

Financial Statements

**ALGOMA DISTRICT SERVICES
ADMINISTRATION BOARD**

Year ended December 31, 2007

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Financial Statements

Year ended December 31, 2007

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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, 2007 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, 2007 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada
March 27, 2008

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
	\$	\$
Financial assets		
Cash and cash equivalents	2,484,314	3,400,632
Restricted investment	854,761	823,435
Receivable from participating municipalities	-	29,791
Accounts receivable	591,544	416,006
	<u>3,930,619</u>	<u>4,669,864</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,157,746	1,578,430
Payable to Province of Ontario	1,673,453	1,113,593
Deferred revenue	834,152	549,212
Long-term debt (note 3)	900,516	-
	<u>4,565,867</u>	<u>3,241,235</u>
Net financial (liabilities) assets	<u>(635,248)</u>	<u>1,428,629</u>
Non-financial assets		
Prepaid expenses	670,372	669,603
Unfinanced capital expenditures (note 4)	2,275,522	973,850
	<u>2,945,894</u>	<u>1,643,453</u>
Net assets	<u>2,310,646</u>	<u>3,072,082</u>
Board position		
Fund balances:		
Operating fund	195,743	-
Reserves and reserve funds (note 5)	3,015,419	3,072,082
	<u>3,211,162</u>	<u>3,072,082</u>
Amounts to be recovered from future revenues	(900,516)	-
Commitments (note 8)		
Total Board position	<u>2,310,646</u>	<u>3,072,082</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, 2007, with comparative figures for 2006

	2007				2006	
	Budget	Operating Fund	Capital Fund	Reserves and Reserve Funds	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues:						
Province of Ontario	13,772,749	14,735,945	700,000	-	15,435,945	14,199,130
Municipalities	13,498,039	13,498,039	-	-	13,498,039	12,912,894
Other	64,143	321,165	72,450	31,326	424,941	104,663
Rent	1,102,719	1,228,108	-	-	1,228,108	1,119,170
Total revenues	28,437,650	29,783,257	772,450	31,326	30,587,033	28,335,857
Expenditures:						
Ontario Works and related	9,017,777	9,569,655			9,569,655	9,197,655
Children's Services	3,406,176	3,605,210			3,605,210	3,833,397
Ontario Disability Support Plan	3,968,520	3,758,468			3,758,468	3,796,054
Housing Services	5,094,930	4,492,130	2,073,721		6,565,851	4,386,206
Emergency Medical Services	6,812,011	7,523,724			7,523,724	6,515,642
Board and related	115,175	119,934			119,934	115,756
Administration rent	196,219	205,627			205,627	178,019
Total expenditures	28,610,808	29,274,748	2,073,721	-	31,348,469	28,022,729
Net revenues (expenditures)	(173,158)	508,509	(1,301,271)	31,326	(761,436)	313,128
Net transfers to capital, reserves and reserve funds (note 5)	173,158	(311,782)	399,771	(87,989)	-	-
Net change in long term debt	-	(984)	901,500	-	900,516	-
Net increase (decrease) in fund balances	-	195,743	-	(56,663)	139,080	313,128
Fund balances, beginning of year	-	-	-	3,072,082	3,072,082	2,822,264
Refunded to participating municipalities	-	-	-	-	-	(63,310)
Fund balances, end of year	-	195,743	-	3,015,419	3,211,162	3,072,082

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Statement of Cash Flows

December 31, 2007, with comparative figures for 2006

	2007	2006
	\$	\$
Cash provided by (used for):		
Operations:		
Net revenues (expenditures)	(761,436)	313,128
Uses:		
Increase in accounts receivable	(175,538)	(15,323)
Increase in prepaid expense	(769)	(96,197)
Decrease in accounts payable and accrued liabilities	(420,684)	-
Decrease in payable to Province of Ontario	-	(42,705)
	(1,358,427)	158,903
Sources:		
Decrease in receivable from participating municipalities	29,791	119,922
Increase in accounts payable and accrued liabilities	-	234,972
Increase in payable to Province of Ontario	559,860	-
Increase in deferred revenue	284,940	541,321
	(483,836)	1,055,118
Financing and investing:		
Refunded to participating municipalities	-	(63,310)
Unfinanced capital expenditures	(1,301,672)	(973,850)
Long term debt proceeds	901,500	-
Long term debt principal repayments	(984)	-
	(401,156)	(1,037,160)
Increase (decrease) in cash from operations	(884,992)	17,958
Cash and cash equivalents, beginning of year	4,224,067	4,206,109
Cash and cash equivalents, end of year	3,339,075	4,224,067
Cash and cash equivalents are defined as follows:		
Cash and cash equivalents	2,484,314	3,400,632
Restricted investment	854,761	823,435
	3,339,075	4,224,067

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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2007

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, 2007

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 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

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2007

3. Long-term debt:

	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	900,516

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

2008	\$ 12,161
2009	12,850
2010	13,577
2011	14,345
2012	15,157
2013 and thereafter	832,426
	\$ 900,516

4. Unfinanced capital expenditures:

Unfinanced capital expenditures at December 31 2007 relate to the construction of the Seniors Housing Project in Dubreuville, Ontario totaling \$2,275,522 (2006; MacDonald, Meredith and Aberdeen Additional Seniors Housing Project - \$973,850). Both projects were completed during 2007. Financing of the Dubreuville 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.

ALGOMA DISTRICT SERVICES ADMINISTRATION BOARD

Notes to Financial Statements

Year ended December 31, 2007

5. Reserves and reserve funds:

	January 1	Transfers to	Transfers from	Surplus	December 31
	\$	\$	\$	\$	\$
Set aside for specific purposes by the Board:					
Reserves:					
Working funds	1,893,784	45,503	(350,000)	230,000	1,819,287
Severance	265,015	27,384	-	-	292,399
National Child Benefit Investment	93,190	175,000	(168,256)	-	99,934
Non-profit housing provider stabilization	58,571	-	(26,045)	-	32,526
	2,310,560	247,887	(544,301)	230,000	2,244,146
Reserve funds:					
Social housing capital reserve fund	761,522	300,400	(321,975)	31,326	771,273
2007 balances	3,072,082	548,287	(866,276)	261,326	3,015,419
2006 balances	2,758,954	553,287	(621,155)	380,996	3,072,082

The Board of Directors approved the transfer of \$230,000 of the 2007 operating surplus to the reserve for working funds on March 27, 2008.

6. 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 2007 was \$478,755 (2006, \$464,569) for current service and \$11,062 (2006, \$nil) 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, 2007

7. Expenditures by object:

Total expenditures by object are as follows:

	2007	2006
	\$	\$
Salaries and benefits	9,796,213	9,280,624
Materials, supplies, services and capital	21,552,256	18,742,105
	<u>31,348,469</u>	<u>28,022,729</u>

8. Commitments:

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

2008	\$153,669
2009	153,669
2010	128,058

9. Comparative figures:

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