

**Simcoe Muskoka
District Health Unit
Financial Statements**
For the year ended December 31, 2015

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Management Report

Management's Responsibility for the Financial Statements

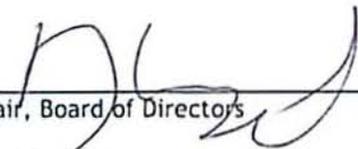
The accompanying financial statements of the Simcoe Muskoka District Health Unit are the responsibility of the Health Unit's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of significant accounting policies is attached to the financial statements.

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.

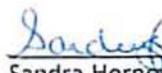
The Health Unit's management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a 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 18, 2016



Sandra Horney
Director of Program Foundations and Finance

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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, 2015, 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, 2015 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 18, 2016

**Simcoe Muskoka District Health Unit
Statement of Financial Position**

December 31	2015	2014
Financial Assets		
Cash and short-term deposits (note 1)	\$ 4,329,925	\$ 4,016,078
Accounts receivable (note 2)	636,353	725,745
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	223,560
	5,115,131	4,968,134
Liabilities		
Accounts payable and accrued liabilities (note 4)	3,204,557	3,146,004
Post-employment benefits and compensated absences (note 18)	1,623,642	1,617,388
Deferred revenue (note 6)	542,917	723,569
	5,371,116	5,486,961
Net Financial Debt	(255,985)	(518,827)
Non-Financial Assets		
Tangible capital assets (note 5)	1,830,661	2,023,349
Prepaid expenses	335,415	308,625
	2,166,076	2,331,974
Accumulated Surplus (note 7)	\$ 1,910,091	\$ 1,813,147

Contingencies (note 12)

Commitments (note 14)

On behalf of the Board:

_____ Director

_____ Director

Simcoe Muskoka District Health Unit Statement of Operations

For the year ended December 31	2015 Budget	2015	2014
	(note 21)		
Revenues			
Operating grants			
Ministry of Health and Long-Term Care			
- Mandatory Programs (note 15)	\$ 29,447,336	\$ 29,561,690	\$ 29,118,921
County of Simcoe (note 10)	4,334,765	5,541,375	5,466,251
City of Barrie	1,632,370	1,632,370	1,610,748
City of Orillia	371,104	371,104	366,256
District of Muskoka (note 10)	1,406,817	1,419,423	1,408,427
District of Parry Sound	-	8,629	7,137
	<u>37,192,392</u>	<u>38,534,591</u>	<u>37,977,740</u>
Interest earned	40,000	40,847	47,842
Other	360,675	464,325	676,052
	<u>37,593,067</u>	<u>39,039,763</u>	<u>38,701,634</u>
Expenses (note 20)			
Public Health Program	29,512,843	29,018,083	28,900,417
Healthy Babies, Healthy Children Program	2,536,233	2,485,275	2,519,133
Healthy Smiles Ontario Program	1,351,600	1,447,043	1,256,680
Smoke Free Ontario Programs	1,404,800	1,344,456	1,323,751
One Time	280,000	20,478	22,730
Ontario Dental Works Program	-	1,427,963	1,330,340
Infectious Diseases Control Initiative	777,900	777,900	777,815
Small Drinking Water Systems	208,667	208,667	208,667
Children in Need of Dental Treatment Expansion Program	201,867	233,301	175,153
Enhanced Food Safety Haines Initiative Program	90,300	90,300	90,225
Medical Officers of Health Compensation	145,727	125,682	138,233
Other	42,000	73,704	48,755
Vector Borne Diseases Program	196,800	145,515	156,775
Public Health Nurses Initiative	180,500	180,500	180,448
Infection Prevention and Control Nurses Initiative	90,100	90,100	90,066
Healthy Communities Partnership	-	123,686	97,716
Enhanced Safe Water Initiative	40,200	40,200	40,147
Immunization of School Pupils Act	59,100	59,100	-
Anonymous HIV Testing Program	48,976	48,976	48,976
Needle Exchange Program Initiative	40,700	40,700	40,625
Public Health Ontario Secondment	-	20,277	126,590
Nursing Graduate Guarantee	-	-	15,286
Chief Nursing Officer Initiative	121,500	121,500	121,414
Panorama	155,300	210,681	82,245
Public Health Inspector Practicum Program	10,000	10,000	-
RNAO	-	16,341	103,428
Library Hub	128,675	123,916	196,875
	<u>37,623,788</u>	<u>38,484,344</u>	<u>38,092,490</u>
Annual surplus (deficit) before adjustments	<u>(30,721)</u>	<u>555,419</u>	<u>609,144</u>
Amortization expense	542,338	543,381	536,473
Change in accrued vacation pay	-	(91,160)	40,271
Change in post-employment benefits and compensated absences	-	6,254	7,485
	<u>542,338</u>	<u>458,475</u>	<u>584,229</u>
Annual surplus (deficit) for the year	<u>(573,059)</u>	<u>96,944</u>	<u>24,915</u>
Accumulated surplus, beginning of year	<u>1,813,147</u>	<u>1,813,147</u>	<u>1,788,232</u>
Accumulated surplus, end of year (note 7)	<u>\$ 1,240,088</u>	<u>\$ 1,910,091</u>	<u>\$ 1,813,147</u>

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

For the year ended December 31	2015 Budget	2015	2014
	(note 21)		
Annual surplus (deficit)	\$ (573,059)	\$ 96,944	\$ 24,915
Acquisition of tangible capital assets	-	(350,693)	(527,336)
Amortization of tangible capital assets	543,381	543,381	536,473
	543,381	192,688	9,137
Acquisition of prepaid expenses	-	(335,415)	(308,625)
Use of prepaids	-	308,625	230,170
	-	(26,790)	(78,455)
Change in net financial debt	(29,678)	262,842	(44,403)
Net financial debt, beginning of year	(518,827)	(518,827)	(474,424)
Net financial debt, end of year	\$ (548,505)	\$ (255,985)	\$ (518,827)

**Simcoe Muskoka District Health Unit
Statement of Cash Flows**

December 31	2015	2014
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 96,944	\$ 24,915
Items not involving cash		
Amortization	<u>543,381</u>	<u>536,473</u>
	640,325	561,388
Changes in non-cash working capital balances		
Accounts receivable	89,392	101,828
Amount due from Ministry of Health and Long-Term Care	77,458	(771,620)
Prepaid expenses	(26,791)	(78,455)
Accounts payable and accrued liabilities	58,554	131,035
Deferred revenue	(180,652)	312,348
Post-employment benefits and compensated absences	<u>6,254</u>	<u>7,485</u>
	664,540	264,009
Capital transactions		
Acquisition of tangible capital assets	<u>(350,693)</u>	<u>(527,336)</u>
Increase (decrease) in cash and short-term deposits during the year	313,847	(263,327)
Cash and short-term deposits, beginning of year	<u>4,016,078</u>	<u>4,279,405</u>
Cash and short-term deposits, end of year	<u>\$ 4,329,925</u>	<u>\$ 4,016,078</u>
Represented by:		
Unrestricted cash	\$ 2,882,355	\$ 3,967,634
Term deposits (note 1)	<u>1,447,570</u>	<u>48,444</u>
	\$ 4,329,925	\$ 4,016,078

Simcoe Muskoka District Health Unit Summary of Significant Accounting Policies

For the year ended December 31, 2015

**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.

Simcoe Muskoka District Health Unit Summary of Significant Accounting Policies

For the year ended December 31, 2015

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, 2015

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, 2015.

Cash and short-term deposits, consists of three guaranteed investment certificates with a total face value of \$1,447,570, interest rates ranging from 0.96% to 1.00% and maturity dates ranging from March 3, 2016 to June 27, 2016 (2014 - \$105,347, interest at 1.20% and maturity date of January 28, 2015).

2. Accounts Receivable

	2015	2014
HST recoverable	\$ 480,797	\$ 521,394
County of Simcoe	101,052	124,881
Other	54,504	79,470
	\$ 636,353	\$ 725,745

3. Due from Province of Ontario - Other

	2015	2014
Provincial share of sick leave benefits to be recovered when certain non-union employees terminate employment with the Health Unit	\$ 2,751	\$ 2,751
	\$ 2,751	\$ 2,751

4. Accounts Payable and Accrued Liabilities

	2015	2014
Trade and other	\$ 593,076	\$ 687,774
Salaries and benefits	2,056,511	1,812,100
Accrued vacation pay liability	554,970	646,130
	\$ 3,204,557	\$ 3,146,004

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

For the year ended December 31, 2015

5. Tangible Capital Assets

	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, 2015

5. Tangible Capital Assets (continued)

	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, 2015

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, 2015, is recorded as deferred revenue.

In addition, the Health Unit has received fiscal 2016 municipal operating grants which have also been included in deferred revenue.

7. Accumulated Surplus

	2015	2014
Surplus (note 8)	\$ 98,784	\$ 436,737
Internally restricted reserves (note 9)	1,811,307	1,376,410
	\$ 1,910,091	\$ 1,813,147

8. Surplus

	2015	2014
Balance, beginning of year	\$ 436,737	\$ 407,161
Annual surplus	96,944	24,915
Transfer from Sick Leave Reserve	1,840	4,661
Transfer to Contingency Reserve (note 9)	(436,737)	-
Balance, end of year	\$ 98,784	\$ 436,737

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

	2015	2014
County of Simcoe	\$ 54,134	\$ 236,429
City of Barrie	21,372	97,387
City of Orillia	4,859	22,090
District of Muskoka	18,419	80,831
	\$ 98,784	\$ 436,737

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2015

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.

	2015	2014
Balance, beginning of the year	\$ 48,444	\$ 53,105
Transfer to surplus	(1,840)	(4,661)
Balance, end of the year	\$ 46,604	\$ 48,444

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 the year, 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.

	2015	2014
Balance, beginning and end of the year	\$ 582,872	\$ 582,872
Transfer from surplus	436,737	-
Balance, end of the year	\$ 1,019,609	\$ 582,872

Capital Fund Reserve

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

	2015	2014
Balance, beginning and end of the year	\$ 745,094	\$ 745,094
Total Internally Restricted Reserve Funds	\$ 1,811,307	\$ 1,376,410

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

For the year ended December 31, 2015

10. Operating Grants

County of Simcoe

	2015	2014
Cost Shared Program		
Public Health Program	<u>\$ 4,134,768</u>	<u>\$ 4,051,752</u>
100% Funded Programs		
Ontario Works Dental Program - Administration Fee	200,254	209,671
Ontario Works Dental Program - Dental Claims	<u>1,206,353</u>	<u>1,204,828</u>
	<u>1,406,607</u>	<u>1,414,499</u>
	<u>\$ 5,541,375</u>	<u>\$ 5,466,251</u>

District of Muskoka

	2015	2014
Cost Shared Program		
Public Health Program	<u>\$ 1,406,820</u>	<u>\$ 1,398,984</u>
100% Funded Programs		
Ontario Works Dental Program - Administration Fee	<u>12,603</u>	<u>9,443</u>
	<u>\$ 1,419,423</u>	<u>\$ 1,408,427</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2015

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.

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, 2015 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.

13. Pay Equity

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.

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, Alliston, Huntsville, Gravenhurst and Orillia. These operating leases have varying expiry dates ranging from 2016 to the year 2023.

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

2016 - \$ 874,652	2019 - \$ 645,088
2017 - \$ 828,352	2020 - \$ 587,342
2018 - \$ 745,904	

(b) Office equipment and vehicles

The Health Unit rents office equipment and leases vehicles under long-term operating leases which extend to the year 2019. The minimum annual payments over the next three years under the terms of these leases are as follows:

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

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2015

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

	2015	2014
Cost Shared Programs		
Public Health Program	\$21,796,400	\$ 21,785,611
Vector Borne Diseases Program (formerly West Nile Virus)	121,376	136,493
Universal Influenza Immunization Program	3,055	18,965
Meningococcal Program	35,573	39,075
HPV Program	48,314	51,400
Children in Need of Treatment Expansion Program	203,871	131,365
Small Drinking Water Systems	156,500	156,500
One Time	94,337	92,048
	<u>22,459,426</u>	<u>22,411,457</u>
100% Funded Programs		
Healthy Babies, Healthy Children Program	2,502,375	2,538,974
Healthy Smiles Ontario Program	1,202,904	1,068,936
Smoke Free Ontario Programs		
-Enforcement and Protection	518,900	518,900
-Youth Tobacco Use Prevention	80,000	77,268
-Tobacco Control Area Network Prevention	300,800	299,294
-Tobacco Control Area Network Coordination	285,800	285,800
-Tobacco Control Coordination	100,000	100,000
-Prosecution	4,978	12,372
-Electronic Cigarettes Act	36,085	-
-Expanded Smoking Cessation Programming	7,165	-
-Workplace Cessation Demonstration Project	-	22,827
-One Time SFO: Not to Kids Coalition	10,570	7,295
Infectious Diseases Control Initiative	777,900	777,815
Enhanced Food Safety Haines Initiative Program	90,300	90,225
Medical Officers of Health Compensation	125,682	138,228
Other miscellaneous programs	133,362	15,245
Public Health Nurses Initiative	180,500	180,448
Infection Prevention and Control Nurses Initiative Program	90,100	90,066
Healthy Communities Partnership	123,686	97,716
Enhanced Safe Water Initiative	40,200	40,147
Anonymous HIV Testing Program	48,976	48,976
Nursing Graduate Guarantee Program	-	15,286
Needle Exchange Program Initiative	40,700	40,625
Immunization of School Pupils Act	59,100	-
Chief Nursing Officer Initiative	121,500	121,414
Panorama	210,681	82,245
Pharmacists Integration into the UIIP	-	37,362
Public Health Inspector Practicum Program	10,000	-
	<u>7,102,264</u>	<u>6,707,464</u>
	<u>\$ 29,561,690</u>	<u>\$ 29,118,921</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2015

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 461,000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million (2014 - \$76,924 million) in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million (2014 - \$69,846 million) indicating an actuarial deficit of \$6,977 million (2014 - \$7,078 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 2015 was \$2,360,163 (2014 - \$2,277,886) and is included as an expense in the statement of operations.

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, 2015, this unpaid balance amounted to \$1,222 (2014 - \$1,198) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$NIL (2014 - \$11,572).

(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, 2015

17. Liability for Vested Sick Leave Benefits (continued)

As at December 31, 2015, this unpaid balance amounted to \$11,942 (2014 - \$23,847) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$12,133 (2014 - \$11,158).

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 \$8,000.

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 2015	Total 2014
Accrued benefit liability, beginning of year	\$ 798,164	\$ 819,224	\$ 1,617,388	\$ 1,609,903
Expense for the year (below)	72,079	150,242	222,321	212,808
Actuarial loss	257,127	309,536	566,663	-
Benefits paid	(63,604)	(152,463)	(216,067)	(205,323)
Accrued benefit obligation, end of year	1,063,766	1,126,539	2,190,305	1,617,388
Unamortized actuarial loss	(257,127)	(309,536)	(566,663)	-
Accrued benefit liability, end of year	\$ 806,639	\$ 817,003	\$ 1,623,642	\$ 1,617,388

	Post-employment Benefits	Non-vesting Sick Leave	Total 2015	Total 2014
Current year benefit cost	\$ 38,687	\$ 116,196	\$ 154,883	\$ 145,655
Interest on accrued benefit obligation	33,392	34,046	67,438	67,153
Total expense	\$ 72,079	\$ 150,242	\$ 222,321	\$ 212,808

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2015

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:

	<u>2015</u>	<u>2014</u>
Future cost of long term debt	4.50%	4.25%
Future inflation rates	2.00%	2.00%
Salaries escalation	3.00%	3.00%
Dental costs escalation	4.00%	4.00%

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.

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2015

20. Expenses by Object

	2015	2014
Salaries, wages	\$ 24,628,141	\$ 24,702,211
Employee benefits	6,746,715	6,464,429
Medical and dental services	2,310,295	2,075,371
Occupancy	1,619,791	1,570,781
Information technology	600,328	633,657
Travel	569,501	568,428
Amortization	543,382	536,472
Program materials and supplies	458,048	544,557
Purchased services	389,033	432,596
Telecommunications	267,559	215,460
Professional fees	191,317	142,746
Professional development	145,743	192,132
Office supplies	123,698	150,677
Postage and courier	116,424	125,646
Equipment and maintenance	71,892	157,240
Advertising	62,462	82,210
Insurance	41,333	40,848
Board	36,645	21,049
Payroll and bank charges	20,512	20,208
	\$ 38,942,819	\$ 38,676,718

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 deficit for the year, as approved	\$ (29,678)
Add budgeted capital expenditures	-
Less amortization	(543,381)
Budgeted deficit per statement of operations	\$ (573,059)

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

For the year ended December 31	Budget 2015	Actual 2015	Actual 2014
Salaries, wages and benefits			
Salaries	\$ 19,160,588	\$ 19,459,718	\$ 19,423,179
Benefits	5,547,871	5,235,876	5,145,474
Total salaries, wages and benefits	24,708,459	24,695,594	24,568,653
Occupancy			
	1,580,379	1,589,009	1,541,375
Operating			
Advertising	91,000	52,377	82,210
Equipment and maintenance	64,500	66,515	157,240
Information technology	631,000	557,122	611,381
Medical and dental services	800,736	641,050	532,172
Office supplies	184,869	86,290	110,609
Postage and courier	140,000	116,423	125,646
Professional development	147,400	117,974	151,788
Program materials and supplies	184,000	160,959	239,469
Telecommunications	315,000	266,232	213,357
Travel	409,500	387,448	363,558
	2,968,005	2,452,390	2,587,430
Administration			
Board	30,000	36,645	21,049
Insurance	40,000	41,333	40,848
Payroll and bank charges	17,000	20,512	20,208
Professional services	169,000	182,600	120,854
	256,000	281,090	202,959
Total mandatory program expenses	\$ 29,512,843	\$ 29,018,083	\$ 28,900,417

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

For the year ended December 31	2015	2014
Healthy Babies, Healthy Children Program		
Salaries, wages and benefits		
Program staff and support staff	\$ 1,832,652	\$ 1,901,339
Benefits	531,614	503,274
	<hr/>	<hr/>
Total salaries, wages and benefits	2,364,266	2,404,613
Computer leasing	10,400	10,400
Equipment	8,623	4,803
Professional development	6,697	9,150
Professional services	8,716	5,000
Program materials and supplies	5,567	4,530
Travel	81,006	80,637
	<hr/>	<hr/>
	\$ 2,485,275	\$ 2,519,133
<hr/>		
Enhanced Safe Water Initiative		
Salaries	\$ 31,174	\$ 31,612
Benefits	9,026	8,535
	<hr/>	<hr/>
	\$ 40,200	\$ 40,147
<hr/>		

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

For the year ended December 31	2015	2014
Healthy Communities Partnership		
Purchases services	\$ 92,442	\$ 84,278
Program materials and supplies	19,497	5,587
Professional development	-	4,049
Travel	11,747	3,802
	<u>\$ 123,686</u>	<u>\$ 97,716</u>
Vector Borne Diseases Program (formerly West Nile Virus)		
Salaries, wages and benefits		
Program staff and support staff	\$ 58,673	\$ 45,764
Benefits	12,999	9,274
	<u>71,672</u>	<u>55,038</u>
Equipment and furnishings	1,243	-
Professional development	478	-
Program materials and supplies	2,687	3,484
Purchased services	22,030	15,313
Travel	7,405	7,294
	<u>105,515</u>	<u>81,129</u>
Payments to municipalities for expenses incurred	40,000	75,646
	<u>\$ 145,515</u>	<u>\$ 156,775</u>
Enhanced Food Safety Haines Initiative Program		
Salaries	\$ 70,000	\$ 71,043
Benefits	20,300	19,182
	<u>\$ 90,300</u>	<u>\$ 90,225</u>

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

For the year ended December 31	2015	2014
Public Health Nurses Initiative		
Salaries	\$ 139,922	\$ 142,085
Benefits	40,578	38,363
	\$ 180,500	\$ 180,448
Needle Exchange Program Initiative		
Program materials and supplies	\$ 40,700	\$ 40,625
Small Drinking Water Systems		
Salaries	\$ 153,966	\$ 151,865
Benefits	44,650	41,004
Professional development	-	1,325
Purchased services	604	604
Travel	9,447	11,869
Building occupancy	-	2,000
	\$ 208,667	\$ 208,667
Infectious Diseases Control Initiative		
Salaries	\$ 569,916	\$ 563,379
Benefits	165,276	152,027
Equipment	3,200	3,200
Professional development	75	4,962
Program materials and supplies	31,087	32,837
Purchased services	2,804	6,884
Travel	5,542	14,526
	\$ 777,900	\$ 777,815
Children in Need of Dental Treatment Expansion Program		
Dental services	\$ 233,301	\$ 175,153
Ontario Dental Works Program		
Salaries	\$ 168,863	\$ 98,828
Benefits	50,264	26,684
Dental fees	1,206,476	1,204,828
Other	2,360	-
	\$ 1,427,963	\$ 1,330,340

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

For the year ended December 31	2015	2014
Anonymous HIV Testing Program		
Salaries, wages and benefits	\$ 48,976	\$ 48,976
Medical Officers of Health Compensation		
Salaries, wages and benefits	\$ 125,682	\$ 138,233
Healthy Smiles Ontario Program		
Salaries, wages and benefits		
Salaries	\$ 878,542	\$ 794,856
Benefits	252,598	214,611
Total salaries, wages and benefits	1,131,140	1,009,467
Purchased services	184,332	132,431
Equipment	4,641	11,366
Professional development	5,899	2,541
Program materials and supplies	62,299	52,828
Occupancy	30,782	27,407
Telephone	1,083	1,858
Travel	26,867	18,782
	\$ 1,447,043	\$ 1,256,680
Infection Prevention and Control Nurses Initiative Program		
Salaries	\$ 69,845	\$ 70,918
Benefits	20,255	19,148
	\$ 90,100	90,066
One Time		
Salaries, wages and benefits	\$ -	\$ 22,730
Equipment	20,478	-
	\$ 20,478	\$ 22,730
Registered Nurses Association of Ontario Provincial Coordinator (RNAO)		
Salaries and wages	\$ 12,817	\$ 78,681
Benefits	3,324	18,783
Program materials and supplies	200	5,964
	\$ 16,341	\$ 103,428

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

For the year ended December 31	2015	2014
Immunization of School Pupils Act		
Salaries and wages	\$ 12,225	\$ -
Benefits	3,545	-
Program materials and supplies	33,246	-
Purchased services	10,084	-
	<u>\$ 59,100</u>	<u>\$ -</u>
Nursing Graduate Guarantee		
Salaries and wages	\$ -	\$ 13,807
Benefits	-	1,479
	<u>\$ -</u>	<u>\$ 15,286</u>
Chief Nursing Officer Initiative		
Salaries and wages	\$ 94,186	\$ 95,602
Benefits	27,314	25,812
	<u>\$ 121,500</u>	<u>\$ 121,414</u>
Library Hub		
Salaries and wages	\$ 73,267	\$ 84,791
Benefits	21,247	22,661
Professional development	-	531
Program materials and supplies	28,908	88,266
Travel	494	626
	<u>\$ 123,916</u>	<u>\$ 196,875</u>
Panorama		
Salaries and wages	\$ 168,597	\$ 30,105
Benefits	42,084	6,811
Program materials and supplies	-	42,424
Travel	-	2,905
	<u>\$ 210,681</u>	<u>\$ 82,245</u>
Public Health Inspector Practicum Program		
Salaries, wages and benefits	\$ 10,000	\$ -
Public Health Ontario Secondment		
Salaries, wages and benefits	\$ 20,277	\$ 126,590

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

For the year ended December 31	2015	2014
<u>Smoke Free Ontario</u>		
Enforcement and Protection		
Salaries	\$ 377,202	\$ 356,674
Benefits	109,394	96,302
Program materials and supplies	1,021	1,209
Purchased services	5,084	14,824
Travel	26,199	49,891
	<u>\$ 518,900</u>	<u>\$ 518,900</u>
Tobacco Control Area Network Coordination		
Salaries	\$ 221,550	\$ 216,363
Benefits	64,250	58,418
Program materials and supplies	-	731
Purchased services	-	2,137
Travel	-	8,151
	<u>\$ 285,800</u>	<u>\$ 285,800</u>
Tobacco Control Coordination		
Salaries	\$ 77,519	\$ 79,208
Benefits	22,481	20,792
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Youth Tobacco Use Prevention Program		
Salaries	\$ 55,966	\$ 55,382
Benefits	15,676	14,899
Program materials and supplies	1,541	2,171
Purchased services	3,525	2,582
Professional development	891	1,245
Travel	2,401	989
	<u>\$ 80,000</u>	<u>\$ 77,268</u>

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

For the year ended December 31	2015	2014
Smoke Free Ontario (continued)		
Tobacco Control Area Network Prevention		
Salaries	\$ 28,112	\$ 24,556
Benefits	4,494	3,428
Program materials and supplies	33,426	26,965
Professional development	13,789	16,541
Purchased services	210,393	219,496
Travel	10,586	8,303
	<u>\$ 300,800</u>	<u>\$ 299,289</u>
One Time SFO: Not To Kids Coalition		
Purchased Services	\$ 10,728	\$ 7,295
Prosecution		
Prosecution	\$ 4,978	\$ 12,372
Electronic Cigarettes Act		
Salaries and wages	\$ 27,670	\$ -
Benefits	8,024	-
Services	31	-
Travel	360	-
	<u>\$ 36,085</u>	<u>\$ -</u>
Expanded Smoking Cessation Programming		
Program materials and supplies	\$ 7,165	\$ -
Workplace Cessation Demonstration Project		
Salaries	\$ -	\$ 8,171
Benefits	-	2,206
Purchased services	-	12,450
	<u>\$ -</u>	<u>\$ 22,827</u>