

**Simcoe Muskoka
District Health Unit
Financial Statements**
For the year ended December 31, 2013

Contents

Management Report	2
Independent Auditor's Report	3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Debt	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 9
Notes to the Financial Statements	10 - 21
Schedule 1 - Public Health Cost Shared Mandatory Program	22
Schedule 2 - Other Public Health Programs	23 - 29

Management Report

Management's Responsibility for the Financial Statements

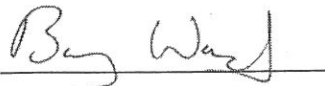
The accompanying financial statements of the Simcoe Muskoka District Health Unit are the responsibility of the Health Unit's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of significant accounting policies is attached to the financial statements.

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.



Barry Ward
Chair, Board of Directors



Sandra Horney
Director of Program Foundations and Finance

June 18, 2014

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

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

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

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

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

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

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



Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie ON L4N 0B4 Canada

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 statements of financial position as at December 31, 2013, 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, 2013 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 18, 2014

Simcoe Muskoka District Health Unit Statement of Financial Position

December 31	2013	2012
Financial Assets		
Cash (note 1)	\$ 4,226,300	\$ 4,642,014
Accounts receivable (note 2)	827,573	961,533
Term deposits (notes 9)	53,105	54,076
Due from Province of Ontario - Other (note 3)	2,751	2,751
	5,109,729	5,660,374
Liabilities		
Accounts payable and accrued liabilities (note 5)	3,014,968	4,197,980
Due to Ministry of Health and Long-Term Care (note 11)	548,061	472,925
Post-employment benefits and compensated absences (note 16)	1,609,903	1,610,104
Deferred revenue	411,221	179,970
	5,584,153	6,460,979
Net Financial Debt	(474,424)	(800,605)
Non-Financial Assets		
Tangible capital assets (note 4)	2,032,486	2,443,560
Prepaid expenses	230,170	263,756
	2,262,656	2,707,316
Accumulated Surplus (note 6)	\$ 1,788,232	\$ 1,906,711

Contingencies (note 11)

Commitments (notes 12)

On behalf of the Board:




Director

Director

Simcoe Muskoka District Health Unit Statement of Operations

For the year ended December 31	2013 Budget	2013	2012
	(note 20)		(note 18)
Revenues			
Operating grants			
Ministry of Health and Long-Term Care			
- Mandatory Programs (note 13)	\$ 28,966,877	\$ 28,048,670	\$ 27,955,785
County of Simcoe (note 8)	4,045,724	5,497,793	5,263,149
City of Barrie	1,590,451	1,590,451	1,585,089
City of Orillia	362,605	362,605	363,197
District of Muskoka	1,383,324	1,394,876	1,410,813
District of Parry Sound	-	7,892	8,756
	36,348,981	36,902,287	36,586,789
Interest earned	20,000	47,253	47,196
Other	332,000	486,621	316,870
	36,700,981	37,436,161	36,950,855
Expenses (note 19)			
Public Health Program	28,682,874	28,020,702	28,257,300
Healthy Babies, Healthy Children Program	2,528,545	2,525,783	2,454,105
Healthy Smiles Ontario Program	1,123,351	1,077,491	855,335
Smoke Free Ontario Programs	1,363,300	1,407,365	1,459,951
One Time	60,000	77,746	51,172
Ontario Dental Works Program	-	1,334,412	1,191,754
Infectious Diseases Control Initiative	777,815	765,423	758,440
Small Drinking Water Systems	208,667	203,235	203,510
Children in Need of Dental Treatment Expansion Program	182,743	197,855	179,159
Enhanced Food Safety Haines Initiative Program	90,225	90,225	90,225
Medical Officers of Health Compensation	162,163	182,185	157,342
Bed Bugs Program	-	-	18,763
Other	51,504	3,200	16,557
Vector Borne Diseases Program	156,755	152,712	138,807
Public Health Nurses Initiative	176,910	164,278	173,441
Infection Prevention and Control Nurses Initiative	88,300	88,300	86,569
Healthy Communities Partnership	141,833	165,825	5,000
Enhanced Safe Water Initiative	40,146	40,147	40,146
Anonymous HIV Testing Program	48,976	48,976	48,976
Needle Exchange Program Initiative	32,500	32,500	32,500
Public Health Ontario Secondment	-	84,049	16,528
Nursing Graduate Guarantee	96,767	96,767	-
Infection Prevention and Control Week	8,000	7,758	8,000
Chief Nursing Officer Initiative	119,033	119,033	102,223
Sexually Transmitted Infections Week	7,000	7,000	7,000
World Tuberculosis Day	2,000	2,000	2,000
Panorama	82,245	49,676	28,927
RNAO	-	94,615	-
Library Hub	190,000	110,418	70,886
	36,421,652	37,149,676	36,454,616
Annual surplus before adjustments	279,329	286,485	496,239
Amortization expense	480,787	480,787	462,758
Change in accrued vacation pay	-	(75,622)	37,479
Change in post-employment benefits and compensated absences	-	(201)	(7,574)
	480,787	404,964	492,663
Annual surplus (deficit) for the year	(201,458)	(118,479)	3,576
Accumulated surplus, beginning of year	1,906,711	1,906,711	1,903,135
Accumulated surplus, end of year (note 6)	\$ 1,705,253	\$ 1,788,232	\$ 1,906,711

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	2013 Budget	2013	2012
	(note 20)		
Annual surplus (deficit)	\$ (201,458)	\$ (118,479)	\$ 3,576
Acquisition of tangible capital assets	-	(88,153)	(443,739)
Amortization of tangible capital assets	480,787	480,787	462,758
Loss on disposal of tangible capital assets	-	18,440	-
	<u>480,787</u>	<u>411,074</u>	<u>19,019</u>
Acquisition of prepaid expenses	-	(230,170)	(263,756)
Use of prepaids	-	263,756	216,343
	-	<u>33,586</u>	<u>(47,413)</u>
Change in net financial debt	279,329	326,181	(24,818)
Net financial debt, beginning of year	<u>(800,605)</u>	<u>(800,605)</u>	<u>(775,787)</u>
Net financial debt, end of year	<u>\$ (521,276)</u>	<u>\$ (474,424)</u>	<u>\$ (800,605)</u>

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

December 31	2013	2012
Cash provided by (used in)		
Operating transactions		
Annual surplus (deficit)	\$ (118,479)	\$ 3,576
Items not involving cash		
Amortization	480,787	462,758
Loss on disposal of tangible capital assets	18,440	-
	<u>380,748</u>	<u>466,334</u>
Changes in non-cash working capital balances		
Accounts receivable	133,960	(6,563)
Amount due to Ministry of Health and Long-Term Care	75,136	(393,373)
Prepaid expenses	33,586	(47,413)
Accounts payable and accrued liabilities	(1,183,013)	72,065
Deferred revenue	231,252	(66,486)
Post-employment benefits and compensated absences	(201)	(7,574)
	<u>(328,532)</u>	<u>16,990</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(88,153)</u>	<u>(443,739)</u>
Decrease in cash and short-term deposits during the year	(416,685)	(426,749)
Cash and short-term deposits, beginning of year	<u>4,696,090</u>	<u>5,122,839</u>
Cash and short-term deposits, end of year	<u>\$ 4,279,405</u>	<u>\$ 4,696,090</u>
Represented by:		
Unrestricted cash	\$ 4,226,300	\$ 4,642,014
Term deposits	53,105	54,076
	<u>\$ 4,279,405</u>	<u>\$ 4,696,090</u>

Simcoe Muskoka District Health Unit

Summary of Significant Accounting Policies

For the year ended December 31, 2013

**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, 2013

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 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, 2013

1. Cash

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

In addition, the Health Unit has an operating line of credit facility available in the amount of \$200,000. Outstanding amounts bear interest at the bank's prime rate plus 0.25% and are secured by a general security agreement. There is no balance outstanding at December 31, 2013.

2. Accounts Receivable

	2013	2012
HST recoverable	\$ 486,095	\$ 542,080
City of Barrie	18,169	46,730
County of Simcoe	266,251	279,585
Other	57,058	93,138
	<u>\$ 827,573</u>	<u>\$ 961,533</u>

3. Due from Province of Ontario - Other

	2013	2012
Provincial share of sick leave benefits to be paid when certain non-union employees terminate employment with the Health Unit	\$ 2,751	\$ 2,751
	<u>\$ 2,751</u>	<u>\$ 2,751</u>

Simcoe Muskoka District Health Unit
Notes to the Financial Statements

For the year ended December 31, 2013

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

Simcoe Muskoka District Health Unit
Notes to the Financial Statements

For the year ended December 31, 2013

4. Tangible Capital Assets (continued)

	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, 2013

5. Accounts Payable and Accrued Liabilities

	2013	2012
Trade and other	\$ 949,186	\$ 1,454,702
Salaries and benefits	1,459,922	2,061,796
Accrued vacation pay liability	605,860	681,482
	\$ 3,014,968	\$ 4,197,980

6. Accumulated Surplus

	2013	2012
Surplus (note 7)	\$ 407,161	\$ 524,669
Internally restricted reserves (note 9)	1,381,071	1,382,042
	\$ 1,788,232	\$ 1,906,711

7. Surplus

	2013	2012
Balance, beginning of year	\$ 524,669	\$ 520,160
Annual surplus (deficit)	(118,479)	3,576
Transfer from Sick Leave Reserve	971	933
	\$ 407,161	\$ 524,669

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

	2013	2012
County of Simcoe	\$ 220,295	\$ 283,965
City of Barrie	90,972	116,637
City of Orillia	20,632	26,483
District of Muskoka	75,262	97,584
	\$ 407,161	\$ 524,669

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

For the year ended December 31, 2013

8. Operating Grants - County of Simcoe

	<u>2013</u>	<u>2012</u>
Cost Shared Program		
Public Health Program	<u>\$ 3,945,720</u>	<u>\$ 3,868,200</u>
100% Funded Programs		
Ontario Works Dental Program - Administration Fee	218,844	202,015
Ontario Works Dental Program - Expenses	<u>1,333,229</u>	<u>1,192,934</u>
	<u>1,552,073</u>	<u>1,394,949</u>
	<u>\$ 5,497,793</u>	<u>\$ 5,263,149</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2013

9. Internally Restricted Reserve Funds

Sick Leave Reserve Fund

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

	2013	2012
Balance, beginning of the year	\$ 54,076	\$ 55,009
Transfer to surplus	(971)	(933)
Balance, end of the year	\$ 53,105	\$ 54,076

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.

	2013	2012
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.

	2013	2012
Balance, beginning and end of the year	\$ 745,094	\$ 745,094
Total Internally Restricted Reserve Funds	\$ 1,381,071	\$ 1,382,042

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2013

10. 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.

11. 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 years ended December 31, 2012 and 2013 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.

12. Commitments

(a) Office space

The Health Unit leases office space at its main office in Barrie and for its branch offices in Collingwood, Barrie, Midland, Cookstown, Alliston, Huntsville, Gravenhurst and Orillia. These operating leases have varying expiry dates ranging from 2014 to the year 2021.

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

2014 - \$ 743,741	2017 - \$ 681,113
2015 - \$ 744,949	2018 - \$ 566,861
2016 - \$ 750,019	

(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 three years under the terms of these leases are as follows:

2014 - \$ 61,558	2016 - \$ 7,171
2015 - \$ 30,224	

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2013

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

	2013	2012
Cost Shared Programs		
Public Health Program	\$ 20,724,781	\$ 20,920,778
Vector Borne Diseases Program (formerly West Nile Virus)	127,470	114,105
Universal Influenza Immunization Program	28,520	44,815
Meningococcal Program	48,229	36,083
HPV Program	62,849	56,423
Children in Need of Treatment Expansion Program	137,057	134,369
Small Drinking Water Systems	152,426	152,633
One Time	58,310	261,008
	<u>21,339,642</u>	<u>21,720,214</u>
100% Funded Programs		
Healthy Babies, Healthy Children Program	2,525,783	2,454,105
Health Smiles Ontario Program	905,385	753,962
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	282,312
-Tobacco Control Area Network Coordination	285,800	285,800
-Tobacco Control Area Network Communication	-	100,055
-Tobacco Control Coordination	100,000	100,000
-Prosecution	12,800	4,863
-One Time SFO: Enforcement Tablet Upgrade	16,523	-
-Workplace Cessation Demonstration Project	92,738	88,021
Infectious Diseases Control Initiative	765,423	758,440
Enhanced Food Safety Haines Initiative Program	90,225	90,225
Medical Officers of Health Compensation	182,185	157,342
Bed Bugs Program	-	18,763
Other miscellaneous programs	10,206	7,999
Public Health Nurses Initiative	164,278	173,441
Infection Prevention and Control Nurses Initiative Program	88,300	86,569
Health Communities Partnership	165,825	5,000
Enhanced Safe Water Initiative	40,147	40,147
Anonymous HIV Testing Program	48,976	48,976
Nursing Graduate Guarantee Program	96,767	-
Needle Exchange	32,500	32,500
Chief Nursing Officer Initiative	119,033	102,224
Panorama	49,676	28,927
Infection Protection and Control Week	7,758	8,000
Sexually Transmitted Infections Week	7,000	7,000
World Tuberculosis Day	2,000	2,000
	<u>6,709,028</u>	<u>6,235,571</u>
	<u>\$ 28,048,670</u>	<u>\$ 27,955,785</u>

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2013

14. Pension Agreement

The Health Unit makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Health Unit has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. OMERS provides pension services to more than 439,528 active and retired members and approximately 982 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, 2013. The results of this valuation disclosed total actuarial liabilities of \$73,004 million (2012 - \$69,122 million) in respect of benefits accrued for service with actuarial assets at that date of \$64,363 million (2012 - \$59,198 million) indicating an actuarial deficit of \$8,641 million (2012 - \$9,924 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 2013 was \$2,285,433 (2012 - \$2,064,702) and is included as an expense in the statement of operations.

15. Liability for Vested Sick Leave Benefits

(a) Union employees

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

As at December 31, 2013, this unpaid balance amounted to \$12,519 (2012 - \$12,519) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$NIL (2012 - \$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 \$34,367 (2012 - \$58,977) and no provision has been made for this liability in these financial statements. Payments made under this plan during the year amounted to \$25,623 (2012 - \$6,016).

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 \$36,348.

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

For the year ended December 31, 2013

16. Post-Employment Benefits and Compensated Absences Liability

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

	Post-employment Benefits	Non-vesting Sick Leave	Total 2013	Total 2012
Accrued benefit liability	\$ 773,601	\$ 836,503	\$ 1,610,104	\$ 1,617,678
Expense for the year	66,625	137,354	203,979	195,464
Benefits paid	(56,224)	(147,956)	(204,180)	(203,038)
Total liability	\$ 784,002	\$ 825,901	\$ 1,609,903	\$ 1,610,104

	Post-employment Benefits	Non-vesting Sick Leave	Total 2013	Total 2012
Current year benefit cost	\$ 34,215	\$ 102,763	\$ 136,978	\$ 128,300
Interest on accrued benefit obligation	32,410	34,591	67,001	67,164
Total expense	\$ 66,625	\$ 137,354	\$ 203,979	\$ 195,464

Simcoe Muskoka District Health Unit Notes to the Financial Statements

For the year ended December 31, 2013

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

Post-Employment Benefits

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

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.

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>2013</u>	<u>2012</u>
Future cost of long term debt	4.25%	4.25%
Future inflation rates	2.00%	2.00%
Salaries escalation	3.00%	3.00%
Dental costs escalation	4.00%	4.00%

17. Economic Dependence

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

18. 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, 2013

19. Expenses by Object

	2013	2012
Salaries, wages	\$ 23,759,691	\$ 23,537,917
Employee benefits	6,047,663	5,865,561
Medical and dental services	2,155,209	1,997,974
Occupancy	1,520,966	1,465,601
Furniture, equipment, technology	642,644	554,196
Travel	635,142	616,981
Program materials and supplies	588,936	516,848
Purchased services	559,679	585,759
Amortization and loss on disposal of tangible capital assets	499,217	462,758
Office supplies	260,809	336,849
Telephone	234,519	212,191
Professional fees	170,918	265,736
Professional development	148,752	164,955
Postage and courier	108,112	136,309
Advertising	87,241	89,508
Equipment maintenance	56,152	56,423
Insurance	39,533	40,828
Board honouraria	20,020	21,961
Bank charges	19,436	18,923
	\$ 37,554,639	\$ 36,947,278

20. 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	\$ 279,329
Add budgeted capital expenditures	-
Less amortization	(480,787)
Budgeted deficit per statement of operations	\$ (201,458)

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

For the year ended December 31	Budget 2013	Actual 2013	Actual 2012
Salaries, wages and benefits			
Salaries	\$ 19,456,202	\$ 18,875,706	\$ 19,037,571
Benefits	4,662,288	4,931,478	4,868,742
Total salaries, wages and benefits	24,118,490	23,807,184	23,906,313
Occupancy	1,580,379	1,486,223	1,445,904
Operating			
Advertising	91,000	87,241	89,508
Equipment maintenance	64,500	56,152	56,423
Equipment and furnishings	576,000	552,014	446,405
Medical and dental services	600,736	587,340	595,072
Office supplies	209,869	141,651	214,898
Postage and courier	140,000	108,112	136,309
Professional development	132,400	123,323	148,312
Program materials and supplies	182,000	200,137	264,244
Telephone	315,000	232,994	211,646
Travel	414,500	393,342	399,818
	2,726,005	2,482,306	2,562,635
Administration			
Board honouraria	35,000	20,020	21,961
Bank charges	16,000	19,436	18,923
Insurance	38,000	39,533	40,828
Professional services	169,000	166,000	260,736
	258,000	244,989	342,448
Total mandatory program expenses	\$ 28,682,874	\$ 28,020,702	\$ 28,257,300

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	Actual 2013	Actual 2012
Healthy Babies, Healthy Children Program		
Salaries, wages and benefits		
Program staff and support staff	\$ 1,935,610	\$ 1,877,003
Benefits	474,137	460,375
	<hr/>	<hr/>
Total salaries, wages and benefits	2,409,747	2,337,378
Computer leasing	10,400	11,657
Equipment	8,985	5,472
Professional development	6,655	5,118
Professional services	4,918	5,000
Program materials and supplies	4,174	7,655
Travel	80,904	81,825
	<hr/>	<hr/>
	\$ 2,525,783	\$ 2,454,105
<hr/>		
Enhanced Safe Water Initiative		
Salaries	\$ 32,377	\$ 32,376
Benefits	7,770	7,770
	<hr/>	<hr/>
	\$ 40,147	\$ 40,146

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2013	2012
Health Communities Partnership		
Equipment	\$ 27	\$ -
Purchases services	139,047	5,000
Program materials and supplies	6,071	-
Professional development	603	-
Travel	20,077	-
	<u>\$ 165,825</u>	<u>\$ 5,000</u>
Vector Borne Diseases Program (formerly West Nile Virus)		
Salaries, wages and benefits		
Program staff and support staff	\$ 56,038	\$ 31,147
Benefits	13,449	7,475
	<u>69,487</u>	<u>38,622</u>
Total salaries, wages and benefits	69,487	38,622
Equipment and furnishings	2,621	-
Professional development	499	534
Program materials and supplies	1,787	1,650
Purchased services	18,110	47,107
Travel	8,466	10,894
	<u>100,970</u>	<u>98,807</u>
Payments to municipalities for expenses incurred	51,742	40,000
	<u>\$ 152,712</u>	<u>\$ 138,807</u>
Enhanced Food Safety Haines Initiative Program		
Salaries	\$ 72,762	\$ 72,762
Benefits	17,463	17,463
	<u>\$ 90,225</u>	<u>\$ 90,225</u>

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2013	2012
Public Health Nurses Initiative		
Salaries	\$ 131,512	\$ 139,872
Benefits	32,766	33,569
	<u>\$ 164,278</u>	<u>\$ 173,441</u>
Small Drinking Water Systems		
Salaries	\$ 147,987	\$ 146,097
Benefits	35,517	34,560
Professional development	3,412	2,277
Program materials and supplies	-	472
Purchased services	604	604
Travel	13,715	15,500
Building occupancy	2,000	4,000
	<u>\$ 203,235</u>	<u>\$ 203,510</u>
Infectious Diseases Control Initiative		
Salaries	\$ 552,872	\$ 553,267
Benefits	130,184	130,888
Equipment	5,841	16,243
Professional development	3,092	967
Program materials and supplies	37,918	31,025
Purchased services	17,892	1,880
Travel	17,624	24,170
	<u>\$ 765,423</u>	<u>\$ 758,440</u>
Children in Need of Dental Treatment Extension Program		
Dental services	\$ 197,855	\$ 179,159
Ontario Dental Works Program		
Dental fees	\$ 1,334,412	\$ 1,191,754

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2013	2012
Anonymous HIV Testing Program		
Salaries, wages and benefits	\$ 48,976	\$ 48,976
Medical Officers of Health Compensation		
Salaries, wages and benefits	\$ 182,185	\$ 157,342
Healthy Smiles Ontario Program		
Salaries, wages and benefits		
Salaries	\$ 650,387	\$ 468,676
Benefits	156,338	110,845
Total salaries, wages and benefits	806,725	579,521
Purchased service	141,897	173,772
Equipment	4,140	12,925
Professional development	1,925	3,808
Program materials and supplies	56,446	37,375
Occupancy	32,744	26,021
Telephone	1,354	544
Travel	32,260	21,369
	\$ 1,077,491	\$ 855,335
Infection Prevention and Control Nurses Initiative Program		
Salaries	\$ 71,210	\$ 69,814
Benefits	17,090	16,755
	\$ 88,300	86,569
One Time		
Salaries, wages and benefits	\$ 17,746	\$ -
Equipment	60,000	51,172
	\$ 77,746	\$ 51,172
Registered Nurses Association of Ontario Provincial Coordinator		
Salaries and wages	\$ 76,465	\$ -
Benefits	18,033	-
Program materials and supplies	117	-
	\$ 94,615	\$ -

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

For the year ended December 31

2013

2012

Bed Bugs Program

Salaries	\$ -	\$ 36,250
Benefits	-	8,700
Purchases services	-	(26,187)
	<u>\$ -</u>	<u>\$ 18,763</u>

Nursing Graduate Guarantee

Salaries and wages	\$ 87,400	\$ -
Benefits	9,367	-
	<u>\$ 96,767</u>	<u>\$ -</u>

Chief Nursing Officer Initiative

Salaries and wages	\$ 95,928	\$ 82,607
Benefits	23,105	19,616
	<u>\$ 119,033</u>	<u>\$ 102,223</u>

Library Hub

Salaries and wages	\$ 70,153	\$ 41,285
Benefits	16,837	9,908
Program materials and supplies	23,428	19,692
	<u>\$ 110,418</u>	<u>\$ 70,885</u>

Panorama

Salaries and wages	\$ 36,518	\$ 22,913
Benefits	11,532	5,499
Purchased services	1,626	-
Travel	-	515
	<u>\$ 49,676</u>	<u>\$ 28,927</u>

Public Health Ontario Secondment

Salaries, wages and benefits	\$ 84,049	\$ 16,528
------------------------------	-----------	-----------

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31 2013 2012

Smoke Free Ontario

Enforcement and Protection

Salaries	\$	366,192	\$	345,913
Benefits		88,104		82,933
Program materials and supplies		381		5,342
Professional development		4,068		1,691
Purchased services		8,967		29,173
Travel		51,188		53,848
		\$ 518,900		\$ 518,900

Tobacco Control Area Network Coordination

Salaries	\$	218,196	\$	209,161
Benefits		52,472		50,844
Program materials and supplies		2,002		3,110
Professional development		1,248		2,249
Purchased services		2,784		10,881
Travel		9,098		9,556
		\$ 285,800		\$ 285,801

Tobacco Control Coordination

Salaries	\$	80,645	\$	80,645
Benefits		19,355		19,355
		\$ 100,000		\$ 100,000

Youth Tobacco Use Prevention Program

Salaries	\$	55,820	\$	64,714
Benefits		13,397		15,286
Program materials and supplies		670		-
Purchased services		5,171		-
Professional development		3,926		-
Travel		1,016		-
		\$ 80,000		\$ 80,000

Simcoe Muskoka District Health Unit
Schedule 2
Other Public Health Programs

For the year ended December 31	2013	2012
Smoke Free Ontario (continued)		
Tobacco Control Area Network Prevention		
Salaries	\$ 18,018	\$ -
Benefits	4,324	-
Program materials and supplies	27,951	60,203
Purchased services	243,055	222,109
Travel	7,452	-
	\$ 300,800	\$ 282,312
Tobacco Control Area Network Communication		
Purchased services	\$ -	\$ 100,055
One Time SFO: Enforcement Tablet Upgrade		
Equipment	\$ 16,523	\$ -
Prosecution		
Prosecution	\$ 12,800	\$ 4,863
Workplace Cessation Demonstration Project		
Salaries	\$ 29,904	\$ 22,440
Benefits	7,177	5,386
Program materials and supplies	52,860	58,230
Purchased services	2,601	-
Travel	-	1,965
	\$ 92,542	\$ 88,021