

**Simcoe Muskoka  
District Health Unit  
Financial Statements**  
For the year ended December 31, 2016

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## Management Report

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### Management's Responsibility for the Financial Statements

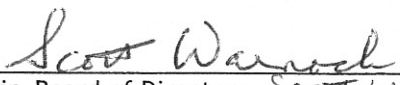
The accompanying financial statements of the Simcoe Muskoka District Health Unit are the responsibility of the Health Unit's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of significant accounting policies is attached to the financial statements.

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.

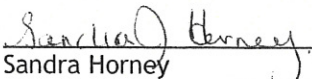
The Health Unit's management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a 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, *SCOTT Warnock*

April 19, 2017

  
Sandra Horney  
Director of Program Foundations and Finance

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## Independent Auditor's Report

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**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, 2016, and the statement of operations, statement of change in net financial assets (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, 2016 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  
April 19, 2017

## December 31

2015

Cash and short-term deposits (note 1)	\$ 6,030,093	\$ 4,329,925
Accounts receivable (note 2)	668,184	636,353
Due from Province of Ontario - Other (note 3)	2,751	2,751
Due from Ministry of Health and Long-Term Care (note 12)	-	146,102

\$ 6,030,093	\$ 4,329,925
668,184	636,353
2,751	2,751
-	146,102

6,701,028	5,115,131
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Accounts payable and accrued liabilities (note 4)	3,756,208	3,204,557
Due to Ministry of Health and Long-Term Care (note 12)	227,939	-
Post-employment benefits and compensated absences (note 18)	1,641,847	1,623,642
Deferred revenue (note 6)	645,090	542,917

3,756,208	3,204,557
227,939	-
1,641,847	1,623,642
645,090	542,917

6,271,084	5,371,116
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429,944	(255,985)
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Tangible capital assets (note 5)	1,689,556	1,830,661
Prepaid expenses	370,959	335,415

1,689,556	1,830,661
370,959	335,415

2,060,515	2,166,076
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\$ 2,490,459      \$ 1,910,091

**Commitments (note 14)**

Low Wayport

Director



# Simcoe Muskoka District Health Unit

## Statement of Operations

For the year ended December 31	2016 Budget	2016	2015
	(note 21)		
<b>Revenues</b>			
Operating grants			
Ministry of Health and Long-Term Care			
- Mandatory Programs (note 15)	\$ 28,596,554	\$ 26,424,861	\$ 27,059,315
Ministry of Children and Youth Services	2,573,133	2,573,133	2,502,375
County of Simcoe (note 10)	4,396,126	5,059,539	5,541,375
City of Barrie	1,652,221	1,652,220	1,632,370
City of Orillia	373,218	373,218	371,104
District of Muskoka (note 10)	1,424,393	1,431,879	1,419,423
District of Parry Sound	-	5,639	8,629
	39,015,645	37,520,489	38,534,591
Interest earned	40,000	35,658	40,847
Other	363,126	357,158	464,325
	39,418,771	37,913,305	39,039,763
<b>Expenses (note 20)</b>			
Public Health Program	30,115,951	27,501,647	29,018,083
Healthy Babies, Healthy Children Program	2,573,133	2,573,133	2,485,275
Healthy Smiles Ontario Program	2,184,000	2,180,588	1,447,043
Smoke Free Ontario Programs	1,406,300	1,414,233	1,344,456
One Time	796,000	13,142	20,478
Ontario Dental Works Program	-	826,568	1,427,963
Infectious Diseases Control Initiative	777,900	777,900	777,900
Small Drinking Water Systems	208,667	208,667	208,667
Children in Need of Dental Treatment Expansion Program	-	-	233,301
Enhanced Food Safety Haines Initiative Program	90,300	90,300	90,300
Medical Officers of Health Compensation	142,000	128,430	125,682
Other	2,500	8,733	73,704
Vector Borne Diseases Program	156,800	154,440	145,515
Public Health Nurses Initiative	180,500	180,500	180,500
Infection Prevention and Control Nurses Initiative	90,100	90,100	90,100
Healthy Communities Partnership	-	-	123,686
Enhanced Safe Water Initiative	40,200	40,200	40,200
Immunization of School Pupils Act	41,500	41,500	59,100
Anonymous HIV Testing Program	48,976	48,976	48,976
Needle Exchange Program Initiative	40,700	40,700	40,700
Public Health Ontario Secondment	-	-	20,277
Chief Nursing Officer Initiative	121,500	121,500	121,500
Panorama	134,900	155,300	210,681
Public Health Inspector Practicum Program	10,000	10,000	10,000
Pharmacists Integration into the UIIP Program	68,000	68,000	-
RNAO	-	-	16,341
Library Hub	131,126	133,465	123,916
	39,361,053	36,808,022	38,484,344
<b>Annual surplus before adjustments</b>	<b>57,718</b>	<b>1,105,283</b>	<b>555,419</b>
Amortization expense	531,119	531,119	543,381
Change in accrued vacation pay	-	(24,409)	(91,160)
Change in post-employment benefits and compensated absences	-	18,205	6,254
	531,119	524,915	458,475
<b>Annual surplus (deficit) for the year</b>	<b>(473,401)</b>	<b>580,368</b>	<b>96,944</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,910,091</b>	<b>1,910,091</b>	<b>1,813,147</b>
<b>Accumulated surplus, end of year (note 7)</b>	<b>\$ 1,436,690</b>	<b>\$ 2,490,459</b>	<b>\$ 1,910,091</b>

# Simcoe Muskoka District Health Unit

## Statement of Change in Net Financial Assets (Debt)

For the year ended December 31	2016 Budget	2016	2015
	(note 21)		
Annual surplus (deficit)	\$ (473,401)	\$ 580,368	\$ 96,944
Acquisition of tangible capital assets	-	(390,014)	(350,693)
Amortization of tangible capital assets	531,119	531,119	543,381
	531,119	141,105	192,688
Acquisition of prepaid expenses	-	(370,959)	(335,415)
Use of prepaids	-	335,415	308,625
	-	(35,544)	(26,790)
Change in net financial assets	57,718	685,929	262,842
Net financial debt, beginning of year	(255,985)	(255,985)	(518,827)
Net financial assets (debt), end of year	\$ (198,267)	\$ 429,944	\$ (255,985)

# Simcoe Muskoka District Health Unit

## Statement of Cash Flows

December 31	2016	2015
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 580,368	\$ 96,944
Items not involving cash		
Amortization	531,119	543,381
	1,111,487	640,325
Changes in non-cash working capital balances		
Accounts receivable	(31,831)	89,392
Amount due from Ministry of Health and Long-Term Care	374,041	77,458
Prepaid expenses	(35,544)	(26,791)
Accounts payable and accrued liabilities	551,651	58,554
Deferred revenue	102,173	(180,652)
Post-employment benefits and compensated absences	18,205	6,254
	2,090,182	664,540
Capital transactions		
Acquisition of tangible capital assets	(390,014)	(350,693)
Increase in cash and short-term deposits during the year	1,700,168	313,847
Cash and short-term deposits, beginning of year	4,329,925	4,016,078
Cash and short-term deposits, end of year	\$ 6,030,093	\$ 4,329,925
Represented by:		
Unrestricted cash	\$ 4,567,882	\$ 2,882,355
Term deposits (note 1)	1,462,211	1,447,570
	\$ 6,030,093	\$ 4,329,925

# Simcoe Muskoka District Health Unit

## Summary of Significant Accounting Policies

For the year ended December 31, 2016

### 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. Investment revenue is recognized in the period earned.

### 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.



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## Simcoe Muskoka District Health Unit

### Summary of Significant Accounting Policies

For the year ended December 31, 2016

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#### 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.
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# Simcoe Muskoka District Health Unit

## Notes to the Financial Statements

For the year ended December 31, 2016

### 1. Cash and Short-Term Deposits

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, 2016.

Cash and short-term deposits, consists of three guaranteed investment certificates with a total face value of \$1,462,211, interest at 1.00% and maturity dates ranging from March 29, 2017 to April 4, 2017 (2015 - \$1,447,570, interest rates ranging from 0.96% to 1.00% and maturity dates ranging from March 3, 2016 to June 27, 2016).

### 2. Accounts Receivable

	2016	2015
HST recoverable	\$ 477,653	\$ 480,797
County of Simcoe	130,856	101,052
Other	59,675	54,504
	<u>\$ 668,184</u>	<u>\$ 636,353</u>

### 3. Due from Province of Ontario - Other

	2016	2015
Provincial share of sick leave benefits to be recovered when certain non-union employees terminate employment with the Health Unit	\$ 2,751	\$ 2,751

### 4. Accounts Payable and Accrued Liabilities

	2016	2015
Trade and other	\$ 694,686	\$ 593,076
Salaries and benefits	2,530,961	2,056,511
Accrued vacation pay liability	530,561	554,970
	<u>\$ 3,756,208</u>	<u>\$ 3,204,557</u>

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

For the year ended December 31, 2016

**5. Tangible Capital Assets**

	2016				
	Equipment and Furniture	Computer Equipment	Leasehold Improvements	Dental Van	Vehicles
Cost, beginning of year	\$ 424,834	\$ 1,205,117	\$ 2,503,483	\$ 483,915	\$ 58,416
Additions	-	169,150	164,993	-	55,871
Cost, end of year	424,834	1,374,267	2,668,476	483,915	114,287
Accumulated amortization, beginning of year	257,034	984,005	1,252,492	345,653	5,920
Amortization	28,208	166,832	255,265	69,131	11,683
Accumulated amortization, end of year	285,242	1,150,837	1,507,757	414,784	17,603
Net carrying amount, end of year	\$ 139,592	\$ 223,430	\$ 1,160,719	\$ 69,131	\$ 96,684
					\$ 1,689,556

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

For the year ended December 31, 2016

**5. Tangible Capital Assets (continued)**

						2015
	Equipment and Furniture	Computer Equipment	Leasehold Improvements	Dental Van	Vehicles	Total
Cost, beginning of year	\$ 391,820	\$ 1,026,937	\$ 2,392,798	\$ 483,915	\$ 29,602	\$ 4,325,072
Additions	33,014	178,180	110,685	-	28,814	350,693
Cost, end of year	424,834	1,205,117	2,503,483	483,915	58,416	4,675,765
Accumulated amortization, beginning of year	216,517	803,539	1,005,144	276,523	-	2,301,723
Amortization	40,517	180,466	247,348	69,130	5,920	543,381
Accumulated amortization, end of year	257,034	984,005	1,252,492	345,653	5,920	2,845,104
Net carrying amount, end of year	\$ 167,800	\$ 221,112	\$ 1,250,991	\$ 138,262	\$ 52,496	\$ 1,830,661



# Simcoe Muskoka District Health Unit

## Notes to the Financial Statements

For the year ended December 31, 2016

### 6. Deferred Revenue

The Health Unit operates a number of programs in which funding is received for the period April 1 to March 31. Therefore any funding received for these programs where the expenses have not been incurred at December 31, 2016, is recorded as deferred revenue.

In addition, the Health Unit has received fiscal 2017 municipal operating grants which have also been included in deferred revenue.

### 7. Accumulated Surplus

	2016	2015
Surplus (note 8)	\$ 678,456	\$ 98,784
Internally restricted reserves (note 9)	1,812,003	1,811,307
	<u>\$ 2,490,459</u>	<u>\$ 1,910,091</u>

### 8. Surplus

	2016	2015
Balance, beginning of year	\$ 98,784	\$ 436,737
Annual surplus	580,368	96,944
Transfer from (to) Sick Leave Reserve	(696)	1,840
Transfer to Contingency Reserve (note 9)	-	(436,737)
Balance, end of year	<u>\$ 678,456</u>	<u>\$ 98,784</u>

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

	2016	2015
County of Simcoe	\$ 373,960	\$ 54,134
City of Barrie	145,820	21,372
City of Orillia	32,970	4,859
District of Muskoka	125,706	18,419
	<u>\$ 678,456</u>	<u>\$ 98,784</u>

# Simcoe Muskoka District Health Unit

## Notes to the Financial Statements

For the year ended December 31, 2016

### 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 17.

	2016	2015
Balance, beginning of the year	\$ 46,604	\$ 48,444
Transfer from (to) surplus	696	(1,840)
Balance, end of the year	\$ 47,300	\$ 46,604

#### 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.

During 2015, the Board of the Health approved the transfer of the accumulated municipal surplus balance as at December 31, 2014 of \$436,737 to the contingency reserve fund.

	2016	2015
Balance, beginning of the year	\$ 1,019,609	\$ 582,872
Transfer from surplus	-	436,737
Balance, end of the year	\$ 1,019,609	\$ 1,019,609

#### Capital Fund Reserve

The purpose of the capital reserve fund is to cover expenses related to the five year infrastructure plan.

	2016	2015
Balance, beginning and end of the year	\$ 745,094	\$ 745,094
<b>Total Internally Restricted Reserve Funds</b>	<b>\$ 1,812,003</b>	<b>\$ 1,811,307</b>

# Simcoe Muskoka District Health Unit

## Notes to the Financial Statements

For the year ended December 31, 2016

### 10. Operating Grants

#### County of Simcoe

	2016	2015
<b>Cost Shared Program</b>		
Public Health Program	\$ 4,246,128	\$ 4,134,768
<b>100% Funded Programs</b>		
Ontario Works Dental Program - Administration Fee	161,369	200,254
Ontario Works Dental Program - Dental Claims	652,042	1,206,353
	813,411	1,406,607
	<u>\$ 5,059,539</u>	<u>\$ 5,541,375</u>

#### District of Muskoka

	2016	2015
<b>Cost Shared Program</b>		
Public Health Program	\$ 1,424,388	\$ 1,406,820
<b>100% Funded Programs</b>		
Ontario Works Dental Program - Administration Fee	7,491	12,603
	<u>\$ 1,431,879</u>	<u>\$ 1,419,423</u>

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## Simcoe Muskoka District Health Unit

### Notes to the Financial Statements

For the year ended December 31, 2016

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#### 11. 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.

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#### 12. Contingencies

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, 2016 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.

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#### 13. Pay Equity

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

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#### 14. 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, Huntsville, Gravenhurst and Orillia. These operating leases have varying expiry dates ranging from 2017 to the year 2027.

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

2017 - \$ 897,879	2020 - \$ 771,882
2018 - \$ 891,128	2021 - \$ 566,549
2019 - \$ 829,629	

##### (b) Office equipment and vehicles

The Health Unit rents office equipment and leases vehicles under long-term operating leases which extend to the year 2020. The minimum annual payments over the next four years under the terms of these leases are as follows:

2017 - \$ 39,283	2020 - \$ 12,420
2018 - \$ 37,251	
2019 - \$ 14,904	

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

For the year ended December 31, 2016

### 15. Operating Grants - Ministry of Health and Long-Term Care

	2016	2015
<b>Cost Shared Programs</b>		
Public Health Program	\$ 20,701,000	\$ 21,796,400
Vector Borne Diseases Program (formerly West Nile Virus)	129,325	121,376
Universal Influenza Immunization Program	1,355	3,055
Meningococcal Program	46,691	35,573
HPV Program	70,839	48,314
Children in Need of Treatment Expansion Program	-	203,871
Small Drinking Water Systems	156,500	156,500
One Time	12,453	94,337
	<u>21,118,163</u>	<u>22,459,426</u>
<b>100% Funded Programs</b>		
Healthy Smiles Ontario Program	2,097,606	1,202,904
Smoke Free Ontario Programs		
-Enforcement and Protection	518,900	518,900
-Youth Tobacco Use Prevention	80,000	80,000
-Tobacco Control Area Network Prevention	300,800	300,800
-Tobacco Control Area Network Coordination	285,800	285,800
-Tobacco Control Coordination	100,000	100,000
-Prosecution	4,876	4,978
-Electronic Cigarettes Act	108,800	36,085
-Expanded Smoking Cessation Programming	11,457	7,165
-One Time Enforcement Tablet Upgrade	3,600	-
-One Time SFO: Not to Kids Coalition	-	10,570
Infectious Diseases Control Initiative	777,900	777,900
Enhanced Food Safety Haines Initiative Program	90,300	90,300
Medical Officers of Health Compensation	128,430	125,682
Other miscellaneous programs	1,453	133,362
Public Health Nurses Initiative	180,500	180,500
Infection Prevention and Control Nurses Initiative Program	90,100	90,100
Healthy Communities Partnership	-	123,686
Enhanced Safe Water Initiative	40,200	40,200
Anonymous HIV Testing Program	48,976	48,976
Needle Exchange Program Initiative	40,700	40,700
Immunization of School Pupils Act	41,500	59,100
Chief Nursing Officer Initiative	121,500	121,500
Panorama	155,300	210,681
Pharmacists Integration into the UIIP	68,000	-
Public Health Inspector Practicum Program	10,000	10,000
	<u>5,306,698</u>	<u>4,599,889</u>
	<u>\$ 26,424,861</u>	<u>\$ 27,059,315</u>

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## Simcoe Muskoka District Health Unit

### Notes to the Financial Statements

For the year ended December 31, 2016

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#### 16. 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 470,000 active and retired members and approximately 1,000 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million (2015 - \$82,369 million) in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million (2015 - \$75,392 million) indicating an actuarial deficit of \$5,720 million (2015 - \$6,977 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 2016 was \$2,382,352 (2015 - \$2,360,163) and is included as an expense in the statement of operations.

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#### 17. 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, 2016, this unpaid balance amounted to \$1,246 (2015 - \$1,222) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$NIL (2015 - \$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.

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

For the year ended December 31, 2016

### 17. Liability for Vested Sick Leave Benefits (continued)

As at December 31, 2016, this unpaid balance amounted to \$11,781 (2015 - \$11,942) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$NIL (2015 - \$12,133).

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 \$9,000.

### 18. 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 2016	Total 2015
Accrued benefit liability, beginning of year	\$ 806,639	\$ 817,003	\$ 1,623,642	\$ 1,617,388
Expense for the year (below)	107,400	212,460	319,860	222,321
Actuarial loss	237,348	283,741	521,089	566,663
Benefits paid	(110,044)	(191,611)	(301,655)	(216,067)
Accrued benefit obligation, end of year	1,041,343	1,121,593	2,162,936	2,190,305
Unamortized actuarial loss	(237,348)	(283,741)	(521,089)	(566,663)
Accrued benefit liability, end of year	\$ 803,995	\$ 837,852	\$ 1,641,847	\$ 1,623,642

	Post-employment Benefits	Non-vesting Sick Leave	Total 2016	Total 2015
Current year benefit cost	\$ 41,299	\$ 137,195	\$ 178,494	\$ 154,883
Interest on accrued benefit obligation	46,322	49,470	95,792	67,438
Amortized actuarial losses	19,779	25,795	45,574	-
Total expense	\$ 107,400	\$ 212,460	\$ 319,860	\$ 222,321

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## Simcoe Muskoka District Health Unit

### Notes to the Financial Statements

For the year ended December 31, 2016

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#### 18. 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, 2015. The actuarial loss of \$257,127 will be amortized over 13 years beginning in fiscal 2016, which is the estimated average remaining service life.

##### 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, 2015. The actuarial loss of \$309,536 will be amortized over 12 years beginning in fiscal 2016, which is the estimated average remaining service life.

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

	2016	2015
Future cost of long term debt	4.50%	4.50%
Future inflation rates	2.00%	2.00%
Salaries escalation	3.00%	3.00%
Dental costs escalation	4.00%	4.00%

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#### 19. 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.

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# Simcoe Muskoka District Health Unit

## Notes to the Financial Statements

For the year ended December 31, 2016

### 20. Expenses by Object

	2016	2015
Salaries, wages	\$ 24,612,386	\$ 24,628,141
Employee benefits	7,114,643	6,746,715
Occupancy	1,632,237	1,619,791
Medical and dental services	669,613	2,310,295
Information technology	541,797	600,328
Amortization	531,119	543,382
Program materials and supplies	513,897	458,048
Travel	477,318	569,501
Purchased services	272,556	389,033
Professional fees	232,616	191,317
Telecommunications	217,966	267,559
Postage and courier	136,769	116,424
Professional development	129,760	145,743
Office supplies	76,394	123,698
Advertising	43,128	62,462
Insurance	42,327	41,333
Equipment and maintenance	40,706	71,892
Board	28,779	36,645
Payroll and bank charges	18,926	20,512
	<u>\$ 37,332,937</u>	<u>\$ 38,942,819</u>

### 21. 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	\$ 57,718
Add budgeted capital expenditures	-
Less amortization	<u>(531,119)</u>
Budgeted deficit per statement of operations	<u>\$ (473,401)</u>

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

For the year ended December 31	Budget 2016	Actual 2016	Actual 2015
<b>Salaries, wages and benefits</b>			
Salaries	\$ 19,736,681	\$ 18,690,816	\$ 19,459,718
Benefits	5,714,937	5,415,156	5,235,876
<b>Total salaries, wages and benefits</b>	<b>25,451,618</b>	<b>24,105,972</b>	<b>24,695,594</b>
<b>Occupancy</b>	<b>1,580,379</b>	<b>1,574,321</b>	<b>1,589,009</b>
<b>Operating</b>			
Advertising	91,000	42,665	52,377
Equipment and maintenance	64,500	40,706	66,515
Information technology	616,000	468,508	557,122
Medical and dental services	750,736	-	641,050
Office supplies	159,818	54,458	86,290
Postage and courier	135,000	136,769	116,423
Professional development	147,400	110,288	117,974
Program materials and supplies	174,000	173,380	160,959
Telecommunications	300,000	211,762	266,232
Travel	409,500	266,382	387,448
	<b>2,847,954</b>	<b>1,504,918</b>	<b>2,452,390</b>
<b>Administration</b>			
Board	30,000	28,779	36,645
Insurance	40,000	42,327	41,333
Payroll and bank charges	17,000	18,925	20,512
Professional services	149,000	226,405	182,600
	<b>236,000</b>	<b>316,436</b>	<b>281,090</b>
<b>Total mandatory program expenses</b>	<b>\$ 30,115,951</b>	<b>\$ 27,501,647</b>	<b>\$ 29,018,083</b>

**Simcoe Muskoka District Health Unit**  
**Schedule 2**  
**Other Public Health Programs**

For the year ended December 31	2016	2015
<b>Healthy Babies, Healthy Children Program</b>		
Salaries, wages and benefits		
Program staff and support staff	\$ 1,913,880	\$ 1,832,652
Benefits	554,958	531,614
	<hr/>	<hr/>
Total salaries, wages and benefits	2,468,838	2,364,266
Computer leasing	10,400	10,400
Equipment	4,534	8,623
Professional development	5,498	6,697
Professional services	1,336	8,716
Program materials and supplies	7,400	5,567
Travel	75,127	81,006
	<hr/>	<hr/>
	\$ 2,573,133	\$ 2,485,275
<hr/>		
<b>Enhanced Safe Water Initiative</b>		
Salaries	\$ 31,163	\$ 31,174
Benefits	9,037	9,026
	<hr/>	<hr/>
	\$ 40,200	\$ 40,200
	<hr/>	<hr/>

**Simcoe Muskoka District Health Unit**  
**Schedule 2**  
**Other Public Health Programs**

For the year ended December 31	2016	2015
<b>Healthy Communities Partnership</b>		
Purchases services	\$ -	\$ 92,442
Program materials and supplies	-	19,497
Travel	-	11,747
	<u>\$ -</u>	<u>\$ 123,686</u>
<b>Vector Borne Diseases Program (formerly West Nile Virus)</b>		
Salaries, wages and benefits		
Program staff and support staff	\$ 64,020	\$ 58,673
Benefits	14,087	12,999
	<u>78,107</u>	<u>71,672</u>
Total salaries, wages and benefits	78,107	71,672
Equipment and furnishings	-	1,243
Professional development	225	478
Program materials and supplies	4,691	2,687
Purchased services	11,050	22,030
Travel	6,384	7,405
	<u>100,457</u>	<u>105,515</u>
Payments to municipalities for expenses incurred	53,983	40,000
	<u>\$ 154,440</u>	<u>\$ 145,515</u>
<b>Enhanced Food Safety Haines Initiative Program</b>		
Salaries	\$ 70,000	\$ 70,000
Benefits	20,300	20,300
	<u>\$ 90,300</u>	<u>\$ 90,300</u>

**Simcoe Muskoka District Health Unit**  
**Schedule 2**  
**Other Public Health Programs**

For the year ended December 31	2016	2015
<b>Public Health Nurses Initiative</b>		
Salaries	\$ 139,922	\$ 139,922
Benefits	40,578	40,578
	<u>\$ 180,500</u>	<u>\$ 180,500</u>
<b>Needle Exchange Program Initiative</b>		
Program materials and supplies	\$ 40,700	\$ 40,700
<b>Small Drinking Water Systems</b>		
Salaries	\$ 154,062	\$ 153,966
Benefits	44,678	44,650
Purchased services	604	604
Travel	9,323	9,447
	<u>\$ 208,667</u>	<u>\$ 208,667</u>
<b>Infectious Diseases Control Initiative</b>		
Salaries	\$ 570,056	\$ 569,916
Benefits	165,316	165,276
Equipment	-	3,200
Professional development	699	75
Program materials and supplies	30,529	31,087
Purchased services	2,314	2,804
Travel	8,986	5,542
	<u>\$ 777,900</u>	<u>\$ 777,900</u>
<b>Children in Need of Dental Treatment Expansion Program</b>		
Dental services	\$ -	\$ 233,301
<b>Ontario Dental Works Program</b>		
Salaries	\$ 132,785	\$ 168,863
Benefits	39,969	50,264
Dental fees	652,042	1,206,476
Other	1,772	2,360
	<u>\$ 826,568</u>	<u>\$ 1,427,963</u>



**Simcoe Muskoka District Health Unit**  
**Schedule 2**  
**Other Public Health Programs**

For the year ended December 31	2016	2015
<b>Anonymous HIV Testing Program</b>		
Salaries, wages and benefits	\$ 48,976	\$ 48,976
<b>Medical Officers of Health Compensation</b>		
Salaries, wages and benefits	\$ 128,430	\$ 125,682
<b>Healthy Smiles Ontario Program</b>		
Salaries, wages and benefits		
Salaries	\$ 1,429,683	\$ 878,542
Benefits	412,318	252,598
Total salaries, wages and benefits	1,842,001	1,131,140
Purchased services	42,744	184,332
Equipment	43,066	4,641
Professional development	4,600	5,899
Program materials and supplies	110,175	62,299
Occupancy	57,917	30,782
Telephone	6,074	1,083
Travel	74,011	26,867
	\$ 2,180,588	\$ 1,447,043
<b>Infection Prevention and Control Nurses Initiative Program</b>		
Salaries	\$ 69,842	\$ 69,845
Benefits	20,258	20,255
	\$ 90,100	90,100
<b>One Time</b>		
Equipment	\$ 13,142	\$ 20,478
<b>Registered Nurses Association of Ontario Provincial Coordinator (RNAO)</b>		
Salaries and wages	\$ -	\$ 12,817
Benefits	-	3,324
Program materials and supplies	-	200
	\$ -	\$ 16,341

**Simcoe Muskoka District Health Unit**  
**Schedule 2**  
**Other Public Health Programs**

For the year ended December 31	2016	2015
<b>Immunization of School Pupils Act</b>		
Salaries and wages	\$ 31,462	\$ 12,225
Benefits	4,097	3,545
Program materials and supplies	5,478	33,246
Purchased services	463	10,084
	<u>\$ 41,500</u>	<u>\$ 59,100</u>
<b>Chief Nursing Officer Initiative</b>		
Salaries and wages	\$ 94,186	\$ 94,186
Benefits	27,314	27,314
	<u>\$ 121,500</u>	<u>\$ 121,500</u>
<b>Library Hub</b>		
Salaries and wages	\$ 81,180	\$ 73,267
Benefits	23,542	21,247
Professional development	938	-
Program materials and supplies	27,153	28,908
Travel	652	494
	<u>\$ 133,465</u>	<u>\$ 123,916</u>
<b>Panorama</b>		
Salaries and wages	\$ 120,388	\$ 168,597
Benefits	34,912	42,084
	<u>\$ 155,300</u>	<u>\$ 210,681</u>
<b>Public Health Inspector Practicum Program</b>		
Salaries, wages and benefits	\$ 10,000	\$ 10,000
<b>Public Health Ontario Secondment</b>		
Salaries, wages and benefits	\$ -	\$ 20,277
<b>Pharmacists Integration into the UIIP Program</b>		
Salaries and wages	\$ 51,163	\$ -
Benefits	14,837	-
Travel	2,000	-
	<u>\$ 68,000</u>	<u>\$ -</u>

Simcoe Muskoka District Health Unit  
Schedule 2  
Other Public Health Programs

For the year ended December 31

2016

2015

Smoke Free Ontario

Enforcement and Protection

Salaries	\$ 372,286	\$ 377,202
Benefits	107,494	109,394
Program materials and supplies	1,678	1,021
Professional development	2,569	-
Purchased services	6,858	5,084
Travel	28,015	26,199
	<u>\$ 518,900</u>	<u>\$ 518,900</u>

Tobacco Control Area Network Coordination

Salaries	\$ 221,187	\$ 221,550
Benefits	64,613	64,250
	<u>\$ 285,800</u>	<u>\$ 285,800</u>

Tobacco Control Coordination

Salaries	\$ 77,519	\$ 77,519
Benefits	22,481	22,481
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Youth Tobacco Use Prevention Program

Salaries	\$ 57,941	\$ 55,966
Benefits	16,803	15,676
Program materials and supplies	2,496	1,541
Purchased services	2,081	3,525
Professional development	-	891
Travel	679	2,401
	<u>\$ 80,000</u>	<u>\$ 80,000</u>

**Simcoe Muskoka District Health Unit**  
**Schedule 2**  
**Other Public Health Programs**

**For the year ended December 31** **2016** **2015**

**Smoke Free Ontario (continued)**

**Tobacco Control Area Network Prevention**

Salaries	\$ 51,412	\$ 28,112
Benefits	10,607	4,494
Program materials and supplies	119,326	33,426
Professional development	4,944	13,789
Purchased services	109,888	210,393
Travel	4,623	10,586
	<u>\$ 300,800</u>	<u>\$ 300,800</u>

**One Time SFO: Not To Kids Coalition**

Purchased Services	\$ -	\$ 10,728
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**Prosecution**

Prosecution	\$ 4,876	\$ 4,978
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**Electronic Cigarettes Act**

Salaries and wages	\$ 58,208	\$ 27,670
Benefits	16,880	8,024
Services	32,577	31
Travel	1,135	360
	<u>\$ 108,800</u>	<u>\$ 36,085</u>

**Expanded Smoking Cessation Programming for Priority Populations**

Program materials and supplies	\$ 11,457	\$ 7,165
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**Enforcement Tablet Upgrade**

Program materials and supplies	\$ 3,600	\$ -
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