

**Simcoe Muskoka
District Health Unit
Financial Statements**
For the year ended December 31, 2012

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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.

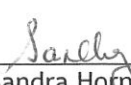
The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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

June 19, 2013



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 Health
Simcoe Muskoka District Health Unit**

We have audited the accompanying financial statements of the Simcoe Muskoka District Health Unit, which comprise the statements of financial position as at December 31, 2012, 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 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, 2012 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 Accountants, Licensed Public Accountants

Barrie, Ontario
June 19, 2013

Simcoe Muskoka District Health Unit Statement of Financial Position

December 31

2012

2011

(Restated - note 1)

Financial Assets

Cash (note 2)	\$ 4,642,014	\$ 5,067,830
Accounts receivable (note 4)	961,533	954,970
Term deposits (notes 10)	54,076	55,009
Due from Province of Ontario - Other (note 6)	2,751	2,751
	5,660,374	6,080,560

Liabilities

Accounts payable and accrued liabilities (note 5)	4,197,980	4,125,915
Due to Ministry of Health and Long-Term Care (note 12)	472,925	866,298
Post-employment benefits and compensated absences (note 17)	1,610,104	1,617,678
Deferred revenue	179,970	246,456
	6,460,979	6,856,347

Net Financial Debt

(800,605) (775,787)

Non-Financial Assets

Tangible capital assets (note 3)	2,443,560	2,462,579
Prepaid expenses	263,756	216,343
	2,707,316	2,678,922



Accumulated Surplus (note 8)

\$ 1,906,711 \$ 1,903,135

Contingencies (note 12)

Commitments (notes 13)

On behalf of the Board:

 _____	Director
 _____	Director

Simcoe Muskoka District Health Unit Statement of Operations

For the year ended December 31	2012 Budget	2012	2011
	(note 21)		(Restated - note 1)
Revenues			
Operating grants			
Ministry of Health and Long-Term Care			
- Mandatory Programs (note 14)	\$ 28,151,310	\$ 27,955,785	\$ 28,902,223
County of Simcoe (note 7)	3,968,203	5,263,149	4,891,255
City of Barrie	1,585,089	1,585,089	1,546,662
City of Orillia	363,205	363,197	360,956
District of Muskoka	1,399,382	1,410,813	1,351,727
District of Parry Sound	-	8,756	9,322
	<u>35,467,189</u>	<u>36,586,789</u>	<u>37,062,145</u>
Interest earned	20,000	47,196	47,895
Other	387,000	316,870	104,415
	<u>35,874,189</u>	<u>36,950,855</u>	<u>37,214,455</u>
Expenses (note 20)			
Public Health Program	28,024,209	28,119,484	26,518,598
Healthy Babies, Healthy Children Program	2,451,933	2,454,105	2,405,079
Healthy Smiles Ontario Program	886,011	855,335	1,367,651
Smoke Free Ontario Programs	1,482,886	1,459,951	1,404,836
One Time Infrastructure	-	51,172	108,187
Ontario Dental Works Program	-	1,191,754	1,005,003
Infectious Diseases Control Initiative	777,815	758,440	690,494
Small Drinking Water Systems	208,667	203,510	308,495
Children in Need of Dental Treatment Expansion Program	188,294	179,159	246,136
Enhanced Food Safety Haines Initiative Program	90,225	90,225	157,894
Medical Officers of Health Compensation	160,828	157,342	151,026
Bed Bugs Program	-	18,763	136,124
Other	223,316	103,971	84,369
Vector Borne Diseases Program	156,755	138,807	113,234
Public Health Nurses Initiative	173,441	173,441	89,807
Infection Prevention and Control Nurses Initiative	86,569	86,569	84,872
Healthy Communities Partnership	121,200	5,000	71,487
Enhanced Safe Water Initiative	40,146	40,146	70,257
HPV Program	29,801	62,708	68,642
Universal Influenza Immunization Program	62,820	41,787	54,984
Anonymous HIV Testing Program	48,976	48,976	51,228
Needle Exchange Program Initiative	32,500	32,500	40,375
Meningococcal Program	68,366	33,321	39,383
Nursing Graduate Guarantee	-	-	11,383
Infection Prevention and Control Week	8,000	8,000	7,945
Chief Nursing Officer Initiative	116,699	102,223	-
Sexually Transmitted Infections Week	7,000	7,000	7,000
World Tuberculosis Day	2,000	2,000	1,647
Panorama	50,191	28,927	-
	<u>35,498,648</u>	<u>36,454,616</u>	<u>35,296,136</u>
Annual surplus before adjustments	<u>375,541</u>	<u>496,239</u>	<u>1,918,319</u>
Amortization expense	462,758	462,758	407,929
Change in accrued vacation pay	-	37,479	65,255
Change in post-employment benefits and compensated absences	-	(7,574)	(14,648)
	<u>462,758</u>	<u>492,663</u>	<u>458,536</u>
Annual surplus (deficit) for the year	<u>(87,217)</u>	<u>3,576</u>	<u>1,459,783</u>
Accumulated surplus, beginning of year, as previously reported	1,588,301	1,588,301	1,571,856
Restatement of prior period (note 1)	314,834	314,834	(1,128,504)
Accumulated surplus, beginning of year, as restated	<u>1,903,135</u>	<u>1,903,135</u>	<u>443,352</u>
Accumulated surplus, end of year (note 8)	<u>\$ 1,815,918</u>	<u>\$ 1,906,711</u>	<u>\$ 1,903,135</u>

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	2012 Budget	2012	2011
	(note 21)		(Restated - note 1)
Annual surplus	\$ (87,217)	\$ 3,576	\$ 1,459,783
Acquisition of tangible capital assets	(380,500)	(443,739)	(1,901,872)
Amortization of tangible capital assets	462,758	462,758	407,929
	82,258	19,019	(1,493,943)
Acquisition of prepaid expenses	-	(263,756)	(216,343)
Use of prepaids	-	216,343	477,508
	-	(47,413)	261,165
Change in net financial assets (debt)	(4,959)	(24,818)	227,005
Net financial debt, beginning of year	(775,787)	(775,787)	(1,002,792)
Net financial debt, end of year	\$ (780,746)	\$ (800,605)	\$ (775,787)

Simcoe Muskoka District Health Unit Statement of Cash Flows

December 31	2012	2011
	(Restated - note 1)	
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 3,576	\$ 1,459,783
Items not involving cash		
Amortization	462,758	407,929
Changes in non-cash working capital balances		
Accounts receivable	(6,563)	(384,921)
Amount due to Ministry of Health and Long-Term Care	(393,373)	273,954
Prepaid expenses	(47,413)	261,167
Accounts payable and accrued liabilities	72,065	528,574
Deferred revenue	(66,486)	(1,035,915)
Post-employment benefits and compensated absences	(7,574)	(14,649)
	<u>16,990</u>	<u>1,495,922</u>
Capital transactions		
Acquisition of tangible capital assets	(443,739)	(1,901,872)
Decrease in cash and short-term deposits during the year	(426,749)	(405,950)
Cash and short-term deposits, beginning of year	5,122,839	5,528,789
Cash and short-term deposits, end of year	\$ 4,696,090	\$ 5,122,839
Represented by:		
Unrestricted cash	\$ 4,642,014	\$ 5,067,830
Term deposits	54,076	55,009
	<u>\$ 4,696,090</u>	<u>\$ 5,122,839</u>

Simcoe Muskoka District Health Unit Summary of Significant Accounting Policies

For the year ended December 31, 2012

**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 Canadian Institute of the Chartered Accountants.

**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 they are invoiced and collection is reasonably assured.

Deferred Revenue

Funds received for specific purposes which are for future services are accounted for as deferred revenue on 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

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, 2012

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 is the estimated useful life of capital assets, the amounts due to and from the Ministry of Health and Long-Term Care and 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 costs of multi-employer defined benefit pension are the employer'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, 2012

1. Restatement of Prior Period

During the year the Health Unit changed its accounting policies for tangible capital assets and post-employment benefits and compensated absences and vacation pay liability in order to comply with Canadian public sector accounting standards. This change has been applied retroactively and the prior years have been restated. Specifically, the 2011 figures have been adjusted as follows:

<u>Statement of Financial Position</u>	2011	2010
Tangible capital creased by	\$ 2,462,579	\$ 968,634
Post-employment absences liability increased by	(1,617,678)	(1,632,326)
Vacation pay payable and accrued liabilities increased by	(530,067)	(464,812)
Increase (decrease) in surplus at December 31	\$ 314,834	\$ (1,128,504)

Statement of Operations

	2011
Amortization expense on tangible capital assets increased by	\$ (407,929)
Decrease in expenses, acquisition of tangible capital assets capitalized on the statement of financial position	1,901,874
Increase in accrued vacation pay expense	(65,255)
Decrease in post-employment benefits and compensated absences expense	14,648
Increase in annual surplus after adjustments for the year ended December 31, 2011	\$ 1,443,338

Statement of Change in Net Financial Debt

	2011
Increase in annual surplus	\$ 1,443,338
Increase in acquisition of tangible capital assets	(1,901,872)
Increase in amortization expense of tangible capital assets	407,929
Decrease in net financial assets, beginning of year	(2,097,139)
Total decrease in net financial debt at December 31, 2011	\$ (2,147,744)

2. 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, 2012.

Simcoe Muskoka District Health Unit
Notes to the Financial Statements

For the year ended December 31, 2012

3. Tangible Capital Assets 2012

	Equipment and Furniture	Computer Equipment	Leasehold Improvements	Dental Van	Total
Cost, beginning of year	\$ 337,460	\$ 531,143	\$ 1,950,186	\$ 483,915	\$ 3,302,704
Additions	-	207,164	236,575	-	443,739
Cost, end of year	337,460	738,307	2,186,761	483,915	3,746,443
Accumulated amortization, beginning of year	130,198	333,024	328,512	48,391	840,125
Amortization	30,456	165,234	218,676	48,392	462,758
Accumulated amortization, end of year	160,654	498,258	547,188	96,783	1,302,883
Net carrying amount, end of year	\$ 176,806	\$ 240,049	\$ 1,639,573	\$ 387,132	\$ 2,443,560

Simcoe Muskoka District Health Unit
Notes to the Financial Statements

For the year ended December 31, 2012

3. Tangible Capital Assets (continued)

	2011				
	Equipment and Furniture	Computer Equipment	Leasehold Improvements	Dental Van	Total
Cost, beginning of year	\$ 260,270	\$ 384,158	\$ 756,404	-	\$ 1,400,832
Additions	77,190	146,985	1,193,782	483,915	1,901,872
Cost, end of year	337,460	531,143	1,950,186	483,915	3,302,704
Accumulated amortization, beginning of year	98,885	199,818	133,493	-	432,196
Amortization	31,313	133,206	195,019	48,391	407,929
Accumulated, amortization, end of year	130,198	333,024	328,512	48,391	840,125
Net carrying amount, end of year	\$ 207,262	\$ 198,119	\$ 1,621,674	\$ 435,524	\$ 2,462,579

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

4. Accounts Receivable

	2012	2011
GST/HST recoverable	\$ 542,080	\$ 746,039
City of Barrie	46,730	49,817
County of Simcoe	279,585	124,588
Other	93,138	34,527
	\$ 961,533	\$ 954,971

5. Accounts Payable and Accrued Liabilities

	2012	2011
		(Restated - note 1)
Trade and other	\$ 1,454,702	\$ 1,720,749
Salaries and benefits	2,061,796	1,875,099
Accrued vacation pay liability	681,482	530,067
	\$ 4,197,980	\$ 4,125,915

6. Due from Province of Ontario - Other

	2012	2011
Provincial share of sick leave benefits to be paid when certain non-union employees terminate employment with the Health Unit	\$ 2,751	\$ 2,751

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

7. Operating Grants - County of Simcoe

	2012	2011
Cost Shared Program		
Public Health Program	\$ 3,868,200	\$ 3,756,565
100% Funded Programs		
Ontario Works Dental Program - Administration Fee	202,015	129,687
Ontario Works Dental Program - Expenses	1,192,934	1,005,003
	1,394,949	1,134,690
	\$ 5,263,149	\$ 4,891,255

8. Accumulated Surplus

	2012	2011
		(Restated - note 1)
Surplus (note 9)	\$ 524,669	\$ 520,160
Internally restricted reserves (note 10)	1,382,042	1,382,975
	\$ 1,906,711	\$ 1,903,135

9. Surplus

	2012	2011
		(Restated - note 1)
Balance, beginning of year	\$ 520,160	\$ (939,966)
Annual surplus	3,576	1,459,783
Transfer from Sick Leave Reserve	933	343
	\$ 524,669	\$ 520,160

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

	2012	2011
		(Restated - note 1)
County of Simcoe	\$ 283,965	\$ 281,548
City of Barrie	116,637	115,646
City of Orillia	26,483	26,256
District of Muskoka	97,584	96,710
	\$ 524,669	\$ 520,160

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

10. 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 16.

	2012	2011
Balance, beginning of the year	\$ 55,009	\$ 55,352
Transfer to surplus	(933)	(343)
Balance, end of the year	\$ 54,076	\$ 55,009

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.

	2012	2011
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.

	2012	2011
Balance, beginning and end of the year	\$ 745,094	\$ 745,094
Total Internally Restricted Reserve Funds	\$ 1,382,042	\$ 1,382,975

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

11. Segmented Reporting

The Canadian Institute of Chartered Accountants Public Sector 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

(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 years ended December 31, 2011 and 2012 have 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 is in dispute with a professional association regarding the creation of a number of supervisor positions. As at the date of these financial statements management has indicated that the outcome of this matter is not determinable. The amount of settlement, if any, will be recorded in the year of determination.

13. 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 2013 to the year 2021.

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

2013 - \$ 777,909	2016 - \$ 705,599
2014 - \$ 699,913	2017 - \$ 682,083
2015 - \$ 700,890	

(b) Office equipment and vehicles

The Health Unit rents office equipment and leases vehicles under long-term operating leases which extend to the year 2016. The minimum annual payments over the next four years under the terms of these leases are as follows:

2013 - \$ 70,046	2015 - \$30,224
2014 - \$ 34,802	2016 - \$7,171

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

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

	2012	2011
Cost Shared Programs		
Public Health Program	\$ 20,920,778	\$ 20,096,781
Vector Borne Diseases Program (formerly West Nile Virus)	114,105	84,926
Universal Influenza Immunization Program	44,815	62,820
Meningococcal Program	36,083	68,366
HPV Program	56,423	29,801
Children in Need of Treatment Expansion Program	134,369	184,602
One Time Infrastructure	256,496	780,861
	<u>21,563,069</u>	<u>21,308,157</u>
100% Funded Programs		
Healthy Babies, Healthy Children Program	2,454,105	2,405,079
Health Smiles Ontario Program	753,962	1,851,566
Smoke Free Ontario Programs		
-Enforcement and Protection	518,900	518,840
-Youth Tobacco Use Prevention	80,000	80,000
-Tobacco Control Area Network Prevention	282,312	240,571
-Tobacco Control Area Network Coordination	285,800	285,714
-Tobacco Control Area Network Communication	100,055	36,945
-Tobacco Control Coordination	100,000	100,000
-Prosecution	4,863	12,766
-Tobacco Control Area Network - One Time	-	130,000
-Workplace Cessation Demonstration Project	88,021	-
Infectious Diseases Control Initiative	758,440	690,494
Small Drinking Water Systems	152,633	308,495
Enhanced Food Safety Program	90,225	157,894
Medical Officers of Health Compensation	157,342	151,026
Bed Bugs Program	18,763	136,124
Other miscellaneous one time programs	12,511	52,486
Public Health Nurses Initiative	173,441	89,807
Infection Prevention and Control Nurses Initiative Program	86,569	84,872
Health Communities Partnership	5,000	71,552
Enhanced Safe Water Initiative	40,147	70,257
Anonymous HIV Testing Program	48,976	51,228
Nursing Graduate Guarantee Program	-	11,383
Needle Exchange	32,500	40,375
Chief Nursing Officer Initiative	102,224	-
Panorama	28,927	-
Infection Protection and Control Week	8,000	7,945
Sexually Transmitted Infections Week	7,000	7,000
World Tuberculosis Day	2,000	1,647
	<u>6,392,716</u>	<u>7,594,066</u>
	<u>\$ 27,955,785</u>	<u>\$ 28,902,223</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

15. 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 428,947 active and retired members and approximately 968 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, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,122 million (2011 - \$64,548 million) in respect of benefits accrued for service with actuarial assets at that date of \$59,198 million (2011 - \$57,258 million) indicating an actuarial deficit of \$9,924 million (2011 - \$7,290 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 2012 was \$2,064,702 (2011 - \$1,673,989) and is included as an expense in the statement of operations.

16. 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, 2012, this unpaid balance amounted to \$12,519 (2011 - \$12,108) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$NIL (2011 - \$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 the year end this unpaid balance amounted to \$58,977 (2011 - \$58,317) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$6,016 (2011 - \$3,450).

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 10).

Anticipated payments over the next year approximate \$7,877.

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

For the year ended December 31, 2012

17. 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 2012	Total 2011
Accrued benefit liability	\$ 766,808	\$ 850,870	\$ 1,617,678	\$ 1,632,326
Expense for the year	64,100	131,364	195,464	187,248
Benefits paid	(57,307)	(145,731)	(203,038)	(201,896)
Total liability	\$ 773,601	\$ 836,503	\$ 1,610,104	\$ 1,617,678

	Post-employment Benefits	Non-vesting Sick Leave	Total 2012	Total 2011
Current year benefit cost	\$ 32,047	\$ 96,253	\$ 128,300	\$ 119,623
Interest on accrued benefit obligation	32,053	35,111	67,164	67,626
Total expense	\$ 64,100	\$ 131,364	\$ 195,464	\$ 187,249

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

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

Post-Employment Benefits

The Health Units 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 study.

Non-Vesting Sick Leave

Then 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 a the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation.

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

	2012	2011
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%

18. 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.

19. Comparative Figures

Certain figures of the prior year have been restated to conform to the current year's presentation.

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2012

20. Expenses by Object

	2012	2011
Salaries, wages	\$ 23,537,917	\$ 22,180,151
Employee benefits	5,865,561	5,643,616
Medical and dental services	1,997,974	1,954,344
Occupancy	1,465,601	1,371,687
Travel	616,981	613,798
Purchased services	585,759	649,337
Furniture, equipment, technology	554,196	1,023,283
Program materials and supplies	516,848	635,665
Amortization of tangible capital assets	462,758	407,929
Office supplies	336,849	289,226
Professional fees	265,736	192,347
Telephone	212,191	244,463
Professional development	164,955	112,037
Postage and courier	136,309	148,373
Advertising	89,508	121,147
Equipment maintenance	56,423	95,930
Insurance	40,828	32,187
Board honouraria	21,961	21,232
Bank charges	18,923	17,920
	\$ 36,947,278	\$ 35,754,672

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	\$ (4,959)
Add budgeted capital expenditures	380,500
Less amortization	(462,758)
Budgeted deficit per statement of operations	\$ (87,217)

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

For the year ended December 31	Budget 2012	Actual 2012	Actual 2011
Salaries, wages and benefits			
Salaries	\$ 19,038,343	\$ 18,949,748	\$ 17,837,003
Benefits	4,569,201	4,847,876	4,600,724
Total salaries, wages and benefits	23,607,544	23,797,624	22,437,727
Occupancy	1,532,560	1,445,904	1,228,859
Operating			
Advertising	91,000	89,508	121,146
Equipment maintenance	64,500	56,423	95,930
Equipment and furnishings	476,000	446,405	434,724
Medical and dental services	630,736	595,072	673,368
Office supplies	209,869	214,898	161,393
Postage and courier	132,000	136,309	148,373
Professional development	120,000	148,312	88,081
Program materials and supplies	182,000	235,308	216,826
Telephone	315,000	211,646	245,714
Travel	405,000	399,627	407,772
	2,626,105	2,533,508	2,593,327
Administration			
Board honouraria	35,000	21,961	21,232
Bank charges	16,000	18,923	17,920
Insurance	38,000	40,828	32,187
Professional services	169,000	260,736	187,346
	258,000	342,448	258,685
Total mandatory program expenses	\$ 28,024,209	\$ 28,119,484	\$ 26,518,598

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	Budget 2012	Actual 2012	Actual 2011
Healthy Babies, Healthy Children Program			
Salaries, wages and benefits			
Program staff and support staff	\$ 1,879,025	\$ 1,877,003	\$ 1,846,890
Benefits	460,860	460,375	448,709
	<hr/>	<hr/>	<hr/>
Total salaries, wages and benefits	2,339,885	2,337,378	2,295,599
Computer leasing	11,360	11,657	10,369
Equipment	5,000	5,472	5,501
Professional development	5,500	5,118	7,141
Professional services	5,000	5,000	5,000
Program materials and supplies	5,000	7,655	3,523
Travel	80,188	81,825	77,946
	<hr/>	<hr/>	<hr/>
	\$ 2,451,933	\$ 2,454,105	\$ 2,405,079
Enhanced Safe Water Initiative			
Salaries		\$ 32,376	\$ 35,799
Benefits		7,770	8,592
Equipment		-	25,866
		<hr/>	<hr/>
		\$ 40,146	\$ 70,257

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2012	2011
Health Communities Partnership		
Purchases services	\$ 5,000	\$ 70,050
Program materials and supplies	-	527
Travel	-	910
	<u>\$ 5,000</u>	<u>\$ 71,487</u>
Vector Borne Diseases Program (formerly West Nile Virus)		
Salaries, wages and benefits		
Program staff and support staff	\$ 31,147	\$ 27,219
Benefits	7,475	6,532
	<u>38,622</u>	<u>33,751</u>
Professional development	534	500
Program materials and supplies	48,440	24,187
Purchased services	317	286
Travel	10,894	4,552
	<u>98,807</u>	<u>63,276</u>
Payments to municipalities for expenses incurred	<u>40,000</u>	<u>49,958</u>
	<u>\$ 138,807</u>	<u>\$ 113,234</u>
Universal Influenza Immunization Program		
Salaries	\$ 10,379	\$ 10,859
Benefits	2,281	2,737
Program materials and supplies	28,936	41,388
Travel	191	-
	<u>\$ 41,787</u>	<u>\$ 54,984</u>
Enhanced Food Safety Program		
Salaries	\$ 72,762	\$ 118,430
Benefits	17,463	28,423
Program materials and supplies	-	11,041
	<u>\$ 90,225</u>	<u>\$ 157,894</u>

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2012	2011
Meningococcal Program		
Salaries	\$ 26,872	\$ 31,761
Benefits	6,449	7,622
	<u>\$ 33,321</u>	<u>\$ 39,383</u>
HPV Program		
Salaries	\$ 50,571	\$ 55,356
Benefits	12,137	13,286
	<u>\$ 62,708</u>	<u>\$ 68,642</u>
Public Health Nurses Initiative		
Salaries	\$ 139,872	\$ 72,485
Benefits	33,569	17,322
	<u>\$ 173,441</u>	<u>\$ 89,807</u>
Small Drinking Water Systems		
Salaries	\$ 146,097	\$ 211,950
Benefits	34,560	50,868
Equipment	-	917
Professional development	2,277	2,188
Program materials and supplies	472	100
Purchased services	604	2,160
Travel	15,500	30,312
Building occupancy	4,000	10,000
	<u>\$ 203,510</u>	<u>\$ 308,495</u>
Infectious Diseases Control Initiative		
Salaries	\$ 553,267	\$ 522,778
Benefits	130,888	126,661
Professional development	967	3,088
Program materials and supplies	47,268	24,039
Purchased services	1,880	734
Travel	24,170	13,194
	<u>\$ 758,440</u>	<u>\$ 690,494</u>
Children in Need of Dental Treatment Extension Program		
Dental services	\$ 179,159	\$ 246,136
Ontario Dental Works		
Dental fees	\$ 1,191,754	\$ 1,005,003

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2012	2011
Anonymous HIV Testing Program		
Salaries, wages and benefits	\$ 48,976	\$ 51,228
Medical Officers of Health Compensation		
Salaries, wages and benefits	\$ 157,342	\$ 151,026
Healthy Smiles Ontario Program		
Salaries, wages and benefits		
Salaries	\$ 468,676	\$ 404,885
Benefits	110,845	96,184
Total salaries, wages and benefits	579,521	501,069
Purchased service	173,772	197,474
Equipment	12,925	535,956
Professional development	3,808	-
Program materials and supplies	37,375	79,380
Occupancy	26,021	28,764
Telephone	544	163
Travel	21,369	24,845
	\$ 855,335	\$ 1,367,651
Infection Prevention and Control Nurses Initiative Program		
Salaries	\$ 69,814	\$ 68,445
Benefits	16,755	16,427
	\$ 86,569	84,872
One Time Infrastructure		
Furniture and equipment	\$ 51,172	\$ 108,187

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31

2012

2011

Bed Bugs Program

Salaries	\$ 36,250	\$ 18,542
Benefits	8,700	4,450
Purchases services	(26,187)	113,132
	\$ 18,763	\$ 136,124

Nursing Graduate Guarantee

Salaries and wages	\$ -	\$ 9,456
Benefits	-	1,927
	\$ -	\$ 11,383

Chief Nursing Officer

Salaries and wages	\$ 82,607	\$ -
Benefits	19,616	-
	\$ 102,223	\$ -

Library Hub

Salaries and wages	\$ 41,285	\$ -
Benefits	9,908	-
Program materials and supplies	19,692	-
	\$ 70,885	\$ -

Panorama

Salaries and wages	\$ 22,913	\$ -
Benefits	5,499	-
Travel	515	-
	\$ 28,927	\$ -

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31

2012

2011

Smoke Free Ontario

Enforcement and Protection

Salaries	\$ 345,913	\$ 367,850
Benefits	82,933	92,024
Program materials and supplies	5,342	1,419
Professional development	1,691	5,378
Purchased services	29,173	11,059
Travel	53,848	41,110
	<u>\$ 518,900</u>	<u>\$ 518,840</u>

Tobacco Control Area Network Coordination

Salaries	\$ 209,161	\$ 201,219
Benefits	50,844	47,833
Equipment	-	1,187
Communication	-	3,615
Program materials and supplies	3,110	2,829
Professional development	2,249	1,939
Purchased services	10,881	14,891
Travel	9,556	12,201
	<u>\$ 285,801</u>	<u>\$ 285,714</u>

Tobacco Control Coordination

Salaries	\$ 80,645	\$ 81,263
Benefits	19,355	18,737
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Youth Engagement Strategy Program

Salaries	\$ 64,714	\$ 60,126
Benefits	15,286	14,430
Program materials and supplies	-	235
Purchased services	-	333
Professional development	-	3,718
Travel	-	1,158
	<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	2012	2011
Smoke Free Ontario (continued)		
Tobacco Control Area Network Prevention		
Program materials and supplies	\$ 60,203	\$ 133,626
Purchased services	222,109	106,945
	<u>\$ 282,312</u>	<u>\$ 240,571</u>
Tobacco Control Area Network Communication		
Purchased services	\$ 100,055	\$ 36,945
Prosecution		
Prosecution	\$ 4,863	\$ 12,766
Workplace Cessation Demonstration Project		
Salaries	\$ 22,440	\$ -
Benefits	5,386	-
Program materials and supplies	58,230	-
Travel	1,965	-
	<u>\$ 88,021</u>	<u>\$ -</u>