

**Simcoe Muskoka
District Health Unit
Financial Statements**
For the year ended December 31, 2014

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Management Report

Management's Responsibility for the Financial Statements


The accompanying financial statements of the Simcoe Muskoka District Health Unit are the responsibility of the Health Unit's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of significant accounting policies is attached to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Health Unit's management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

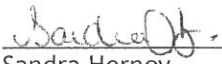
The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Board of Directors. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.



Chair, Board of Directors

May 20, 2015



Sandra Horney

Director of Program Foundations and Finance

Barrie:
15 Sperling Drive
Barrie, ON
L4M 6K9
705-721-7520
FAX: 705-721-1495

Collingwood:
280 Pretty River Pkwy.
Collingwood, ON
L9Y 4J5
705-445-0804
FAX: 705-445-6498

Cookstown:
2-25 King Street S.
Cookstown, ON
L0L 1L0
705-458-1103
FAX: 705-458-0105

Gravenhurst:
2-5 Pineridge Gate
Gravenhurst, ON
P1P 1Z3
705-684-9090
FAX: 705-684-9887

Huntsville:
34 Chaffey St.
Huntsville, ON
P1H 1K1
705-789-8813
FAX: 705-789-7245

Midland:
B-865 Hugel Ave.
Midland, ON
L4R 1X8
705-526-9324
FAX: 705-526-1513

Orillia:
120-169 Front St. S.
Orillia, ON
L3V 4S8
705-325-9565
FAX: 705-325-2091

Independent Auditor's Report

To the Chair and Members of the Board of Directors
Simcoe Muskoka District Health Unit

We have audited the accompanying financial statements of the Simcoe Muskoka District Health Unit, which comprise the statement of financial position as at December 31, 2014, and the statement of operations, statement of change in net financial debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Simcoe Muskoka District Health Unit as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 20, 2015

Simcoe Muskoka District Health Unit

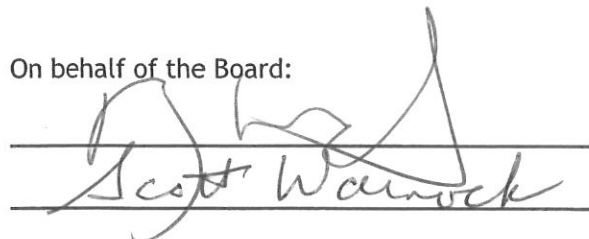
Statement of Financial Position

December 31	2014	2013
Financial Assets		
Cash (note 1)	\$ 3,967,634	\$ 4,226,300
Accounts receivable (note 2)	725,745	827,573
Term deposits (note 9)	48,444	53,105
Due from Province of Ontario - Other (note 3)	2,751	2,751
Due from Ministry of Health and Long-Term Care (note 11)	223,560	-
	<u>4,968,134</u>	<u>5,109,729</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	3,146,004	3,014,968
Due to Ministry of Health and Long-Term Care (note 11)	-	548,061
Post-employment benefits and compensated absences (note 16)	1,617,388	1,609,903
Deferred revenue	723,569	411,221
	<u>5,486,961</u>	<u>5,584,153</u>
Net Financial Debt	<u>(518,827)</u>	<u>(474,424)</u>
Non-Financial Assets		
Tangible capital assets (note 4)	2,023,349	2,032,486
Prepaid expenses	308,625	230,170
	<u>2,331,974</u>	<u>2,262,656</u>
Accumulated Surplus (note 6)	<u>\$ 1,813,147</u>	<u>\$ 1,788,232</u>

Contingencies (note 11)

Commitments (note 12)

On behalf of the Board:



Director

Director

Simcoe Muskoka District Health Unit

Statement of Operations

For the year ended December 31	2014 Budget	2014	2013
	(note 19)		
Revenues			
Operating grants			
Ministry of Health and Long-Term Care			
- Mandatory Programs (note 13)	\$ 29,523,250	\$ 29,118,921	\$ 28,048,670
County of Simcoe (note 8)	4,151,751	5,466,251	5,497,793
City of Barrie	1,610,744	1,610,748	1,590,451
City of Orillia	366,255	366,256	362,605
District of Muskoka (note 8)	1,398,980	1,408,427	1,394,876
District of Parry Sound	-	7,137	7,892
	37,050,980	37,977,740	36,902,287
Interest earned	20,000	47,842	47,253
Other	340,675	676,052	486,621
	37,411,655	38,701,634	37,436,161
Expenses (note 18)			
Public Health Program	29,252,712	28,900,417	28,020,702
Healthy Babies, Healthy Children Program	2,543,541	2,519,133	2,525,783
Healthy Smiles Ontario Program	1,123,351	1,256,680	1,077,491
Smoke Free Ontario Programs	1,347,400	1,323,751	1,407,365
One Time	177,130	22,730	77,746
Ontario Dental Works Program	-	1,330,340	1,334,412
Infectious Diseases Control Initiative	777,815	777,815	765,423
Small Drinking Water Systems	208,667	208,667	203,235
Children in Need of Dental Treatment Expansion Program	201,812	175,153	197,855
Enhanced Food Safety Haines Initiative Program	90,225	90,225	90,225
Medical Officers of Health Compensation	157,556	138,233	182,185
Other	42,000	48,755	3,200
Vector Borne Diseases Program	156,775	156,775	152,712
Public Health Nurses Initiative	180,448	180,448	164,278
Infection Prevention and Control Nurses Initiative	90,066	90,066	88,300
Healthy Communities Partnership	161,131	97,716	165,825
Enhanced Safe Water Initiative	40,147	40,147	40,147
Anonymous HIV Testing Program	48,976	48,976	48,976
Needle Exchange Program Initiative	40,625	40,625	32,500
Public Health Ontario Secondment	-	126,590	84,049
Nursing Graduate Guarantee	115,740	15,286	96,767
Infection Prevention and Control Week	-	-	7,758
Chief Nursing Officer Initiative	121,414	121,414	119,033
Sexually Transmitted Infections Week	-	-	7,000
World Tuberculosis Day	-	-	2,000
Panorama	210,681	82,245	49,676
RNAO	-	103,428	94,615
Library Hub	123,675	196,875	110,418
	37,211,887	38,092,490	37,149,676
Annual surplus before adjustments	199,768	609,144	286,485
Amortization expense	536,473	536,473	480,787
Change in accrued vacation pay	-	40,271	(75,622)
Change in post-employment benefits and compensated absences	-	7,485	(201)
	536,473	584,229	404,964
Annual surplus (deficit) for the year	(336,705)	24,915	(118,479)
Accumulated surplus, beginning of year	1,788,232	1,788,232	1,906,711
Accumulated surplus, end of year (note 6)	\$ 1,451,527	\$ 1,813,147	\$ 1,788,232

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Simcoe Muskoka District Health Unit Statement of Change in Net Financial Debt

For the year ended December 31	2014 Budget	2014	2013
	(note 19)		
Annual surplus (deficit)	\$ (336,705)	\$ 24,915	\$ (118,479)
Acquisition of tangible capital assets	-	(527,336)	(88,153)
Amortization of tangible capital assets	536,473	536,473	480,787
Loss on disposal of tangible capital assets	-	-	18,440
	536,473	9,137	411,074
Acquisition of prepaid expenses	-	(308,625)	(230,170)
Use of prepaids	-	230,170	263,756
	-	(78,455)	33,586
Change in net financial debt	199,768	(44,403)	326,181
Net financial debt, beginning of year	(474,424)	(474,424)	(800,605)
Net financial debt, end of year	\$ (274,656)	\$ (518,827)	\$ (474,424)

Simcoe Muskoka District Health Unit

Statement of Cash Flows

December 31	2014	2013
Cash provided by (used in)		
Operating transactions		
Annual surplus (deficit)	\$ 24,915	\$ (118,479)
Items not involving cash		
Amortization	536,473	480,787
Loss on disposal of tangible capital assets	-	18,440
	<u>561,388</u>	<u>380,748</u>
Changes in non-cash working capital balances		
Accounts receivable	101,828	133,960
Amount due to/from Ministry of Health and Long-Term Care	(771,620)	75,136
Prepaid expenses	(78,455)	33,586
Accounts payable and accrued liabilities	131,035	(1,183,013)
Deferred revenue	312,348	231,252
Post-employment benefits and compensated absences	7,485	(201)
	<u>264,009</u>	<u>(328,532)</u>
Capital transactions		
Acquisition of tangible capital assets	(527,336)	(88,153)
Decrease in cash and short-term deposits during the year	(263,327)	(416,685)
Cash and short-term deposits, beginning of year	4,279,405	4,696,090
Cash and short-term deposits, end of year	<u>\$ 4,016,078</u>	<u>\$ 4,279,405</u>
Represented by:		
Unrestricted cash	\$ 3,967,634	\$ 4,226,300
Term deposits	48,444	53,105
	<u>\$ 4,016,078</u>	<u>\$ 4,279,405</u>

Simcoe Muskoka District Health Unit Summary of Significant Accounting Policies

For the year ended December 31, 2014

**Management's
Responsibility for the
Financial Statements**

The financial statements of the Simcoe Muskoka District Health Unit are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**Nature and Purpose
of Organization**

The Health Unit is responsible for providing public health services to the residents of Muskoka and the County of Simcoe as set out under the provisions of the Health Protection and Promotion Act. The Health Unit is a non-profit organization and is a registered charity exempt from income taxes under the Income Tax Act.

Basis of Accounting

These financial statements have been prepared using Canadian public sector accounting standards.

Revenue Recognition

Provincial funding revenues are recognized in the year to which the program relates. Municipal revenues are recognized in the year they are levied to member municipalities. Other revenues are recognized when services are provided and collection is reasonably assured.

Deferred Revenue

Funds received for specific purposes which are for future services are accounted for as deferred revenue in the statement of financial position. The revenue is recognized in the statement of operations in the year which services are provided and grant conditions are met.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at their fair market value at the date of receipt. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Equipment and furniture	5 to 20 years straight-line
Computer equipment	3 to 5 years straight-line
Leasehold improvements	5 to 20 years straight-line
Dental van	7 years straight-line
Vehicles	5 years straight-line

Assets under construction are not amortized until the asset is available for productive use.

Simcoe Muskoka District Health Unit Summary of Significant Accounting Policies

For the year ended December 31, 2014

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimated useful life of capital assets, the amounts due to and from the Ministry of Health and Long-Term Care and the post-employment and compensated absences liability. Actual results could differ from management's best estimates as additional information becomes available in the future.

Retirement and Post-Employment Benefits and Compensated Absences

The Health Unit provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health, dental and insurance and non-vesting sick leave. The Health Unit has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, expected salary escalation, retirement ages of employees and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis;
- (ii) The cost of the multi-employer defined benefit pension plan is the Health Unit's contributions due to the plan in the period;
- (iii) The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees;
- (iv) The discount rate used in the determination of the above mentioned liabilities is equal to the Health Unit's hypothetical cost of borrowing.

Simcoe Muskoka District Health Unit

Notes to the Financial Statements

For the year ended December 31, 2014

1. Cash

The Health Unit's bank account is held at a chartered bank. The bank account earns interest at a variable rate dependent on the monthly minimum balance.

In addition, the Health Unit has an operating line of credit facility available in the amount of \$200,000. Outstanding amounts bear interest at the bank's prime rate plus 0.25% and are secured by a general security agreement. There is no balance outstanding at December 31, 2014.

2. Accounts Receivable

	2014	2013
HST recoverable	\$ 521,394	\$ 486,095
City of Barrie	-	18,169
County of Simcoe	124,881	266,251
Other	79,470	57,058
	<u>\$ 725,745</u>	<u>\$ 827,573</u>

3. Due from Province of Ontario - Other

	2014	2013
Provincial share of sick leave benefits to be recovered when certain non-union employees terminate employment with the Health Unit	<u>\$ 2,751</u>	<u>\$ 2,751</u>

Simcoe Muskoka District Health Unit
Notes to the Financial Statements

For the year ended December 31, 2014

4. Tangible Capital Assets

						2014
	Equipment and Furniture	Computer Equipment	Leasehold Improvements	Dental Van	Vehicles	Total
Cost, beginning of year	\$ 331,413	\$ 795,647	\$ 2,186,761	\$ 483,915	\$ -	\$ 3,797,736
Additions	60,407	231,290	206,037	-	29,602	527,336
Cost, end of year	391,820	1,026,937	2,392,798	483,915	29,602	4,325,072
Accumulated amortization, beginning of year	178,193	613,801	765,864	207,392	-	1,765,250
Amortization	38,324	189,738	239,280	69,131	-	536,473
Accumulated amortization, end of year	216,517	803,539	1,005,144	276,523	-	2,301,723
Net carrying amount, end of year	\$ 175,303	\$ 223,398	\$ 1,387,654	\$ 207,392	\$ 29,602	\$ 2,023,349

Simcoe Muskoka District Health Unit
Notes to the Financial Statements

For the year ended December 31, 2014

4. Tangible Capital Assets (continued)

						2013
	Equipment and Furniture	Computer Equipment	Leasehold Improvements	Dental Van	Vehicles	Total
Cost, beginning of year	\$ 337,460	\$ 738,307	\$ 2,186,761	\$ 483,915	\$ -	\$ 3,746,443
Additions	30,813	57,340	-	-	-	88,153
Disposals	(36,860)	-	-	-	-	(36,860)
Cost, end of year	331,413	795,647	2,186,761	483,915	-	3,797,736
Accumulated amortization, beginning of year	160,654	498,258	547,188	96,783	-	1,302,883
Amortization	35,969	115,543	218,676	110,609	-	480,797
Disposals	(18,430)	-	-	-	-	(18,430)
Accumulated amortization, end of year	178,193	613,801	765,864	207,392	-	1,765,250
Net carrying amount, end of year	\$ 153,220	\$ 181,846	\$ 1,420,897	\$ 276,523	\$ -	\$ 2,032,486

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2014

5. Accounts Payable and Accrued Liabilities

	2014	2013
Trade and other	\$ 687,774	\$ 949,186
Salaries and benefits	1,812,100	1,459,922
Accrued vacation pay liability	646,130	605,860
	<u>\$ 3,146,004</u>	<u>\$ 3,014,968</u>

6. Accumulated Surplus

	2014	2013
Surplus (note 7)	\$ 436,737	\$ 407,161
Internally restricted reserves (note 9)	1,376,410	1,381,071
	<u>\$ 1,813,147</u>	<u>\$ 1,788,232</u>

7. Surplus

	2014	2013
Balance, beginning of year	\$ 407,161	\$ 524,669
Annual surplus (deficit)	24,915	(118,479)
Transfer from Sick Leave Reserve	4,661	971
	<u>\$ 436,737</u>	<u>\$ 407,161</u>

The allocation of the surplus balance at the end of the year is as follows:

	2014	2013
County of Simcoe	\$ 236,429	\$ 220,295
City of Barrie	97,387	90,972
City of Orillia	22,090	20,632
District of Muskoka	80,831	75,262
	<u>\$ 436,737</u>	<u>\$ 407,161</u>

Simcoe Muskoka District Health Unit

Notes to the Financial Statements

For the year ended December 31, 2014

8. Operating Grants

County of Simcoe

	2014	2013
Cost Shared Program		
Public Health Program	\$ 4,051,752	\$ 3,945,720
100% Funded Programs		
Ontario Works Dental Program - Administration Fee	209,671	218,844
Ontario Works Dental Program - Dental Claims	1,204,828	1,333,229
	<u>1,414,499</u>	<u>1,552,073</u>
	<u>\$ 5,466,251</u>	<u>\$ 5,497,793</u>

District of Muskoka

	2014	2013
Cost Shared Program		
Public Health Program	\$ 1,398,984	\$ 1,383,324
100% Funded Programs		
Ontario Works Dental Program - Administration Fee	9,443	11,552
	<u>\$ 1,408,427</u>	<u>\$ 1,394,876</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2014

9. Internally Restricted Reserve Funds

Sick Leave Reserve Fund

A reserve fund is maintained to cover the municipal share of sick leave benefits as described in note 15.

	2014	2013
Balance, beginning of the year	\$ 53,105	\$ 54,076
Transfer to surplus	(4,661)	(971)
Balance, end of the year	\$ 48,444	\$ 53,105

Contingency Reserve

The purpose of the contingency reserve is to cover unforeseen public health emergencies including, but not limited to, communicable disease outbreaks and localized or mass immunization requirements as determined by the Board of Health. The total value of the contingency reserve fund at the end of any one year is to be no more than five percent of the Health Unit's annual approved public health budget.

	2014	2013
Balance, beginning and end of the year	\$ 582,872	\$ 582,872

Capital Fund Reserve

The purpose of the capital reserve fund is to cover expenses related to the five year infrastructure plan. During 2010, the Board of the Health approved the transfer of the accumulated municipal surplus balance of \$653,562 as at December 31, 2009 to this capital reserve fund.

	2014	2013
Balance, beginning and end of the year	\$ 745,094	\$ 745,094
Total Internally Restricted Reserve Funds	\$ 1,376,410	\$ 1,381,071

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2014

10. Segmented Reporting

The Chartered Professional Accountants of Canada Accounting Handbook Section PS 2700, Segment Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Health Unit has only one identifiable segment, considered to be public health, as presented in these financial statements.

11. Contingencies

(a) The Health Unit receives annual funding from the Ministry of Health and Long-Term Care and the amount of funding provided is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the year ended December 31, 2014 has not been subject to this review process. Any future adjustments required as a result of this review will be accounted for at the time the adjustments are determined.

(b) The Health Unit has been notified that the Ontario Nurses Association (ONA) has served notice to bargain maintenance of pay equity. This matter is in the early stages, and the ultimate resolution, including the amount of award, if any, is undeterminable at this time.

12. Commitments

(a) Office space

The Health Unit leases office space at its main office in Barrie and for its branch offices in Collingwood, Barrie, Midland, Cookstown, Alliston, Huntsville, Gravenhurst and Orillia. These operating leases have varying expiry dates ranging from 2017 to the year 2023.

The minimum annual lease payments required over the next five years are as follows:

2015 - \$ 756,528	2018 - \$ 695,950
2016 - \$ 761,754	2019 - \$ 645,088
2017 - \$ 724,387	

(b) Office equipment and vehicles

The Health Unit rents office equipment and leases vehicles under long-term operating leases which extend to the year 2018. The minimum annual payments over the next four years under the terms of these leases are as follows:

2015 - \$ 54,603	2017 - \$24,379
2016 - \$ 31,550	2018 - \$22,347

Simcoe Muskoka District Health Unit

Notes to the Financial Statements

For the year ended December 31, 2014

13. Operating Grants - Ministry of Health and Long-Term Care

	2014	2013
Cost Shared Programs		
Public Health Program	\$ 21,785,611	\$ 20,724,781
Vector Borne Diseases Program (formerly West Nile Virus)	136,493	127,470
Universal Influenza Immunization Program	18,965	28,520
Meningococcal Program	39,075	48,229
HPV Program	51,400	62,849
Children in Need of Treatment Expansion Program	131,365	137,057
Small Drinking Water Systems	156,500	152,426
One Time	92,048	58,310
	<u>22,411,457</u>	<u>21,339,642</u>
100% Funded Programs		
Healthy Babies, Healthy Children Program	2,538,974	2,525,783
Healthy Smiles Ontario Program	1,068,936	905,385
Smoke Free Ontario Programs		
-Enforcement and Protection	518,900	518,900
-Youth Tobacco Use Prevention	77,268	80,000
-Tobacco Control Area Network Prevention	299,294	300,800
-Tobacco Control Area Network Coordination	285,800	285,800
-Tobacco Control Coordination	100,000	100,000
-Prosecution	12,372	12,800
-One Time SFO: Enforcement Tablet Upgrade	-	16,523
-Workplace Cessation Demonstration Project	22,827	92,738
-One Time SFO: Not to Kids Coalition	7,295	-
Infectious Diseases Control Initiative	777,815	765,423
Enhanced Food Safety Haines Initiative Program	90,225	90,225
Medical Officers of Health Compensation	138,228	182,185
Other miscellaneous programs	15,245	10,206
Public Health Nurses Initiative	180,448	164,278
Infection Prevention and Control Nurses Initiative Program	90,066	88,300
Health Communities Partnership	97,716	165,825
Enhanced Safe Water Initiative	40,147	40,147
Anonymous HIV Testing Program	48,976	48,976
Nursing Graduate Guarantee Program	15,286	96,767
Needle Exchange	40,625	32,500
Chief Nursing Officer Initiative	121,414	119,033
Panorama	82,245	49,676
Infection Protection and Control Week	-	7,758
Sexually Transmitted Infections Week	-	7,000
World Tuberculosis Day	-	2,000
Pharmacists Integration into the UIIP	37,362	-
	<u>6,707,464</u>	<u>6,709,028</u>
	<u>\$ 29,118,921</u>	<u>\$ 28,048,670</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2014

14. Pension Agreement

The Health Unit makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of 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 Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Health Unit has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million (2013 - \$73,004 million) in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million (2013 - \$64,363 million) indicating an actuarial deficit of \$7,078 million (2013 - \$8,641 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Health Unit does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2014 was \$2,277,886 (2013 - \$2,285,433) and is included as an expense in the statement of operations.

15. Liability for Vested Sick Leave Benefits

(a) Union employees

In 1988, the sick leave benefit plan covered by a union agreement was amended, removing the employees' entitlement to a cash payment for unused sick leave credits upon termination of employment. The amount accumulated up to the date of this amendment will be paid to those employees upon termination of employment with the Health Unit.

As at December 31, 2014, this unpaid balance amounted to \$1,198 (2013 - \$12,519) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$11,572 (2013 - \$NIL).

(b) Non-union employees

In 1981, the Health Unit discontinued its sick leave benefit plan under which non-union employees were entitled to a cash payment for unused sick leave credits upon termination of employment. Upon discontinuation of the plan, these employees were entitled to 50% of their unused sick leave credit, one-half of which was paid in 1981. The balance is due when the employee terminates employment with the Health Unit.

As at December 31, 2014, this unpaid balance amounted to \$23,847 (2013 - \$34,367) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$11,158 (2013 - \$25,623).

No provision has been made in these financial statements to cover these unpaid balances. The provincial share of the unpaid balances are recoverable only after the actual disbursement of funds. A reserve fund has been established to provide for the municipal share of these unpaid balances and is reported on the statement of financial position. (see note 9).

Anticipated payments over the next year approximate \$20,000.

Simcoe Muskoka District Health Unit **Notes to the Financial Statements**

For the year ended December 31, 2014

16. Post-Employment Benefits and Compensated Absences Liability

The following tables outline the components of the Health Unit's post-employment benefits and compensated absences liabilities and related expenses.

	Post-employment Benefits	Non-vesting Sick Leave	Total 2014	Total 2013
Accrued benefit liability, beginning of year	\$ 784,002	\$ 825,901	\$ 1,609,903	\$ 1,610,104
Expense for the year (below)	69,303	143,505	212,808	203,979
Benefits paid	(55,141)	(150,182)	(205,323)	(204,180)
Accrued benefit liability, end of year	\$ 798,164	\$ 819,224	\$ 1,617,388	\$ 1,609,903

	Post-employment Benefits	Non-vesting Sick Leave	Total 2014	Total 2013
Current year benefit cost	\$ 36,382	\$ 109,273	\$ 145,655	\$ 136,978
Interest on accrued benefit obligation	32,921	34,232	67,153	67,001
Total expense	\$ 69,303	\$ 143,505	\$ 212,808	\$ 203,979

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2014

17. Post-Employment Benefits and Compensated Absences Liability (continued)

Post-Employment Benefits

The Health Unit offers post-employment life insurance, health and dental benefits to eligible employee groups subsequent to their retirement. The Health Unit contributes 50% towards the premiums for these benefits. The Health Unit recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation completed as at December 31, 2012.

Non-Vesting Sick Leave

The Health Unit allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation completed as at December 31, 2012.

The assumptions used in the valuation of post-employment benefits and compensated absences are the Health Unit's best estimates of expected rates of:

	2014	2013
Future cost of long term debt	4.25%	4.25%
Future inflation rates	2.00%	2.00%
Salaries escalation	3.00%	3.00%
Dental costs escalation	4.00%	4.00%

17. Economic Dependence

Substantially all of the Health Unit's revenue is received from the Ministry of Health and Long-Term Care and municipalities in its district. The continuation of the Health Unit is dependent on this funding.

Simcoe Muskoka District Health Unit

Notes to the Financial Statements

For the year ended December 31, 2014

18. Expenses by Object

	2014	2013
Salaries, wages	\$ 24,541,851	\$ 23,759,691
Employee benefits	6,415,955	6,047,664
Medical and dental services	1,949,469	2,155,209
Occupancy	1,570,781	1,520,966
Program materials and supplies	646,658	588,936
Furniture, equipment, technology	633,657	642,644
Travel	568,428	635,142
Amortization and loss on disposal of tangible capital assets	536,472	499,217
Purchased services	464,084	559,679
Office supplies	368,717	260,809
Professional development	192,132	148,752
Telephone	215,460	234,519
Professional fees	125,854	170,918
Postage and courier	125,646	108,112
Equipment maintenance	157,240	56,152
Advertising	82,210	87,241
Insurance	40,848	39,533
Board honouraria	21,049	20,020
Bank charges	20,208	19,436
	<u>\$ 38,676,719</u>	<u>\$ 37,554,640</u>

19. Budget

The budget adopted by the Health Unit was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and change in net financial debt represent the budget adopted by the Health Unit with adjustments as follows:

Budgeted surplus for the year, as approved	\$ 199,768
Add budgeted capital expenditures	-
Less amortization	<u>(536,473)</u>
Budgeted deficit per statement of operations	<u>\$ (336,705)</u>

Simcoe Muskoka District Health Unit
Schedule 1
Public Health Cost Shared Mandatory Program

For the year ended December 31	Budget 2014	Actual 2014	Actual 2013
Salaries, wages and benefits			
Salaries	\$ 19,414,510	\$ 19,423,179	\$ 18,875,706
Benefits	5,233,818	5,145,474	4,931,478
Total salaries, wages and benefits	24,648,328	24,568,653	23,807,184
Occupancy	1,580,379	1,541,375	1,486,223
Operating			
Advertising	91,000	82,210	87,241
Equipment and maintenance	64,500	157,240	56,152
Equipment and furnishings	631,000	611,381	552,014
Medical and dental services	600,736	532,172	587,340
Office supplies	199,869	110,609	141,651
Postage and courier	140,000	125,646	108,112
Professional development	132,400	151,788	123,323
Program materials and supplies	184,000	239,469	200,137
Telephone	315,000	213,357	232,994
Travel	409,500	363,558	393,342
	2,768,005	2,587,430	2,482,306
Administration			
Board honouraria	30,000	21,049	20,020
Bank charges	17,000	20,208	19,436
Insurance	40,000	40,848	39,533
Professional services	169,000	120,854	166,000
	256,000	202,959	244,989
Total mandatory program expenses	\$ 29,252,712	\$ 28,900,417	\$ 28,020,702

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2014	2013
Healthy Babies, Healthy Children Program		
Salaries, wages and benefits		
Program staff and support staff	\$ 1,901,339	\$ 1,935,610
Benefits	503,274	474,137
	<hr/>	
Total salaries, wages and benefits	2,404,613	2,409,747
Computer leasing	10,400	10,400
Equipment	4,803	8,985
Professional development	9,150	6,655
Professional services	5,000	4,918
Program materials and supplies	4,530	4,174
Travel	80,637	80,904
	<hr/>	
	\$ 2,519,133	\$ 2,525,783
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Enhanced Safe Water Initiative		
Salaries	\$ 31,612	\$ 32,377
Benefits	8,535	7,770
	<hr/>	
	\$ 40,147	\$ 40,147
	<hr/>	

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2014	2013
Health Communities Partnership		
Equipment	\$ -	\$ 27
Purchases services	84,278	139,047
Program materials and supplies	5,587	6,071
Professional development	4,049	603
Travel	3,802	20,077
	<u>\$ 97,716</u>	<u>\$ 165,825</u>
Vector Borne Diseases Program (formerly West Nile Virus)		
Salaries, wages and benefits		
Program staff and support staff	\$ 45,764	\$ 56,038
Benefits	9,274	13,449
	<u>55,038</u>	<u>69,487</u>
Total salaries, wages and benefits	55,038	69,487
Equipment and furnishings	-	2,621
Professional development	-	499
Program materials and supplies	3,484	1,787
Purchased services	15,313	18,110
Travel	7,294	8,466
	<u>81,129</u>	<u>100,970</u>
Payments to municipalities for expenses incurred	75,646	51,742
	<u>\$ 156,775</u>	<u>\$ 152,712</u>
Enhanced Food Safety Haines Initiative Program		
Salaries	\$ 71,043	\$ 72,762
Benefits	19,182	17,463
	<u>\$ 90,225</u>	<u>\$ 90,225</u>

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2014	2013
Public Health Nurses Initiative		
Salaries	\$ 142,085	\$ 131,512
Benefits	38,363	32,766
	<u>\$ 180,448</u>	<u>\$ 164,278</u>
Needle Exchange Program Initiative		
Program materials and supplies	\$ 40,625	\$ 32,500
Small Drinking Water Systems		
Salaries	\$ 151,865	\$ 147,987
Benefits	41,004	35,517
Professional development	1,325	3,412
Purchased services	604	604
Travel	11,869	13,715
Building occupancy	2,000	2,000
	<u>\$ 208,667</u>	<u>\$ 203,235</u>
Infectious Diseases Control Initiative		
Salaries	\$ 563,379	\$ 552,872
Benefits	152,027	130,184
Equipment	3,200	5,841
Professional development	4,962	3,092
Program materials and supplies	32,837	37,918
Purchased services	6,884	17,892
Travel	14,526	17,624
	<u>\$ 777,815</u>	<u>\$ 765,423</u>
Children in Need of Dental Treatment Extension Program		
Dental services	\$ 175,153	\$ 197,855
Ontario Dental Works Program		
Salaries	\$ 98,828	\$ -
Benefits	26,684	-
Dental fees	1,204,828	1,334,412
	<u>\$ 1,330,340</u>	<u>\$ 1,334,412</u>

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2014	2013
Anonymous HIV Testing Program		
Salaries, wages and benefits	\$ 48,976	\$ 48,976
Medical Officers of Health Compensation		
Salaries, wages and benefits	\$ 138,233	\$ 182,185
Healthy Smiles Ontario Program		
Salaries, wages and benefits		
Salaries	\$ 794,856	\$ 650,387
Benefits	214,611	156,338
Total salaries, wages and benefits	1,009,467	806,725
Purchased services	132,431	141,897
Equipment	11,366	4,140
Professional development	2,541	1,925
Program materials and supplies	52,828	56,446
Occupancy	27,407	32,744
Telephone	1,858	1,354
Travel	18,782	32,260
	\$ 1,256,680	\$ 1,077,491
Infection Prevention and Control Nurses Initiative Program (RNAO)		
Salaries	\$ 70,918	\$ 71,210
Benefits	19,148	17,090
	\$ 90,066	88,300
One Time		
Salaries, wages and benefits	\$ 22,730	\$ 17,746
Equipment	-	60,000
	\$ 22,730	\$ 77,746
Registered Nurses Association of Ontario Provincial Coordinator		
Salaries and wages	\$ 78,681	\$ 76,465
Benefits	18,783	18,033
Program materials and supplies	5,964	117
	\$ 103,428	\$ 94,615

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2014	2013
Nursing Graduate Guarantee		
Salaries and wages	\$ 13,807	\$ 87,400
Benefits	1,479	9,367
	<u>\$ 15,286</u>	<u>\$ 96,767</u>
Chief Nursing Officer Initiative		
Salaries and wages	\$ 95,602	\$ 95,928
Benefits	25,812	23,105
	<u>\$ 121,414</u>	<u>\$ 119,033</u>
Library Hub		
Salaries and wages	\$ 84,791	\$ 70,153
Benefits	22,661	16,837
Professional development	531	-
Program materials and supplies	88,266	23,428
Travel	626	-
	<u>\$ 196,875</u>	<u>\$ 110,418</u>
Panorama		
Salaries and wages	\$ 30,105	\$ 36,518
Benefits	6,811	11,532
Program materials and supplies	42,424	-
Purchased services	-	1,626
Travel	2,905	-
	<u>\$ 82,245</u>	<u>\$ 49,676</u>
Public Health Ontario Secondment		
Salaries, wages and benefits	\$ 126,590	\$ 84,049

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31 **2014** **2013**

Smoke Free Ontario

Enforcement and Protection

Salaries	\$ 356,674	\$ 366,192
Benefits	96,302	88,104
Program materials and supplies	1,209	381
Professional development	-	4,068
Purchased services	14,824	8,967
Travel	49,891	51,188
	<u>\$ 518,900</u>	<u>\$ 518,900</u>

Tobacco Control Area Network Coordination

Salaries	\$ 216,363	\$ 218,196
Benefits	58,418	52,472
Program materials and supplies	731	2,002
Professional development	-	1,248
Purchased services	2,137	2,784
Travel	8,151	9,098
	<u>\$ 285,800</u>	<u>\$ 285,800</u>

Tobacco Control Coordination

Salaries	\$ 79,208	\$ 80,645
Benefits	20,792	19,355
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Youth Tobacco Use Prevention Program

Salaries	\$ 55,382	\$ 55,820
Benefits	14,899	13,397
Program materials and supplies	2,171	670
Purchased services	2,582	5,171
Professional development	1,245	3,926
Travel	989	1,016
	<u>\$ 77,268</u>	<u>\$ 80,000</u>

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31 2014 2013

Smoke Free Ontario (continued)

Tobacco Control Area Network Prevention

Salaries	\$ 24,556	\$ 18,018
Benefits	3,428	4,324
Program materials and supplies	26,965	27,951
Professional development	16,541	-
Purchased services	219,496	243,055
Travel	8,303	7,452
	<u>\$ 299,289</u>	<u>\$ 300,800</u>

One Time SFO: Not To Kids Coalition

Purchased Services	\$ 7,295	\$ -
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One Time SFO: Enforcement Tablet Upgrade

Equipment	\$ -	\$ 16,523
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Prosecution

Prosecution	\$ 12,372	\$ 12,800
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Workplace Cessation Demonstration Project

Salaries	\$ 8,171	\$ 29,904
Benefits	2,206	7,177
Program materials and supplies	-	52,860
Purchased services	12,450	2,601
	<u>\$ 22,827</u>	<u>\$ 92,542</u>