

SECTION 8

Financial Statements of

SUDBURY AND DISTRICT HEALTH UNIT

Year ended December 31, 2007

Financial Statements of

**SUDBURY & DISTRICT
HEALTH UNIT**

Year ended December 31, 2007

AUDITORS' REPORT

To the Board Members of the
Sudbury & District Health Unit, Members of Council, Inhabitants and
Ratepayers of the Participating Municipalities

We have audited the statement of financial position of the **Sudbury & District Health Unit** as at December 31, 2007 and the statements of financial activities and changes in fund balance and changes in financial position for the year then ended. These financial statements are the responsibility of the Health Unit'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 Health Unit as at December 31, 2007 and the results of its operations and change in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

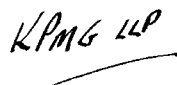
Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules D, E and F is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



COLLINS BARROW, SUDBURY - NIPISSING LLP
Chartered Accountants, Licensed Public Accountants



FREELANDT CALDWELL REILLY LLP
Chartered Accountants, Licensed Public Accountants



KPMG LLP
Chartered Accountants, Licensed Public Accountants

Sudbury, Canada
February 25, 2008

SUDBURY & DISTRICT HEALTH UNIT

Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
Financial Assets		
Cash	\$ 4,826,143	3,369,135
Accounts receivable	331,230	259,934
Prepaid expenses	75,161	64,963
	<u>\$ 5,232,534</u>	<u>3,694,032</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,556,266	1,161,624
Deferred revenue	489,574	199,012
Payable to the Province of Ontario	452,960	793,056
Employee benefit obligations (note 2)	2,313,592	2,152,071
	<u>4,812,392</u>	<u>4,305,763</u>
Board Position		
Fund Balance:		
Reserves (Schedule C)	2,733,734	1,540,340
Amounts to be recovered (note 3)	(2,313,592)	(2,152,071)
Board Position	420,142	(611,731)
Commitments (note 4)		
Contingency (note 7)		
	<u>\$ 5,232,534</u>	<u>3,694,032</u>

The accompanying notes are an integral part of this financial statement.

SUDBURY & DISTRICT HEALTH UNIT

Statement of Financial Activities and Changes in Fund Balance

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

	2007		2006
	Budget (Unaudited) (note 6)	Actual	Actual
Revenues:			
Provincial grants	\$ 17,048,595	16,570,523	14,437,410
Per capita revenue from Municipalities (Schedule D)	5,822,386	5,697,386	6,227,398
Other:			
Plumbing inspections and licenses	160,000	264,727	219,054
Interest	70,000	152,627	107,120
Federal grant	35,453	20,133	11,800
Other	530,643	992,836	794,990
	23,667,077	23,698,232	21,797,772
Expenditures:			
Salaries and wages	15,052,720	14,037,358	13,135,873
Benefits	3,441,720	3,241,725	2,898,254
Transportation	450,400	434,495	389,517
Administration (Schedule E)	2,322,960	2,541,339	2,265,243
Supplies and materials	1,900,669	1,378,872	1,704,485
Capital (Schedule B)	129,491	371,880	62,152
Operational equipment and furnishings	369,117	660,690	730,836
	23,667,077	22,666,359	21,186,360
Excess of revenues over expenditures	-	1,031,873	611,412
Increase in employee benefit obligations	-	161,521	120,728
Change in fund balance	\$ -	1,193,394	732,140

The accompanying notes are an integral part of this financial statement.

SUDBURY & DISTRICT HEALTH UNIT

Statement of Changes in Financial Position

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

	2007	2006
Cash flows from operating activities:		
Excess of revenues over expenditures	\$ 1,031,873	611,412
Provision for employee benefit obligations	161,521	120,728
	1,193,394	732,140
Change in non-cash working capital:		
Accounts receivable	(71,296)	139,296
Prepaid expenses	(10,198)	43,961
Accounts payable and accrued liabilities	394,642	(70,572)
Deferred revenue	290,562	15,553
Payable to the Province of Ontario	(340,096)	179,064
	1,457,008	1,039,442
Net increase in cash	1,457,008	1,039,442
Cash, beginning of year	3,369,135	2,329,693
Cash, end of year	\$ 4,826,143	3,369,135

The accompanying notes are an integral part of this financial statement.

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2007

1. Significant accounting policies:

These financial statements are prepared in accordance with accounting principles generally accepted in Canada 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:

Sources of financing and expenditures 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.

(b) Deferred revenue:

Certain programs of the Health Unit operate on fiscal year ends other than December 31. Revenues received in excess of expenditures incurred at December 31 are deferred until expenditures are incurred.

(c) Capital assets:

The historical cost and accumulated amortization of capital assets are not recorded. Capital assets are reported as an expenditure on the statement of financial activities and changes in fund balance in the year of acquisition.

(d) Pension and employee benefits:

The Health Unit accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined benefit plan.

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Health Unit's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experiences and from changes in actuarial assumptions used to determine the accrued benefit obligation. These gains (losses) are amortized over the average remaining service period of active employees.

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2007

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in Canada 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 date of the financial statements, and the reported amounts of revenues and expenditures during the period specified. Actual results could differ from those estimates.

(f) Prior years' funding adjustments:

The Ministry of Health and Long-Term Care ("MOHLTC") undertakes financial reviews of the Health Unit's operations from time to time, based on the Health Unit's submissions of annual settlement forms. Adjustments to the financial statements, if any, as a result of these reviews are accounted for in the period when notification is received from the Ministry.

2. Employee benefit obligations:

An actuarial estimate of future liabilities has been completed using the most recent actuarial valuation dated December 31, 2007 and forms the basis for the estimated liability reported in these financial statements.

	2007	2006
Accumulated sick leave benefit	\$ 704,482	724,983
Other post-employment benefits	826,087	735,333
Vacation pay	1,530,569	1,460,316
	783,023	691,755
	\$ 2,313,592	2,152,071

The significant actuarial assumptions adopted in measuring the Health Unit's accrued benefit obligations are as follows:

	2007	2006
Discount rate	5%	6%
Health care trend rate:		
- initial	8%	10%
- ultimate	2%	5%
Salary escalation factor	3%	5%

The Health Unit has established reserves in the amount of \$318,794 (2006 - \$318,794) to mitigate the future impact of these obligations.

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2007

2. Employee benefit obligations (continued):

The accrued benefit obligations as at December 31, 2007 are \$1,546,660 (2006 - \$1,477,869). Total benefit plan related expenses were \$193,400 and was comprised of current service costs of \$103,846 (2006 - \$97,968), interest of \$88,093 (2006 - \$81,877) amortization of actuarial loss of \$1,461 (2006 - \$1,461). Benefits paid during the year were \$33,863 (2006 - \$32,048). The net unamortized actuarial gain / (loss) was \$81,059 (2006 - (\$17,553)) to be amortized over the expected average remaining service period of 14 years.

3. Amounts to be recovered:

Amounts to be recovered represent liabilities established for accrual accounting purposes. In some cases, the liabilities are to be funded from future years' budgetary allocations.

	2007	2006
Other post-employment benefits	2,313,592	2,152,071

4. Commitments:

(a) Line of credit:

As at December 31, 2007, the total approved but not issued line of credit amounted to \$500,000 (2005 - \$500,000).

(b) Lease commitment:

The Health Unit has entered into various operating leases with terms ranging from one to six years for equipment which require monthly payments of \$8,500. The Health Unit has also entered into a lease agreement for office space with terms from five to ten years which require monthly payments of \$11,600.

5. Pension agreements:

The Health Unit makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employee plan, on behalf of 257 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 \$955,558 (2006 - \$830,687) for current service and is included as an expenditure on the statement of financial activities and changes in fund balance.

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2006

6. Budget figures:

The budget figures included in the statement of financial activities and changes in fund balance are included for information purposes only. These amounts are unaudited.

7. Contingency:

- (a) In May 2002, a court decision was made stating that the Sudbury & District Health Unit was liable for breach of contract relating to the former Home Care program (subsequently transferred to the Manitoulin - Sudbury Community Care Access Centre). As of the date of these financial statements, damages have not been assessed. The Health Unit has filed an appeal of the decision.

The Ministry of Health and Long-Term Care (the "Ministry") has stated that it will cover reasonable costs that accrue to the Health Unit relating to the transfer of the former Home Care Program. Further, the Ministry is willing to assist with legal costs directly attributed to its defence in filing an appeal.

As any contingent loss relating to this matter cannot be reasonably estimated, no amounts have been accrued in the financial statements.

- (b) As at December 31, 2007, certain legal actions are pending against the Health Unit. An estimate of the contingency cannot be made since the outcome of these matters is indeterminate. Should any loss result from the resolution of these matters, such loss would be charged to operations in the year of disposition.

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Current Fund Operations

Schedule A

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

	2007	2006
Revenues:		
Provincial Grants:		
Provincial Grants	\$ 16,388,730	14,437,410
Per capita revenue from Municipalities (Schedule D)	5,697,386	6,227,398
Other:		
Plumbing inspections and licenses	264,727	219,054
Interest	152,627	107,120
Federal grant	20,133	11,800
Other	992,836	794,990
	<u>23,516,439</u>	<u>21,797,772</u>
Expenditures:		
Salaries	14,037,358	13,135,873
Benefits	3,241,725	2,898,254
Administration (Schedule E)	2,541,339	2,265,243
Supplies and materials	1,378,872	1,704,485
Operational equipment and furnishings	660,690	730,836
Transportation	434,495	389,517
	<u>22,294,479</u>	<u>21,124,208</u>
Excess of revenues over expenditures	1,221,960	673,564
Adjustments and transfers (to) from other funds:		
Employee benefit obligations	161,521	120,728
Net transfer to Reserves	(1,253,990)	(732,140)
Transfer to Capital Fund	(129,491)	(62,152)
	<u>(1,221,960)</u>	<u>(673,564)</u>
Change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	-

The accompanying notes are an integral part of this financial statement.

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Capital Fund Operations

Schedule B

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

	2007	2006
Revenues:		
Provincial grants	\$ 181,793	-
Expenditures:		
Main Office Renovations:		
Contractor fees	110,222	-
Furniture and equipment	62,288	-
Professional fees and permits	20,017	-
Outreach Project - downtown Sudbury:		
Contractor fees	47,257	-
Professional fees and permits	2,605	-
Miscellaneous:		
Other	-	21,024
Equipment and furnishing	16,939	26,180
I & IT equipment	112,552	14,948
	371,880	62,152
Excess of expenditures over revenues	(190,087)	(62,152)
Transfers from other funds:		
Transfer from Current Fund	129,491	62,152
Transfer from Reserve	60,596	-
	190,087	62,152
Change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	-

The accompanying notes are an integral part of this financial statement.

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Reserves

Schedule C

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

	2007	2006
Balance, beginning of year	\$ 1,540,340	808,200
Transfer to Current fund	(6,250)	(19,407)
Transfer to Capital fund	(60,596)	-
Transfer from Current fund	1,260,240	751,547
Balance, end of year	\$ 2,733,734	1,540,340

The balance of Reserves on the statement of financial position consists of the following:

	2007	2006
Reserve for Research and Development	\$ 12,615	12,615
Reserve for sick leave and vacation benefits	318,794	318,794
Reserve for working capital	2,402,325	1,208,931
	\$ 2,733,734	1,540,340

The accompanying notes are an integral part of this financial statement.

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Per Capita Revenue from Municipalities

Schedule D

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

	2007	2006
Township of Assignack	\$ 25,125	26,155
Township of Baldwin	17,320	19,554
Township of Barrie Island	1,538	1,619
Township of Billings (and part of Allan)	14,927	16,440
Township of Burpee & Mills	10,255	11,334
Township of Central Manitoulin	54,695	59,845
Township of Chapleau	75,946	89,301
Town of Espanola	158,045	174,429
Municipality of French River	83,239	95,715
Township of Gordon (and part of Allan)	13,161	14,510
Town of Gore Bay	24,100	27,463
Municipality of Killarney	12,648	14,883
Municipality of Markstay-Warren	82,726	91,543
Township of Northeastern Manitoulin & The Islands	71,787	79,524
Township of Nairn & Hyman	13,161	14,012
Township of Sables - Spanish River	90,987	101,071
Municipality of St. Charles	38,970	43,965
City of Greater Sudbury	4,898,045	5,334,016
Township of Tehkummah	10,711	12,019
	\$ 5,697,386	6,227,398

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Details of Expenditures

Schedule E

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

		2007	2006
	Budget	Actual	Actual
Administration:			
Professional fees	\$ 818,647	1,009,035	958,445
Advertising	267,015	307,343	295,770
Building maintenance	243,802	280,862	260,908
Staff education	250,009	258,201	235,879
Rent	214,520	166,158	113,555
Telephone	162,634	160,144	63,911
Utilities	138,500	146,295	148,605
Postage	89,668	91,269	65,207
Liability insurance	87,000	82,102	81,358
Memberships and subscriptions	46,165	39,638	35,624
Strategic planning	5,000	292	5,981
	\$ 2,322,960	2,541,339	2,265,243

SUBBURY & DISTRICT HEALTH UNIT

Revenue and Expenditures by Funding Sources

Year ended December 31, 2007

Schedule F

	OLHA	PHRED	WNV	UIIP	Meningococcal	HPV	MCYS	Infection Control	One Time	Other	Total
Revenues:											
Provincial grants	\$ 12,171,982	241,130	76,399	67,210	19,958	3,987	1,519,438	377,580	181,793	1,355,198	16,014,675
Unorganized territories	555,848	-	-	-	-	-	-	-	-	-	555,848
Municipalities	5,395,839	281,043	20,504	-	-	-	-	-	-	-	5,697,386
Plumbing, inspections and licenses	264,727	-	-	-	-	-	-	-	-	-	264,727
Interest	149,729	-	-	-	-	-	1,033	-	-	1,865	152,627
Other	715,378	102,093	-	-	-	-	-	-	-	175,365	992,836
Federal grant	-	-	-	-	-	-	-	-	-	20,133	20,133
Total Revenues	\$ 19,253,503	624,266	96,903	67,210	19,958	3,987	1,520,471	377,580	181,793	1,552,561	23,696,232
Expenditures:											
Salaries and wages	\$ 11,438,453	387,854	8,625	44,884	14,175	-	1,144,628	288,064	-	710,675	14,037,358
Benefits	2,747,662	85,018	825	4,178	2,143	-	224,427	47,746	-	129,726	3,241,725
Transportation	267,838	12,490	-	4,066	373	-	44,110	4,813	-	100,805	494,495
Administration (Schedule E)	2,186,524	42,495	-	9,267	-	-	21,007	-	-	282,046	2,541,339
Supplies and materials	793,361	48,287	92,415	4,815	3,267	-	70,461	36,957	-	329,309	1,378,872
Building	129,491	-	-	-	-	-	-	-	242,389	-	371,880
Equipment and furnishings	636,843	8,209	-	-	-	-	15,838	-	-	-	660,690
Total Expenditures	\$ 18,199,972	584,353	101,865	67,210	19,958	-	1,520,471	377,580	242,389	1,552,561	22,666,359

OLHA - MOHLTC Mandatory Cost-Shared
PHRED - Public Health Research Education and Development
WNV - West Nile Virus
UIIP - Universal Influenza Immunization Program
MCYS - Ministry of Children and Youth Services
HPV - Human Papilloma Virus
Other - Includes 100% Ministry funded and Non-Ministry funded services