

Consolidated Financial Statements

**DISTRICT OF SAULT STE. MARIE SOCIAL  
SERVICES ADMINISTRATION BOARD**

Year ended December 31, 2007

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Financial Statements

Year ended December 31, 2007

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## AUDITORS' REPORT

To the Board Members of  
District of Sault Ste. Marie Social Services Administration Board

We have audited the consolidated statement of financial position of the District of Sault Ste. Marie Social Services Administration Board as at December 31, 2007 and the consolidated statements of fund balances, operations and changes in financial position 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 consolidated financial statements present fairly, in all material respects, the financial position of the District of Sault Ste. Marie Social Services Administration Board as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada  
March 7, 2008

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

## Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Financial assets</b>		
Cash	\$ 9,741,705	\$ 10,206,687
Accounts receivable	173,396	218,718
	9,915,101	10,425,405
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	591,468	1,704,777
Payable to Province of Ontario	2,338,864	1,728,036
Payable to participating municipalities	1,148,434	2,413,371
Long-term liabilities (note 3)	5,937,603	6,266,628
	10,016,369	12,112,812
<b>Net financial liabilities</b>	(101,268)	(1,687,407)
Non-financial assets:		
Prepaid expenses	465,432	538,039
<b>Net assets (liabilities)</b>	\$ 364,164	\$ (1,149,368)
<b>Board position</b>		
Fund balances:		
Operating fund	\$ 6,301,767	\$ 5,117,260
Amount to be recovered from future revenues	(5,937,603)	(6,266,628)
<b>Total Board position</b>	\$ 364,164	\$ (1,149,368)

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

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Revenues:</b>		
Province of Ontario (Schedule 1)	\$ 61,323,007	\$ 58,897,324
Government of Canada (Schedule 1)	4,568,331	4,568,331
Participating municipalities	25,367,726	25,774,704
Rental income	3,121,346	3,011,824
Investment income	569,807	491,316
Other	95,538	72,607
	<u>95,045,755</u>	<u>92,816,106</u>
<b>Expenditures:</b>		
General assistance	22,665,901	22,659,799
Ontario disability support program	39,564,839	38,119,598
Housing	12,504,200	12,103,955
Administration (Schedule 2)	9,416,595	9,419,425
Community childcare	5,982,535	5,976,078
Land ambulance	3,302,271	3,024,362
National child benefit program	424,907	547,948
	<u>93,861,248</u>	<u>91,851,165</u>
<b>Excess of revenues over expenditures</b>	<b>\$ 1,184,507</b>	<b>\$ 964,941</b>

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



# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

## Consolidated Statement of Fund Balances

Year ended December 31, 2007, with comparative figures for 2006

	Unrestricted	Working Capital	Land Ambulance Vehicles	Land Ambulance Operating	Social Housing	Total
2006						
Opening balance, December 31, 2006	\$ 1,526,724	\$ 200,000	\$ 536,341	\$ 21,870	\$ 1,867,384	\$ 4,152,319
Excess of revenue over expenditures	964,941	—	—	—	—	964,941
Transfer to reserves (net)	(153,714)	—	130,431	(21,870)	45,153	—
Interest on reserves	(34,179)	—	—	—	34,179	—
Balance, December 31, 2006	2,303,772	200,000	666,772	—	1,946,716	5,117,260
2007						
Excess of revenue over expenditures	1,184,507	—	—	—	—	1,184,507
Transfer to reserves (net)	(53,678)	—	57,761	—	(4,083)	—
Interest on reserves	(38,427)	—	—	—	38,427	—
Balance, December 31, 2007	\$ 3,396,174	\$ 200,000	\$ 724,533	\$ —	\$ 1,981,060	\$ 6,301,767

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

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Changes in Financial Position

December 31, 2006, with comparative figures for 2005

	2007	2006
Cash flows from operating activities:		
Excess of revenues over expenditures	\$ 1,184,507	\$ 964,941
Change in non-cash working capital:		
Decrease in accounts receivable	45,322	46,793
Decrease (increase) in prepaid expense	72,607	(526,970)
Decrease in accounts payable and accrued liabilities	(1,113,309)	(41,507)
Increase in payable to Province of Ontario	610,828	879,831
Increase (decrease) in payable to participating municipalities	(1,264,937)	456,093
	(464,982)	1,779,181
Cash flows from investing and financing activities:		
Repayment of long-term liabilities	(329,025)	(308,878)
Reduction in amounts to be recovered by future revenues	329,025	308,878
	-	-
<b>Increase (decrease) in cash</b>	<b>(464,982)</b>	<b>1,779,181</b>
Cash, beginning of year	10,206,687	8,427,506
<b>Cash, end of year</b>	<b>\$ 9,741,705</b>	<b>\$ 10,206,687</b>

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

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2007

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## 1. Significant accounting policies:

The consolidated financial statements of the District of Sault Ste. Marie Social Services Administration Board (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) 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.

### (b) Reporting entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity and the Sault Ste. Marie Housing Corporation. Inter-organizational transactions and balances between these organizations have been eliminated.

### (c) Fund accounting:

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

### (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 consolidated statement of financial activities and fund balances in the year of acquisition.

### (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.



# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (f) Government subsidies:

Government subsidies are recognized in the consolidated 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) Amounts to be recovered:

Amounts to be recovered are reported in the Board position on the consolidated statement of financial position. The balance represents liabilities not yet due.

### (h) Financial instruments:

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long-term liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting principles for governmental organizations, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

## 2. Contractual agreements:

The Board has entered into an agreement with the City of Sault Ste. Marie for the provision of administration services. The contract is renewed annually and is paid on the basis of full cost recovery.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2007

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### 3. Long-term liabilities:

Long-term liabilities consist of Canada Mortgage and Housing Corporation debentures with interest rates varying from 4.0% to 8.10% annually:

Principal repayments required for the next five years are as follows:

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2008	\$ 316,843
2009	326,969
2010	349,584
2011	373,789
2012	399,696

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# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2007

## 4. Expenditures by object:

	Salaries	Materials	Contracted Services	Debt Services	Transfers	2007 Total	2006 Total
General assistance	\$ -	\$ -	\$ 38,571	\$ -	\$ 22,632,350	\$ 22,665,901	\$ 22,659,799
Ontario disability support program	-	-	2,409,360	-	37,155,479	39,564,839	38,119,598
Housing	-	-	6,352,508	747,731	5,403,961	12,504,200	12,103,955
Administration	57,603	8,972	9,350,020	-	-	9,416,595	9,419,425
Community childcare	-	-	-	-	5,982,535	5,982,535	5,976,078
Land ambulance	-	157,686	3,144,585	-	-	3,302,271	3,024,362
National child benefit program	-	-	424,907	-	-	424,907	547,948
	\$ 57,603	\$ 166,658	\$ 21,714,951	\$ 747,731	\$ 71,174,305	\$ 93,861,248	\$ 91,851,165

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

## Schedule 1 - Analysis of Program Revenue

For the year ended December 31, 2007

	2007	2006
<b>Provincial program revenue:</b>		
Income maintenance	\$ 10,551,400	\$ 10,710,270
Ontario Works	1,870,667	1,569,461
Benefits	7,377,396	7,159,136
Ontario disability support program	29,724,383	28,557,013
Community childcare	5,045,604	5,144,798
Land ambulance	2,677,397	1,550,889
LEAP	2,800	3,200
Other	687,392	773,435
	<u>57,937,039</u>	<u>55,468,202</u>
<b>Provincial program administration:</b>		
Ontario Works	1,867,794	1,914,233
Ontario disability support program	1,204,680	1,211,666
Community childcare	166,382	166,382
LEAP	147,112	136,841
	<u>3,385,968</u>	<u>3,429,122</u>
	<u>\$ 61,323,007</u>	<u>\$ 58,897,324</u>
<b>Federal program revenue:</b>		
Social housing	\$ 4,568,331	\$ 4,568,331



# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

## Schedule 2 - Analysis of Administration Expenses

For the year ended December 31, 2007

	2007	2006
<b>Program administration:</b>		
Purchased services – City of Sault Ste. Marie	\$ 5,959,854	\$ 5,721,241
Other purchased services	3,287,101	3,310,468
Technology	–	242,388
	9,246,955	9,274,097
<b>Other administration:</b>		
Board expenses	96,745	82,600
Professional fees	16,000	17,900
Elections	2,704	2,243
Miscellaneous	54,191	42,585
	169,640	145,328
	\$ 9,416,595	\$ 9,419,425