

SECTION 8

Financial Statements of

SUDBURY AND DISTRICT HEALTH UNIT

Year ended December 31, 2006

AUDITORS' REPORT

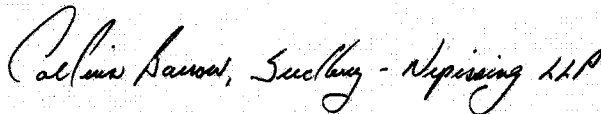
To the Board Members of the
Sudbury & District Health Unit,
Members of Council, Inhabitants and Ratepayers
of the Participating Municipalities

We have audited the statement of financial position of the **Sudbury & District Health Unit** as at December 31, 2006 and the statement of financial activities 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, 2006 and the results of its operations 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



FREELANDT CALDWELL REILLY LLP
Chartered Accountants



KPMG LLP
Chartered Accountants

Sudbury, Canada
March 1, 2007

SUDBURY & DISTRICT HEALTH UNIT

Statement of Financial Position

December 31, 2006, with comparative figures for 2005

	2006	2005
Financial Assets		
Cash	\$ 3,369,135	2,329,693
Accounts receivable	259,934	399,230
Prepaid expenses	64,963	108,924
	<u>\$ 3,694,032</u>	<u>2,837,847</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,161,624	1,232,196
Deferred revenue	199,012	183,459
Payable to the Province of Ontario	793,056	613,992
Employee benefit obligations (note 2)	2,152,071	2,031,343
	<u>4,305,763</u>	<u>4,060,990</u>
Board Position		
Fund Balance:		
Reserves (Schedule C)	1,540,340	808,200
Total	<u>1,540,340</u>	<u>808,200</u>
Amounts to be recovered (note 3)	<u>(2,152,071)</u>	<u>(2,031,343)</u>
Board Position	(611,731)	(1,223,143)
Commitments (note 4)		
Contingency (note 7)		
	<u>\$ 3,694,032</u>	<u>2,837,847</u>

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

SUDBURY & DISTRICT HEALTH UNIT

Statement of Financial Activities

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

	2006		2005
	Budget (Unaudited) (note 6)	Actual	Actual
Revenues:			
Provincial grants	\$ 15,696,693	14,437,410	11,754,054
Per capita revenue from Municipalities (Schedule D)	6,402,399	6,227,398	7,082,202
Other:			
Plumbing inspections and licenses	150,000	219,054	241,264
Interest	40,000	107,120	56,562
Federal grant	10,000	11,800	31,739
Other	350,905	794,990	693,047
	22,649,997	21,797,772	19,858,868
Expenditures:			
Salaries	14,729,679	13,135,873	12,310,558
Benefits	3,399,117	2,898,254	2,688,747
Transportation	393,308	389,517	345,616
Administration (Schedule E)	2,201,789	2,265,243	1,767,508
Supplies and materials	1,446,510	1,704,485	1,591,199
Building	-	-	345,386
Equipment and furnishings	479,594	792,988	709,830
	22,649,997	21,186,360	19,758,844
Excess of revenues over expenditures	-	611,412	100,024
Debt principal repayment	-	-	(186,628)
Increase in employee benefit obligations	-	120,728	173,671
Change in fund balance	\$ -	732,140	87,067

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, 2006, with comparative figures for 2005

	2006	2005
Cash flows from operating activities:		
Excess of revenues over expenditures	\$ 611,412	100,024
Provision for employee benefit obligations	120,728	173,671
	732,140	273,695
Change in non-cash working capital:		
Accounts receivable	139,296	(80,959)
Prepaid expenses	43,961	(17,880)
Accounts payable and accrued liabilities	(70,572)	4,389
Deferred revenue	15,553	42,087
Payable to the Province of Ontario	179,064	(498,467)
Payable to Municipalities	-	(113,140)
	1,039,442	(390,275)
Cash flows from financing activities:		
Decrease in net long-term liabilities	-	(186,628)
Net increase (decrease) in cash	1,039,442	(576,903)
Cash, beginning of year	2,329,693	2,906,596
Cash, end of year	\$ 3,369,135	2,329,693

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

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2006

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 recognized 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 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.

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2006

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, 2004 and forms the basis for the estimated liability reported in these financial statements.

	2006	2005
Accumulated sick leave benefit	\$ 724,983	661,431
Other post-employment benefits	735,333	649,717
	1,460,316	1,311,148
Vacation pay	691,755	720,195
	\$ 2,152,071	2,031,343

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

	2006	2005
Discount rate	6%	6%
Health care trend rate:		
- initial	10%	10%
- ultimate	5%	5%
Salary escalation factor	5%	5%

The Health Unit has established reserves in the amount of \$318,794 (2005 - \$318,794) to mitigate the future impact of these obligations.

SUDBURY & DISTRICT HEALTH UNIT

Notes to Financial Statement

Year ended December 31, 2006

2. Employee benefit obligations (continued):

The accrued benefit obligations as at December 31, 2006 is \$1,477,869 (2005 - \$1,330,162). Total benefit plan related expenses was \$181,306 and was comprised of current service costs of \$97,968 (2005 - \$92,423), interest of \$81,877 (2005 - \$73,535) amortization of actuarial loss of \$1,461 (2005 - \$1,463). Benefits paid during the year were \$32,048 (2005 - \$30,336). The net unamortized actuarial loss was \$17,553 (2005 - \$19,014) 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.

	2006	2005
Other post-employment benefits	2,152,071	2,031,343

4. Commitments:

(a) Line of Credit:

As at December 31, 2006, 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 \$2,252 as well as an annual payment of \$47,851. 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 \$7,835.

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 224 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 \$830,687 (2005 - \$731,915) for current service and is included as an expenditure on the statement of financial activities.

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 are included for information purposes only. These amounts are unaudited.

7. Contingency:

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.

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Current Fund Operations

Schedule A

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

	2006	2005
Revenues:		
Provincial Grants	\$ 14,437,410	11,682,939
Per capita revenue from Municipalities (Schedule D)	6,227,398	7,082,202
Other:		
Plumbing inspections and licenses	219,054	241,264
Interest	107,120	56,562
Federal grant	11,800	31,739
Other	794,990	693,047
	<u>21,797,772</u>	<u>19,787,753</u>
Expenditures:		
Salaries	13,135,873	12,310,558
Benefits	2,898,254	2,688,747
Administration (Schedule E)	2,265,243	1,767,508
Supplies and materials	1,704,485	1,591,199
Equipment and furnishings	730,836	719,175
Transportation	389,517	345,616
	<u>21,124,208</u>	<u>19,422,803</u>
Excess of revenues over expenditures	673,564	364,950
Adjustments and transfers (to) from other funds:		
Employee benefit obligations	120,728	173,671
Net transfer to reserves	(732,140)	(155,374)
Transfer to capital fund	(62,152)	(383,247)
	<u>(673,564)</u>	<u>(364,950)</u>
Change in fund balance	-	-
Balance, beginning of year	-	-
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, 2006, with comparative figures for 2005

	2006	2005
Revenues:		
Provincial grants	\$ -	71,115
Expenditures:		
Re-roofing:		
Roofing materials and labour	-	177,620
Professional fees and permits	-	24,415
Development for resources, research evaluation and development:		
Furniture and equipment	-	19,561
Renovations	-	83,848
Professional fees and permits	-	11,526
Miscellaneous building renovations:		
Renovations for corporate and clinical services	-	13,163
Meeting rooms	-	2,294
Other	21,024	3,614
Equipment and furnishing	26,180	-
I & IT equipment	14,948	-
	62,152	336,041
Excess of expenditures over revenues	62,152	(264,926)
Adjustments and transfers from other funds:		
Transfer from current fund	62,152	383,247
Transfer from Reserve	-	68,307
Debt principal repayment	-	(186,628)
	62,152	264,926
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, 2006, with comparative figures for 2005

	2006	2005
Balance, beginning of year	\$ 808,200	721,133
Transfer to current fund	(19,407)	(55,000)
Transfer to capital fund	-	(68,307)
Transfer from current fund	751,547	210,374
Balance, end of year	\$ 1,540,340	808,200

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

	2006	2005
Reserve for Research and Development	\$ 12,615	12,615
Reserve for sick leave and vacation benefits	318,794	318,794
Reserve for working capital	1,208,931	476,791
	\$ 1,540,340	808,200

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, 2006, with comparative figures for 2005

	2006	2005
Township of Assiginack	\$ 26,155	29,874
Township of Baldwin	19,554	22,259
Township of Barrie Island	1,619	1,835
Township of Billings (and part of Allan)	16,440	18,667
Township of Burpee	11,334	12,887
Township of Central Manitoulin	59,845	68,028
Township of Chapleau	89,301	101,534
Town of Espanola	174,429	198,343
Municipality of French River	95,715	108,876
Township of Gordon (and part of Allan)	14,510	16,519
Town of Gore Bay	27,463	31,202
Municipality of Killarney	14,883	16,909
Municipality of Markstay-Warren	91,543	104,112
Township of Northeastern Manitoulin & The Islands	79,524	90,404
Township of Nairn & Hyman	14,012	15,933
Township of Sable and Spanish River	101,071	114,929
Municipality of St. Charles	43,965	49,986
City of Greater Sudbury	5,334,016	6,066,237
Township of Tehkummah	12,019	13,668
	<hr/>	<hr/>
	\$ 6,227,398	7,082,202

SUDBURY & DISTRICT HEALTH UNIT

Schedule of Details of Expenditures

Schedule E

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

		2006		2005
		Budget	Actual	Actual
Administration:				
Professional fees	\$	735,182	958,445	484,540
Advertising		318,835	295,770	321,144
Building maintenance		216,057	260,908	255,901
Staff education		314,413	235,879	220,334
Utilities		140,005	148,605	114,736
Rent		204,320	113,555	107,800
Liability insurance		75,939	81,358	77,799
Postage		87,440	65,207	70,391
Telephone		56,986	63,911	52,638
Memberships and subscriptions		48,612	35,624	38,691
Strategic Planning		4,000	5,981	23,534
	\$	2,201,789	2,265,243	1,767,508

SUDBURY & DISTRICT HEALTH UNIT

Revenue and Expenditures by Funding Sources

Year ended December 31, 2006

Schedule F

	OLHA	PHRED	WNV	UIIP	Meningococcal	MCYS	Infection Control	IPHIS	Other	Total
Revenues:										
Provincial grants	\$ 10,522,190	200,116	60,477	62,865	24,557	1,721,045	377,580	37,629	1,430,951	14,437,410
Municipalities	6,021,111	193,130	13,157	-	-	-	-	-	-	6,227,398
Plumbing and Inspection	-	-	-	-	-	-	-	-	219,054	219,054
Interest	98,313	-	-	-	-	5,212	-	-	3,595	107,120
Other	-	-	-	-	-	55,792	12,592	-	726,606	794,990
Federal	-	-	-	-	-	-	-	-	11,800	11,800
Total Revenues	\$ 16,641,614	393,246	73,634	62,865	24,557	1,782,049	390,172	37,629	2,392,006	21,797,772
Expenditures:										
Salaries and Wages	\$ 10,530,323	282,941	10,375	39,263	17,846	1,255,128	282,488	-	717,509	13,135,873
Benefits	2,438,491	66,085	-	5,865	1,566	231,222	45,371	-	109,654	2,898,254
Transportation	260,395	7,137	-	4,537	1,463	43,729	5,590	-	66,666	389,517
Administration (Schedule E)	1,859,593	13,533	-	11,384	114	76,642	-	-	303,977	2,265,243
Supplies and materials	961,871	24,829	82,666	1,816	3,568	159,342	56,723	-	413,670	1,704,485
Building	21,024	-	-	-	-	-	-	-	-	21,024
Equipment and furnishings	709,142	5,708	-	-	-	15,986	-	37,629	3,499	771,964
Total Expenditures	\$ 16,780,839	400,233	93,041	62,865	24,557	1,782,049	390,172	37,629	1,614,975	21,186,360

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
IPHIS - Integrated Public Health Information System
Other - Includes 100% Ministry funded and Non-Ministry funding services