

Financial Statements

**THE CORPORATION OF THE CITY OF  
SAULT STE. MARIE – TRUST FUNDS**

Year ended December 31, 2010



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## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of The Corporation of The City of Sault Ste. Marie**

We have audited the accompanying financial statements of the trust funds of The Corporation of The City of Sault Ste. Marie (the "City"), which comprise the statement of financial position as at December 31, 2010 and the statement of continuity of the trust funds for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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 our 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, we 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 the trust funds of the City as at December 31, 2010, and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants  
June 27, 2011  
Sault Ste Marie, Canada

**The Corporation of the City of Sault Ste. Marie**

Trust Funds

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

										2010	2009
	Care and Maintenance	Pre-need Assurance	Ontario Home Renewal Plan	Ontario Home Renewal Plan (Rental)	Historic Sites	Heritage SSM	Transit Employees Pension	Cultural Endowment	Total	Total	
<b>Assets</b>											
Cash and investments	\$ 4,422,458	\$ 1,345,717	\$ 28,616	\$ 3,398	\$ 39,104	\$ 57,780	\$ 74,319	\$ -	\$ 5,971,392	\$ 5,924,078	
Receivable from other funds	99,599	742,991	-	-	35,808	-	-	10,000	888,398	340,817	
Loans receivable (note 2)	-	-	39,111	-	-	-	-	-	39,111	49,062	
	\$ 4,522,057	\$ 2,088,708	\$ 67,727	\$ 3,398	\$ 74,912	\$ 57,780	\$ 74,319	\$ 10,000	\$ 6,898,901	\$ 6,313,957	
<b>Liabilities</b>											
Payable to other funds	\$ -	\$ -	\$ 34,905	\$ 546	\$ -	\$ -	\$ -	\$ -	\$ 35,451	\$ 113,027	
<b>Fund Balance</b>	4,522,057	2,088,708	32,822	2,852	74,912	57,780	74,319	10,000	6,863,450	6,200,930	
	\$ 4,522,057	\$ 2,088,708	\$ 67,727	\$ 3,398	\$ 74,912	\$ 57,780	\$ 74,319	\$ 10,000	\$ 6,898,901	\$ 6,313,957	

**The Corporation of the City of Sault Ste. Marie**

Trust Funds  
Statement of Continuity

December 31, 2010, with comparative figures for 2009

										2010	2009
	Care and Maintenance	Pre-need Assurance	Ontario Home Renewal Plan	Ontario Home Renewal Plan (Rental)	Historic Sites	Heritage SSM	Transit Employees Pension	Cultural Endowment	Total	Total	
Balance, beginning of the year	\$ 4,305,092	\$ 1,659,230	\$ 37,551	\$ 2,913	\$ 46,147	\$ 57,394	\$ 82,603	\$ 10,000	\$ 6,200,930	\$ 5,963,882	
Revenue:											
Capital receipts	216,965	517,136	-	-	1,016	-	-	-	735,117	310,702	
Contributions from revenue fund	-	-	-	-	27,491	-	-	-	27,491	21,983	
Interest earned	53,551	8,988	235	81	258	386	20	-	63,519	116,301	
	270,516	526,124	235	81	28,765	386	20	-	826,127	448,986	
Expenditures:											
Contributions to revenue fund	53,551	96,646	151	17	-	-	-	-	150,365	184,922	
Transfer to Province of Ontario	-	-	4,431	-	-	-	-	-	4,431	15,128	
Disbursement for capital project	-	-	-	-	-	-	-	-	-	5,000	
Administration charges	-	-	382	125	-	-	5,488	-	5,995	6,888	
Distributions	-	-	-	-	-	-	2,816	-	2,816	-	
	53,551	96,646	4,964	142	-	-	8,304	-	163,607	211,938	
Balance, end of year	\$ 4,522,057	\$ 2,088,708	\$ 32,822	\$ 2,852	\$ 74,912	\$ 57,780	\$ 74,319	\$ 10,000	\$ 6,863,450	\$ 6,200,930	

# The Corporation of the City of Sault Ste. Marie

Trust Funds

Notes to Financial Statements

Year ended December 31, 2010

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## 1. Summary of Significant Accounting Policies:

Basis of accounting:

The financial statements are prepared by management and are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

## 2. Ontario Home Renewal Program:

The Ontario Home Renewal Program ("OHRP") was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum deferred portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2010 comprise repayable loans of \$9,967 (2009 - \$12,736) and deferred loans of \$29,144 (2009 - \$33,914). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continuous ownership and occupancy. The deferred portion of the loan is deferred for a five year period. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the loans immediately become due and payable by the homeowner.

The Province of Ontario legislated an end to the OHRP program in 1993. As of July 16, 1993, no new loans were issued. All funds collected on outstanding OHRP loans will be remitted to the Province by March 1 of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

## 3. Investments:

Total investments by the trust funds of \$3,181,816 (2009 - \$3,670,533) included in cash and investments on the Statement of Financial Position at cost, have a market value of \$3,311,812 (2009 - \$3,742,272).