

Financial Statements

**ALGOMA DISTRICT SERVICES
ADMINISTRATION BOARD**

Year ended December 31, 2006

DRAFT

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Financial Statements

Year ended December 31, 2006

	Page
Auditors' Report	
Statement of Financial Position	1
Statement of Financial Activities and Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements	4

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AUDITORS' REPORT

To the Members of the Algoma District Services Administration Board and
Members of Councils, Inhabitants and Ratepayers
of Participating Municipalities as listed in note 2

We have audited the statement of financial position of the Algoma District Services Administration Board as at December 31, 2006 and the statements of financial activities and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Algoma District Services Administration Board as at December 31, 2006 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Sault Ste. Marie, Canada
February 26, 2007

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Financial Position

December 31, 2006, with comparative figures for 2005

	2006	2005
	\$	\$
Financial assets		
Cash and cash equivalents	3,400,632	3,423,506
Restricted investment	823,435	782,603
Receivable from participating municipalities	29,791	149,713
Accounts receivable	416,006	400,683
	<u>4,669,864</u>	<u>4,756,505</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,578,430	1,343,458
Payable to Province of Ontario	1,661,465	1,156,298
Deferred revenue	1,340	7,891
	<u>3,241,235</u>	<u>2,507,647</u>
Net financial assets	<u>1,428,629</u>	<u>2,248,858</u>
Non-financial assets		
Prepaid expenses	669,603	573,406
Unfinanced capital expenditures (note 3)	973,550	-
	<u>1,643,153</u>	<u>573,406</u>
Net assets	<u>3,072,082</u>	<u>2,822,264</u>
Board position		
Fund balances:		
Operating fund	-	63,310
Reserves and reserve funds (note 4)	3,072,082	2,758,954
Commitments (note 7)		
Contingencies (note 8)		
Total Board position	<u>3,072,082</u>	<u>2,822,264</u>

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Financial Activities and Fund Balances

Year ended December 31, 2006, with comparative figures for 2005

					2006	2005
	Budget \$	Operating Fund \$	Capital Fund \$	Reserves and Reserve Funds \$	Total \$	Total \$
Revenues:						
Province of Ontario	14,198,444	14,199,130	-	-	14,199,130	13,010,829
Municipalities	12,912,897	12,912,894	-	-	12,912,894	12,729,112
North Intake Screening Unit:						
Province of Ontario subsidies	-	-	-	-	-	597,210
Consolidated Municipal Service Manager	-	-	-	-	-	297,226
Other	63,640	63,831	-	40,832	104,663	62,470
Rent	1,080,947	1,119,170	-	-	1,119,170	1,079,093
Total revenues	28,255,928	28,295,025	-	40,832	28,335,857	27,775,940
Expenditures:						
Ontario Works and related	8,937,827	9,197,655	-	-	9,197,655	9,273,101
Children's Services	4,730,749	3,833,397	-	-	3,833,397	3,319,136
North Intake Screening Unit	-	-	-	-	-	895,664
Ontario Disability Support Plan	3,628,754	3,796,054	-	-	3,796,054	3,615,372
Housing Services	4,463,185	4,132,544	253,662	-	4,386,206	4,347,058
Emergency Medical Services	6,320,153	6,515,642	-	-	6,515,642	6,184,916
Board and related	114,000	115,756	-	-	115,756	114,282
Administration rent	168,044	178,019	-	-	178,019	169,300
Total expenditures	28,362,712	27,769,067	253,662	-	28,022,729	27,918,829
Net revenues (expenditures)	(106,784)	525,958	(253,662)	40,832	313,128	(142,889)
Net transfers from reserves	106,784	(525,958)	253,662	272,296	-	-
Increase (decrease) in fund balances	-	-	-	313,128	313,128	(142,889)
Fund balances, beginning of year	63,310	63,310	-	2,758,954	2,822,264	3,134,095
Refunded to participating municipalities	(63,310)	(63,310)	-	-	(63,310)	(168,942)
Fund balances, end of year	-	-	-	3,072,082	3,072,082	2,822,264

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Cash Flows

December 31, 2006, with comparative figures for 2005

	2006	2005
	\$	\$
Cash provided by (used for):		
Operations:		
Net revenues (expenditures)	313,128	(142,889)
Uses:		
Increase in accounts receivable	(15,323)	(37,752)
Increase in prepaid expense	(96,197)	(45,726)
Decrease in deferred revenue	(6,551)	(597,442)
	195,057	(823,809)
Sources:		
Decrease in receivable from participating municipalities	119,922	41,089
Increase in accounts payable and accrued liabilities	234,972	136,761
Increase in payable to Province of Ontario	505,167	542,186
	1,055,118	1,543,845
Financing and investing:		
Refunded to participating municipalities	(63,310)	(168,942)
Unfinanced capital expenditures	(973,850)	-
	(1,037,160)	(168,942)
Increase (decrease) in cash from operations	17,958	(272,715)
Cash and cash equivalents, beginning of year	4,206,109	4,478,824
Cash and cash equivalents, end of year	4,224,067	4,206,109
Cash and cash equivalents are defined as follows:		
Cash and cash equivalents	3,400,632	3,423,506
Restricted investment	823,435	782,603
	4,224,067	4,206,109

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2006

1. Significant accounting policies:

The financial statements of the Board are prepared by management in accordance with Canadian generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Fund accounting:

Funds within the financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(b) Basis of accounting:

Revenue and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue 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.

(c) Capital assets:

The historical cost and accumulated amortization of capital assets are not recorded for Board purposes. Capital assets are reported as an expenditure on the statement of financial activities and fund balances in the year of acquisition. Capital expenditures not yet permanently financed are recorded as unfinanced expenditures on the statement of financial position. These expenditures will be reflected as capital expenditures of the capital fund in the period of receipt of the corresponding funding.

(d) Reserves and reserve funds:

Certain amounts, as approved by the Board, are set aside in reserves or reserve funds for future operating and capital purposes. Transfers to and/or from the reserves and reserve funds are an adjustment to the respective fund when approved.

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2006

1. Significant accounting policies (continued):

(e) Government subsidies:

Government subsidies are recognized in the financial statements as revenues in the period in which events giving rise to the subsidy occur, providing the subsidies are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(f) Deferred revenue:

Deferred revenues represent subsidies and other revenues which have been received but for which the related services have yet to be performed or expenditures incurred. These amounts will be recognized as revenues in the fiscal year their purpose has been fulfilled.

2. Participating municipalities:

The participating municipalities are as follows:

City of Elliot Lake
Town of Blind River
Town of Bruce Mines
Town of Thessalon
Village of Hilton Beach
Township of Dubreuilville
Township of Hilton
Township of Hornepayne
Municipality of Huron Shores
Township of Jocelyn
Township of Johnson
Township of Laird
Township of MacDonald, Meredith & Aberdeen Additional
Township of Michipicoten
Township of North Shore
Township of Plummer and Plummer Additional
Township of St. Joseph
Township of Shedden
Township of Tarbutt & Tarbutt Additional
Township of White River
Certain unincorporated areas in the District of Algoma

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2006

3. Unfinanced capital expenditures:

Unfinanced capital expenditures relate to the construction of the MacDonald Meredith and Aberdeen Additional Seniors Housing Project. The project has a fixed price construction contract totaling \$1,518,000 and is expected to be completed by March 31, 2007. Financing of the project will be by way of a contribution agreement in the amount of \$700,000 from the Ministry of Municipal Affairs and Housing and a conventional mortgage covering the balance of the construction costs.

4. Reserves and reserve funds:

	2006	2005
	\$	\$
Set aside for specific purposes by the Board:		
Reserves:		
Working funds	1,893,784	1,633,116
Severance	265,015	237,632
National Child Benefit Investment	93,190	87,111
Non-profit housing provider stabilization	58,571	117,143
	2,310,560	2,075,002
Reserve funds:		
Social housing capital reserve fund	761,522	683,952
	3,072,082	2,758,954

5. Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 125 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 2006 was \$464,569 (2005, \$453,368) for current service and \$nil (2005, \$1,698) for past service. This amount is included as an expenditure on the statement of financial activities and fund balances.

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2006

6. Expenditures by object:

Total expenditures by object are as follows:

	2006	2005
	\$	\$
Salaries and benefits	9,280,624	9,414,764
Materials, supplies, services and capital	18,742,105	18,504,065
	28,022,729	27,918,829

7. Commitments:

The Board is committed to payments under operating leases for the rental of office space for the next four years as follows:

2007	163,669
2008	153,669
2009	153,669
2010	128,058

8. Contingencies:

The Board has been named as defendant in a legal action with another district service board claiming fees due, relating to cross-boundary ambulance services in the approximate amount of \$234,000. Management is of the opinion that there is a strong defense against the claim and that should the claim be successful the Board could issue claims against other Boards for their own cross-boundary service which approximate the same amount. In addition, the Ministry of Health is reviewing the ambulance cross-boundary billing issue. Accordingly, no provision for losses has been reflected in the accounts of the Board for this matter.

9. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.