

Financial Statements of

**ALGOMA DISTRICT SERVICES
ADMINISTRATION BOARD**

Year ended December 31, 2008

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Financial Statements

Year ended December 31, 2008

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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, 2008 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, 2008 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, Licensed Public Accountants

Sault Ste. Marie, Canada
March 5, 2009

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
	\$	\$
Financial assets		
Cash and cash equivalents	3,976,582	2,484,314
Restricted investment (note 3)	883,829	854,761
Accounts receivable	587,099	591,544
Canada-Ontario Affordable Housing Program loans receivable (note 5)	535,114	-
	<u>5,982,624</u>	<u>3,930,619</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,661,842	1,157,746
Payable to Province of Ontario	517,480	1,673,453
Deferred revenue	907,451	834,152
Canada-Ontario Affordable Housing Program liability (note 5)	283,261	-
Long-term debt (note 4)	2,388,284	900,516
	<u>5,758,318</u>	<u>4,565,867</u>
Net financial (liabilities) assets	<u>224,306</u>	<u>(635,248)</u>
Non-financial assets		
Prepaid expenses	593,699	670,372
Unfinanced capital expenditures	-	2,275,522
	<u>593,699</u>	<u>2,945,894</u>
Net assets	<u>818,005</u>	<u>2,310,646</u>
Board position		
Fund balances:		
Operating fund	-	195,743
Reserves and reserve funds (note 6)	3,206,289	3,015,419
	<u>3,206,289</u>	<u>3,211,162</u>
Amounts to be recovered from future revenues	(2,388,284)	(900,516)
Commitments (note 9)		
Total Board position	<u>818,005</u>	<u>2,310,646</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, 2008, with comparative figures for 2007

					2008	2007
	Budget	Operating Fund	Capital Fund	Reserves and Reserve Funds	Total	Total
	\$	\$	\$	\$	\$	\$
	(unaudited)					
Revenues:						
Province of Ontario	15,964,349	16,538,881	700,000	-	17,238,881	15,435,945
Municipalities	13,236,395	13,286,394	-	-	13,286,394	13,498,039
Other	105,103	215,868	-	29,068	244,936	424,941
Rent	1,235,004	1,246,994	-	-	1,246,994	1,228,108
Total revenues	30,540,851	31,288,137	700,000	29,068	32,017,205	30,587,033
Expenditures:						
Ontario Works and related	9,451,607	9,928,661	-	-	9,928,661	9,569,655
Children's Services	4,403,874	5,091,872	-	-	5,091,872	3,605,210
Ontario Disability Support Plan	3,324,102	3,420,936	-	-	3,420,936	3,758,468
Housing Services	5,829,572	4,969,882	2,269,883	-	7,239,765	6,565,851
Emergency Medical Services	7,355,652	7,303,522	-	-	7,303,522	7,523,724
Board and related	112,948	104,420	-	-	104,420	119,934
Administration rent	199,604	224,927	-	-	224,927	205,627
Total expenditures	30,677,359	31,044,220	2,269,883	-	33,314,103	31,348,469
Net revenues (expenditures)	(136,508)	243,917	(1,569,883)	29,068	(1,296,898)	(761,436)
Net transfers to capital, reserves and reserve funds (note 6)	136,508	(230,185)	68,383	161,802	-	-
Net change in long-term debt	-	(13,732)	1,501,500	-	1,487,768	900,516
Net increase (decrease) in fund balances	-	-	-	190,870	190,870	139,080
Fund balances, beginning of year	-	195,743	-	3,015,419	3,211,162	3,072,082
Refunded to participating municipalities	-	(195,743)	-	-	(195,743)	-
Fund balances, end of year	-	-	-	3,206,289	3,206,289	3,211,162

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Cash Flows

December 31, 2008, with comparative figures for 2007

	2008	2007
	\$	\$
Cash provided by (used for):		
Operations:		
Net revenues (expenditures)	(1,296,898)	(761,436)
Uses:		
Increase in accounts receivable	-	(175,538)
Increase in prepaid expense	-	(769)
Decrease in accounts payable and accrued liabilities	-	(420,684)
Decrease in payable to Province of Ontario	(1,155,973)	-
	(2,452,871)	(1,358,427)
Sources:		
Decrease in receivable from participating municipalities	-	29,791
Decrease in accounts receivable	4,445	-
Decrease in prepaid expense	76,673	-
Increase in accounts payable and accrued liabilities	504,096	-
Increase in payable to Province of Ontario	-	559,860
Increase in deferred revenue	73,299	284,940
	(1,794,358)	(483,836)
Financing and investing:		
Refunded to participating municipalities	(195,743)	-
Canada-Ontario Affordable Housing Program loans receivables	(535,114)	-
Unfinanced capital expenditures	2,275,522	(1,301,672)
Canada-Ontario Affordable Housing Program liability	283,261	-
Long-term debt proceeds	1,501,500	901,500
Long-term debt principal repayments	(13,732)	(984)
	3,315,694	(401,156)
Increase (decrease) in cash from operations	1,521,336	(884,992)
Cash and cash equivalents, beginning of year	3,339,075	4,224,067
Cash and cash equivalents, end of year	4,860,411	3,339,075
Cash and cash equivalents are defined as follows:		
Cash and cash equivalents	3,976,582	2,484,314
Restricted investment	883,829	854,761
	4,860,411	3,339,075

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2008

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) Investments:

Investments are recorded at the lower of cost and market value.

(d) 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.

(e) 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, 2008

1. Significant accounting policies (continued):

(f) 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.

(g) 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.

(h) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for receivables and valuation of the Canada – Ontario Affordable Housing Program Loans. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2008

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 The North Shore
Township of Plummer and Plummer Additional
Township of St. Joseph
Town of Spanish
Township of Tarbutt & Tarbutt Additional
Municipality of Wawa
Township of White River
Certain unincorporated areas in the District of Algoma

3. Restricted investment:

The investment is restricted to the social housing capital reserve fund and is invested in Canadian money market and Canadian short-term bond funds.

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2008

4. Long-term debt:

	2008	2007
	\$	\$
5.581% mortgage payable in monthly installments of \$5,128.35, including interest, due November 1, 2017 secured by land and building in Echo Bay, Ontario	888,365	900,516
5.740% mortgage payable in monthly installments of \$8,688.60, including interest, due November 1, 2018 secured by land and building in Dubreuilville, Ontario	1,499,919	-
	<u>2,388,284</u>	<u>900,516</u>

The minimum scheduled principal repayments for each of the next five years are due as follows:

2009	\$	32,537
2010		34,410
2011		36,391
2012		38,487
2013		40,702
2014 and thereafter		2,205,757
		<u>\$ 2,388,284</u>

5. Canada-Ontario Affordable Housing Program:

Canada-Ontario Affordable Housing Program (AHP) offers the Northern Housing and Homeownership component which was established to encourage the repair of owned or rented housing in Northern Ontario. The Program provides funding for certain housing repairs to low to moderate income residents of Northern Ontario in the form of a forgivable loan. The loan period is 20 years and is forgivable at a rate of 8% per annum for the first 10 years and 2% per annum for the remaining 10 years providing the borrower maintains ownership of the dwelling. At December 31, 2008, \$542,614 was advanced as loans under the program. The Board received funding during the year amounting to \$290,761 and this is reflected as a liability as the Board is required to reinvest or return the funding of any amounts repayable by the borrower under this agreement. During the year, a total of \$7,500 in loan balances was forgiven.

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2008

6. Reserves and reserve funds:

	January 1	Transfers to	Transfers from	Surplus	December 31
	\$	\$	\$	\$	\$
Set aside for specific purposes by the Board:					
Reserves:					
Working funds	1,819,287	41,590	(138,990)	153,973	1,875,865
Severance	292,399	27,384	-	-	319,783
National Child Benefit Investment	99,934	175,000	(138,838)	-	136,096
Non-profit housing provider stabilization	32,526	-	(26,045)	-	6,481
	2,244,146	243,974	(303,873)	153,973	2,338,225
Reserve funds:					
Social housing capital reserve fund	771,273	424,303	(356,580)	29,068	868,064
2008 balances	3,015,419	668,277	(660,453)	183,046	3,206,289
2007 balances	3,072,082	548,287	(866,276)	261,326	3,015,419

The Board of Directors approved the transfer of \$153,978 of the 2008 operating surplus to the reserve for working funds on March 26, 2009.

7. 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 2008 was \$513,322 (2007, \$478,755) for current service and \$3,075 (2007, \$11,062) for past service. This amount is included as an expenditure on the statement of financial activities and fund balances.