-	344,193
Municipal apportionment	2,242,459	2,242,459	2,278,573
Total revenue	4,908,832	4,839,125	5,535,759
Expenditures			
Wages and benefits	955,787	802,037	838,134
Utilities	688,465	607,609	655,527
Maintenance materials and services	436,023	453,736	414,200
Transfer to Non-Profit Housing	511,782	450,410	439,388
Capital expenditures	410,271	422,674	392,473
Urban native rent supplement	297,249	306,903	293,788
Housing mortgage costs	302,850	302,850	302,850
IAH program	471,646	230,957	583,719
Municipal taxes	218,931	209,871	210,426
Rent allowance agreement	149,083	149,083	149,083
SIF expenses	108,938	130,875	132,654
Administration	84,167	93,403	135,940
Insurance	80,133	76,121	85,719
Transportation and equipment	67,539	68,411	61,606
Office rent	29,735	26,770	24,439
Housing rent supplement	33,584	23,109	22,712
Bad debts - rental	22,853	15,050	4,010
Professional fees	9,330	8,865	7,280
Other	7,500	3,592	5,703
IEC expenses	-	2,480	-
Interest on long-term debt	-	269	823
SHIP expenses	-	-	344,193
Total expenditures	4,885,866	4,385,075	5,104,667
Excess of revenue over expenditures before			
net transfers (to) from reserves	22,966	454,050	431,092
Transfer from reserves - current	410,271	422,674	392,473
Transfer to reserves - current	(412,185)	(412,185)	(399,827)
Transfer to reserves - prior		(71,919)	(68,438)
Net transfer from (to) reserves	(1,914)	(61,430)	(75,792)
Excess of revenue over expenditures before			
undernoted items	21,052	392,620	355,300
Capital assets included in expenditures	-	139,111	143,204
Amortization of capital assets	-	(639,931)	(588,088)
Repayment of mortgage payable	(21,052)	(15,751)	(62,334)
Deficiency of revenue over expenditures	-	(123,951)	(151,918)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
CHILD CARE PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenue			
Provincial Subsidy			
MEDU operating subsidy	5,208,148	6,636,714	4,569,751
Resource Centre	1,283,615	1,317,064	432,000
Journey ToGether	-	364,650	49,800
Administration	222,202	222,202	219,222
Data Analysis Coordinator	99,153	73,153	73,153
Planning subsidy	30,100	30,100	117,731
Municipal apportionment	626,038	626,038	663,468
Total revenue	7,469,256	9,269,921	6,125,125
Expenditures			
Child care			
Operating grant expenses	2,646,482	2,310,452	2,604,665
Expansion expenses	-	1,586,361	-
Special needs resources	473,814	569,244	466,371
Purchase of service	785,076	568,538	729,317
ELCC expenses	480,000	483,988	-
Salaries and benefits	478,852	465,649	479,443
Journey ToGether	-	364,650	49,800
Wage enhancement	309,088	323,969	326,318
Play based materials and equipment	170,780	305,856	167,122
Capacity building	244,200	253,100	188,215
Repairs and maintenance	145,000	168,195	134,033
Ontario works	121,423	121,423	121,424
Administration costs	93,673	106,875	90,103
Planning expenses - non Family support program	-	-	87,631
Fee stabilization	-	87,429	-
Home child care expenses	-	25,875	-
	5,948,388	7,741,604	5,444,442
Family support program			
Resource Centres	1,391,615	1,425,064	577,430
Data analysis coordinator	99,153	73,153	73,153
Planning expenses	30,100	30,100	30,100
	1,520,868	1,528,317	680,683
Total expenditures	7,469,256	9,269,921	6,125,125
Excess of revenue over expenditures before net transfers to reserves	-	-	-
Transfer to reserves - current	-	-	-
Transfer to reserves - prior	-	-	-
Net transfer to reserves	-	-	-
Excess of revenue over expenditures	-	-	-

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
HOMELESSNESS PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget \$	January to March (3 months) \$	April to December (9 months) \$	2018 Total \$	2017 Total \$
Revenue					
Provincial subsidy - CHPI	629,054	182,592	449,915	632,507	442,834
Provincial subsidy - OESP	-	3,350	-	3,350	-
	629,054	185,942	449,915	635,857	442,834
Expenditures					
Program expense					
- Housing with Related Supports	327,097	64,178	255,458	319,636	214,710
Program expense					
- Emergency Shelter Solutions	155,000	31,032	134,906	165,938	135,000
Program expense					
- Homelessness Prevention	78,259	29,138	59,551	88,689	88,876
Program expense					
- CHPI Administration Expenses	62,164	60,039	-	60,039	-
Program expense					
- Other Services and Support	6,534	1,555	-	1,555	4,248
Total expenditures	629,054	185,942	449,915	635,857	442,834
Excess of revenue over expenditures	-	-	-	-	-

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
OTHER REVENUE AND EXPENDITURES
Schedule of Revenue and Expenditures
Year ended December 31, 2018 with comparative figures for 2017

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenue			
Interest income	154,247	245,179	153,742
Other	127,578	127,578	144,144
TWOMO Subsidy	-	26,895	-
NOSDA	-	5,539	-
Total revenue	281,825	405,191	297,886
Expenditures			
IT expenses	127,970	132,127	94,988
Municipal apportionment	99,163	99,163	99,163
Election expenses	-	26,895	-
NOSDA expenses	-	5,539	-
Building expenses	-	-	181,879
Total expenditures	227,133	263,724	376,030
Excess (deficiency) of revenue over expenditures before net transfers (to) from reserves	54,692	141,467	(78,144)
Transfer from reserves - current	127,970	132,127	257,302
Transfer to reserves - current	(182,662)	(182,662)	(182,700)
Net transfer to reserves	(54,692)	(50,535)	74,602
Excess (deficiency) of revenue over expenditures before undernoted items	-	90,932	(3,542)
Capital assets included in expenditures	-	70,243	181,879
Gain on disposition of capital assets	-	-	-
Amortization of capital assets	-	(84,891)	(86,203)
Excess of revenue over expenditures	-	76,284	92,134

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
OTHER REVENUE AND EXPENDITURES
Schedule of Continuity of Reserves
Year ended December 31, 2018

SCHEDULE 7

	Working Funds \$	Tech Refresh \$	Benefits Reserve \$	Vehicle and Equipment Replacement Reserve \$	Social Housing Capital Funds \$	Total \$
RESERVES						
Balance, beginning of year	1,451,332	223,322	518,606	654,297	1,613,446	4,461,003
Transfers:						-
Appropriations from (to) current	65,750	(9,549)	-	(161,970)	(15,489)	(121,258)
Balance, end of year	1,517,082	213,773	518,606	492,327	1,597,957	4,339,745