

Financial Statements

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

Year ended December 31, 2011



**KPMG LLP**  
111 Elgin Street at Queen  
Suite 200  
PO Box 578  
Sault Ste Marie ON P6A 5M6

Telephone (705) 949-5811  
Fax (705) 949-0911  
Internet www.kpmg.ca

## 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, 2011 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, 2011, and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants  
May 28, 2012  
Sault Ste Marie, Canada

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

Trust Funds

Statement of Financial Position

December 31, 2011, with comparative figures for 2010

										2011	2010
	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	\$ 4,473,878	\$ 1,360,483	\$ 26,282	\$ -	\$ 39,886	\$ 58,414	\$ 71,894	\$ -	\$ 6,030,837	\$ 5,971,392	
Receivable from other funds	191,565	758,935	-	-	56,033	-	-	10,000	1,016,533	888,398	
Loans receivable (note 2)	-	-	34,522	-	-	-	-	-	34,522	39,111	
	<b>\$ 4,665,443</b>	<b>\$ 2,119,418</b>	<b>\$ 60,804</b>	<b>\$ -</b>	<b>\$ 95,919</b>	<b>\$ 58,414</b>	<b>\$ 71,894</b>	<b>\$ 10,000</b>	<b>\$ 7,081,892</b>	<b>\$ 6,898,901</b>	
<b>Liabilities</b>											
Payable to other funds	\$ -	\$ -	\$ 35,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,404	\$ 35,451	
<b>Fund Balance</b>	<b>4,665,443</b>	<b>2,119,418</b>	<b>25,400</b>	<b>-</b>	<b>95,919</b>	<b>58,414</b>	<b>71,894</b>	<b>10,000</b>	<b>7,046,488</b>	<b>6,863,450</b>	
	<b>\$ 4,665,443</b>	<b>\$ 2,119,418</b>	<b>\$ 60,804</b>	<b>\$ -</b>	<b>\$ 95,919</b>	<b>\$ 58,414</b>	<b>\$ 71,894</b>	<b>\$ 10,000</b>	<b>\$ 7,081,892</b>	<b>\$ 6,898,901</b>	

The accompanying notes are an integral part of these financial statements.

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

### Trust Funds Statement of Continuity

December 31, 2011, with comparative figures for 2010

	2011									2010
	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
Fund balance, beginning of the 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
Revenue:										
Capital receipts	143,386	128,813	-	-	350	-	-	-	272,549	735,117
Contributions from revenue fund	-	-	-	-	20,226	-	-	-	20,226	27,491
Interest earned	51,420	14,767	318	-	431	634	-	-	67,570	63,519
	194,806	143,580	318	-	21,007	634	-	-	360,345	826,127
Expenditures:										
Contributions to revenue fund	51,420	112,870	267	-	-	-	-	-	164,557	150,365
Transfer to Province of Ontario	-	-	7,241	2,380	-	-	-	-	9,621	4,431
Administration charges	-	-	232	472	-	-	2,425	-	3,129	5,995
Distributions	-	-	-	-	-	-	-	-	-	2,816
	51,420	112,870	7,740	2,852	-	-	2,425	-	177,307	163,607
Fund balance, end of year	\$ 4,665,443	\$ 2,119,418	\$ 25,400	\$ -	\$ 95,919	\$ 58,414	\$ 71,894	\$ 10,000	\$ 7,046,488	\$ 6,863,450

The accompanying notes are an integral part of these financial statements.

# The Corporation of the City of Sault Ste. Marie

Trust Funds

Notes to Financial Statements

Year ended December 31, 2011

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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, 2011 comprise repayable loans of \$9,537 (2010 - \$9,967) and deferred loans of \$24,985 (2010 - \$29,144). 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 are remitted to the Province by March 1 of the following year. However, municipalities are 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 \$3,219,624 (2010 - \$3,181,816) included in cash and investments on the Statement of Financial Position at cost, have a market value of \$3,446,000 (2010 - \$3,311,812).