

**North Bay Parry Sound District
Health Unit
Financial Statements
For the year ended December 31, 2018**

North Bay Parry Sound District Health Unit
Financial Statements
For the year ended December 31, 2018

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Independent Auditor's Report

To the Members of the North Bay Parry Sound District Health Unit

Opinion

We have audited the financial statements of the North Bay Parry Sound District Health Unit (the Entity), which comprise of the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets (debt) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, included in the Unaudited Supplementary Financial Information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Unaudited Supplementary Financial Information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
April 24, 2019

North Bay Parry Sound District Health Unit Statement of Financial Position

December 31	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 3,486,133	\$ 2,179,387
Accounts receivable (Note 2)	263,924	604,475
	<u>3,750,057</u>	<u>2,783,862</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,164,951	3,190,483
Due to Province of Ontario	656,095	116,105
Due to member municipalities	10,160	8,024
Deferred revenue (Note 6)	599,963	374,114
Other employment liabilities (Note 8)	270,919	284,647
Long-term debt (Note 7)	-	1,099,000
	<u>2,702,088</u>	<u>5,072,373</u>
Net financial assets (debt)	<u>1,047,969</u>	<u>(2,288,511)</u>
Non-Financial Assets		
Tangible capital assets (Note 3)	18,920,835	19,325,858
Supplies inventory	168,285	174,588
Prepaid expenses	80,531	93,935
	<u>19,169,651</u>	<u>19,594,381</u>
Accumulated surplus (Note 4)	<u>\$ 20,217,620</u>	<u>\$ 17,305,870</u>

Commitments (Note 13)

Contingencies (Note 12)

On behalf of the Board:

 Chairperson
 Vice Chairperson

North Bay Parry Sound District Health Unit Statement of Operations

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario (Note 9)	\$ 16,127,757	\$ 19,213,895	\$ 26,484,894
Member municipalities	3,674,692	3,674,691	3,674,691
Cost recoveries - other programs (Note 10)	182,314	201,250	197,783
Program revenue	308,087	382,775	403,020
Other grant revenues	166,130	341,693	246,363
Interest and other	46,752	297,576	59,775
Transfer to deferred revenue	-	(225,849)	(1,227)
Transfer from deferred revenue	28,990	-	17,947
	<u>20,534,722</u>	<u>23,886,031</u>	<u>31,083,246</u>
Expenses (Note 16)			
Public Health Mandatory Programs	14,353,379	15,014,776	14,133,244
Healthy Smiles Ontario	1,146,500	1,113,890	1,145,006
Healthy Babies, Healthy Children Program	1,094,400	1,094,400	1,094,400
Smoke Free Ontario	479,200	449,817	423,898
Infection Control	389,000	389,000	389,000
Genetics Program	405,653	280,212	407,405
Adult Dental	328,996	268,259	15,019
Small Drinking Water Systems	209,333	209,333	209,333
Public Health Nurses Initiative	180,500	180,500	180,500
Vector-Borne Disease	169,466	169,467	169,467
Northern Fruit and Vegetable	150,000	161,278	53,309
Diabetes Strategy	150,000	150,000	150,000
Enhanced Harm Reduction	150,000	144,525	20,704
Chief Nursing Officer	121,500	121,500	121,500
Falls Prevention	100,000	95,213	114,875
Infection Control Practitioner	90,100	90,100	90,100
Panorama	73,000	71,512	43,756
One-time Program	127,473	70,977	57,278
Needle Exchange	54,700	54,700	53,200
MOH Initiative	47,318	46,047	50,940
Haines Food Safety	31,700	31,700	31,700
Enhanced Safe Water	15,500	15,500	15,500
	<u>19,867,718</u>	<u>20,222,706</u>	<u>18,970,134</u>
Excess of revenues over expenses before items below	\$ 667,004	3,663,325	12,113,112
Province of Ontario settlement (Note 11)		(628,276)	(258,134)
Loss on disposal of tangible capital assets		(123,299)	(24,098)
Annual surplus		2,911,750	11,830,880
Accumulated surplus, beginning of year		17,305,870	5,474,990
Accumulated surplus, end of year (Note 4)		\$ 20,217,620	\$ 17,305,870

The accompanying notes are an integral part of these financial statements.

North Bay Parry Sound District Health Unit Statement of Changes in Net Assets (Debt)

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Annual surplus	\$ 667,004	\$ 2,911,750	\$ 11,830,880
Acquisition of tangible capital assets	(142,121)	(810,374)	(8,829,039)
Amortization of tangible capital assets	-	1,092,098	236,493
Loss on disposal of tangible capital assets	-	123,299	24,098
	<u>524,883</u>	<u>3,316,773</u>	<u>3,262,432</u>
Acquisition of prepaid expenses	-	(80,531)	(93,935)
Use of prepaid expenses	-	93,935	56,999
Acquisition of supplies inventory	-	(168,285)	(174,588)
Consumption of supplies inventory	-	174,588	168,134
	<u>-</u>	<u>19,707</u>	<u>(43,390)</u>
Changes in net financial assets	524,883	3,336,480	3,219,042
Net financial debt, beginning of year	<u>(2,288,511)</u>	<u>(2,288,511)</u>	<u>(5,507,553)</u>
Net financial assets (debt), end of year	<u>\$ (1,763,628)</u>	<u>\$ 1,047,969</u>	<u>\$ (2,288,511)</u>

The accompanying notes are an integral part of these financial statements.

North Bay Parry Sound District Health Unit Statement of Cash Flow

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 2,911,750	\$ 11,830,880
Items not involving cash		
Amortization of tangible capital assets	1,092,098	236,493
Loss on disposal of tangible capital assets	123,299	24,098
Changes in non-cash working capital balances		
Accounts receivable	340,551	231,679
Accounts payable and accrued liabilities	(2,025,532)	590,951
Due to Province of Ontario	539,990	(777)
Due to member municipalities	2,136	7,362
Deferred revenue	225,849	115,393
Other employment liabilities	(13,728)	9,690
Supplies inventory	6,303	(6,454)
Prepaid expenses	13,404	(36,936)
	<u>3,216,120</u>	<u>13,002,379</u>
Investing transactions		
Acquisition of tangible capital assets	<u>(810,374)</u>	<u>(8,829,039)</u>
Financing transactions		
Repayment of long-term debt	<u>(1,099,000)</u>	<u>(4,181,000)</u>
Increase (decrease) in cash and cash equivalents during the year	1,306,746	(7,660)
Cash and cash equivalents, beginning of year	<u>2,179,387</u>	<u>2,187,047</u>
Cash and cash equivalents, end of year	<u>\$ 3,486,133</u>	<u>\$ 2,179,387</u>

The accompanying notes are an integral part of these financial statements.

North Bay Parry Sound District Health Unit

Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies

Nature of Organization The North Bay Parry Sound District Health Unit is incorporated without share capital under the Health Protection and Promotion Act and its principal activity is to provide mandatory public health programs. 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 The financial statements of the Health Unit are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Health Unit are as follows:

Financial Statement Presentation The financial statements reflect the assets, liabilities, revenues and expenses of the North Bay Parry Sound District Health Unit. The following programs are funded through grants from the Province of Ontario and through transfer payments from member municipalities.

Program Name	% Funded Province of Ontario	% Funded Municipal
Public Health Cost Shared Mandatory Programs	75%	25%
Healthy Babies, Healthy Children	100%	0%
Healthy Smiles Ontario	100%	0%
Smoke Free Ontario	100%	0%
Infection Control	100%	0%
Genetics	100%	0%
Small Drinking Water Systems	75%	25%
Public Health Nurses Initiative	100%	0%
Vector Borne Disease	75%	25%
Diabetes Strategy	100%	0%
Infection Control Practitioner	100%	0%
MOH Initiative	100%	0%
Chief Nursing Officer	100%	0%
Haines Food Safety	100%	0%
Enhanced Safe Water	100%	0%
Falls Prevention	100%	0%
Panorama	100%	0%
Healthy Smiles Ontario	100%	0%
Enhanced Harm Reduction	100%	0%
Northern Fruit & Vegetable	100%	0%
Adult Dental	0%	100%

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies (continued)

**Cash and Cash
Equivalents**

Cash and cash equivalents includes cash on hand, current bank accounts and short-term deposits, if any, with terms to maturity of less than 90 days.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Furniture	5 to 10 years
Equipment	5 to 8 years
Computer equipment and software	4 to 5 years
Portables	20 years
Building	25 years
Leaseholds	Straight line over term of the lease

Retirement Benefits

The Health Unit's contributions due during the period to its multi employer defined benefit plan are expensed as incurred.

Revenue Recognition

Revenue is recognized as it is received or becomes receivable under the terms of applicable contribution agreements. Certain government funding received but not expended is reported as deferred revenue on the Statement of Financial Position, depending on the nature of the funding agreements.

Under the terms of certain contribution agreements, revenues received in excess of expenses incurred are deferred until the accounting period that the appropriate expenses are incurred.

All other revenue is recorded as the applicable service is provided and collection is reasonably assured.

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity 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 determination of the estimated useful life of tangible capital assets. Actual results could differ from these estimates.

Economic Dependence

Substantially all of the Health Unit's revenue is received from the Province of Ontario and municipalities in its district. The continuation of the Health Unit is dependent on this funding.

Any adjustment to funding is recorded in the year it becomes known as an adjustment to net assets.

2. Accounts Receivable

	2018	2017
Government of Canada	\$ 176,889	\$ 440,322
Province of Ontario	45,996	43,040
Other	41,039	121,113
	<u>\$ 263,924</u>	<u>\$ 604,475</u>

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

3. Tangible Capital Assets

	2018								
	Furniture	Equipment	Computer Equipment & Software	Leaseholds	Portables	Buildings	Land	Construction in progress	Total
Cost, beginning of year	\$ 925,651	\$ 781,162	\$ 2,075,253	\$ 986,891	\$ 2,916	\$ -	\$ 987,335	\$ 17,567,097	\$ 23,326,305
Additions	575,226	189,731	354,393	-	-	17,258,121	-	-	18,377,471
Disposals	(678,430)	(67,321)	(183,366)	(753,452)	-	-	-	(17,567,097)	(19,249,666)
Cost, end of year	\$ 822,447	\$ 903,572	\$ 2,246,280	\$ 233,439	\$ 2,916	\$ 17,258,121	\$ 987,335	\$ -	\$ 22,454,110
Accumulated amortization, beginning of year	\$ 697,948	\$ 620,794	\$ 1,693,430	\$ 986,891	\$ 1,384	\$ -	\$ -	\$ -	\$ 4,000,447
Amortization	70,791	67,074	263,762	-	146	690,325	-	-	1,092,098
Disposals	(559,728)	(65,698)	(180,392)	(753,452)	-	-	-	-	(1,559,270)
Accumulated amortization, end of year	\$ 209,011	\$ 622,170	\$ 1,776,800	\$ 233,439	\$ 1,530	\$ 690,325	\$ -	\$ -	\$ 3,533,275
Net carrying amount, end of year	\$ 613,436	\$ 281,402	\$ 469,480	\$ -	\$ 1,386	\$ 16,567,796	\$ 987,335	\$ -	\$ 18,920,835

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

3. Tangible Capital Assets (continued)

	2017								
	Furniture	Equipment	Computer Equipment	Leaseholds	Portables	Buildings	Land	Construction in progress	Total
Cost, beginning of year	\$ 827,843	\$ 649,655	\$ 1,890,356	\$ 986,891	\$ 74,920	\$ -	\$ 987,335	\$ 9,178,717	\$ 14,595,717
Additions	108,095	134,392	198,172	-	-	-	-	8,388,380	8,829,039
Disposals	(10,287)	(2,885)	(13,275)	-	(72,004)	-	-	-	(98,451)
Cost, end of year	\$ 925,651	\$ 781,162	\$ 2,075,253	\$ 986,891	\$ 2,916	\$ -	\$ 987,335	\$ 17,567,097	\$ 23,326,305
Accumulated amortization, beginning of year	\$ 663,002	\$ 596,162	\$ 1,543,108	\$ 986,891	\$ 49,144	\$ -	\$ -	\$ -	\$ 3,838,307
Amortization	45,233	27,517	163,597	-	146	-	-	-	236,493
Disposals	(10,287)	(2,885)	(13,275)	-	(47,906)	-	-	-	(74,353)
Accumulated amortization, end of year	\$ 697,948	\$ 620,794	\$ 1,693,430	\$ 986,891	\$ 1,384	\$ -	\$ -	\$ -	\$ 4,000,447
Net carrying amount, end of year	\$ 227,703	\$ 160,368	\$ 381,823	\$ -	\$ 1,532	\$ -	\$ 987,335	\$ 17,567,097	\$ 19,325,858

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

4. Accumulated Surplus

	2018	2017
Invested in tangible capital assets	\$ 18,920,835	\$ 19,325,858
Municipal reserve ⁽ⁱ⁾	1,391,545	1,030,058
Amounts to be recovered (Note 7, 8)	(270,919)	(1,383,647)
Operating fund	176,159	(1,666,399)
Accumulated surplus, end of year	<u>\$ 20,217,620</u>	<u>\$ 17,305,870</u>

(i) Change in Municipal reserve

Balance, beginning of year	\$ 1,030,058	\$ 757,732
Additions:		
Surplus	345,062	264,708
Interest	16,425	7,618
Balance, end of year	<u>\$ 1,391,545</u>	<u>\$ 1,030,058</u>

5. Accounts Payable and Accrued Liabilities

	2018	2017
Trade payables and other accruals	\$ 854,084	\$ 1,391,396
Accrued salaries and benefits	199,949	274,209
Capital project payables	110,918	1,524,878
	<u>\$ 1,164,951</u>	<u>\$ 3,190,483</u>

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

6. Deferred Revenue

	2018	2017
Deferred revenue, beginning of year	\$ 374,114	\$ 258,721
Add: amount received during the year	533,347	404,628
Less: amount recognized as revenue during the year	(417,338)	(281,140)
Transfer from (to) Genetics Program	109,840	(8,095)
Deferred revenue, end of year	<u>\$ 599,963</u>	<u>\$ 374,114</u>

Included in cash and cash equivalents is restricted amounts of \$599,963 (2017 - \$374,114) with respect to the above.

The ending balance is comprised of:

	2018	2017
- Genetics Program	\$ 292,960	\$ 183,120
- Northern Fruit and Vegetable	18,142	75,662
- Miscellaneous	44,867	4,124
- Falls Prevention	6,014	1,227
- Adult Dental	62,500	109,981
- Active School Transportation	50,000	-
- Immunization	32,230	-
- Indigenous Partnership	93,250	-
	<u>\$ 599,963</u>	<u>\$ 374,114</u>

7. Credit Facility

To finance the construction costs of the office building a construction line of credit at a variable interest rate at December 31, 2018 of 4%, was utilized. The amount borrowed has been repaid in full and current amount of draws at year-end totaled \$Nil (2017 - \$1,099,000).

The Health Unit has an authorized line of credit under a credit facility agreement with a Canadian chartered bank. The maximum draw permitted under this agreement is \$500,000 at prime less 0.25%. The amount drawn on this facility at year end was \$Nil (2017 - \$Nil).

North Bay Parry Sound District Health Unit

Notes to Financial Statements

December 31, 2018

8. Other Employment Liabilities

The Health Unit provides certain employee benefits which will require funding in future periods.

	2018	2017
Accumulated sick leave benefit	\$ -	\$ 984
Vacation and compensating time	270,919	283,663
	<u>\$ 270,919</u>	<u>\$ 284,647</u>

9. Province of Ontario Revenue

The revenue from the Province of Ontario consists of the following grants:

	2018 Budget	2018 Actual	2017 Actual
Organized territories	\$ 10,116,800	\$ 10,116,800	\$ 9,918,400
Unorganized territories	1,058,300	1,058,300	1,058,300
Healthy Smiles Ontario	1,138,500	1,138,500	1,138,500
Healthy Babies, Healthy Children	1,094,400	1,094,400	1,094,400
Smoke Free Ontario	479,200	449,800	449,800
Infection Control	389,000	389,000	389,000
Genetics	375,663	375,663	375,663
Northern Fruit and Vegetable Program	150,000	207,520	36,839
Public Health Nurse Initiative	180,500	180,500	180,500
Small Drinking Water Systems	157,000	157,000	157,000
Diabetes Strategy	150,000	150,000	150,000
Enhanced Harm Reduction	150,000	150,000	150,000
Vector Borne Disease	127,100	127,100	127,100
Chief Nursing Officer	121,500	121,500	121,500
Infection Control Practitioner	90,100	90,100	90,100
Needle Exchange	54,700	54,700	51,700
MOH Initiative	47,318	54,541	54,615
Haines Food Safety	31,700	31,700	31,700
Enhanced Safe Water	15,500	15,500	15,500
One-time funding:			
Accommodation and Land Development	-	3,000,000	10,680,000
Other	200,476	251,271	214,277
	<u>\$ 16,127,757</u>	<u>\$ 19,213,895</u>	<u>\$ 26,484,894</u>

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

10. Cost Recoveries

The Health Unit is responsible for the delivery of various mandated public health and other health programs which are funded 100% by the Province of Ontario. Some expenditures related to the delivery of these programs are initially incurred by the Health Unit and are subsequently recovered from these provincial programs. These amounts recovered are recorded as cost recoveries in the Health Unit's statement of operations.

11. Province of Ontario Settlements

The Province of Ontario settlements for the year consists of the following:

	2018	2017
Public Health Mandatory Programs	\$ (478,568)	\$ -
Healthy Smiles Ontario	(57,975)	(15,378)
Smoke Free Ontario	(29,400)	(55,312)
Panorama	-	(6,744)
MOH Initiative	(8,494)	(3,675)
Northern Fruit & Vegetable	(46,242)	(47,729)
Enhanced Harm Reduction	(5,475)	(129,296)
Vaccine Fridge - One-Time Funding	(2,122)	-
	<u>\$ (628,276)</u>	<u>\$ (258,134)</u>

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

12. Contingencies

On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces and territories where it is licensed. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to current date.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC.

The Health Unit became a member of HIROC in January 2013 and is subject to any assessment on a proportionate basis.

13. Commitments

- a. The Health Unit rents office premises in Sturgeon Falls on a lease that expired during 2017, currently on a month to month agreement, Mattawa based on scheduled clinics, total was \$924 for the year, Parry Sound under lease expiring in August 31, 2021 at \$120,564 per year and Burks Falls under lease expiring in September 30, 2022 at \$27,849 per year.
- b. The Health Unit rents equipment under various long-term leases, the longest of which expires in 2023. The annual lease payments amount to \$16,230 (2017 - \$6,918).

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

2019	\$	180,569
2020		180,569
2021		133,994
2022		40,698
2023		9,704

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

14. Pension Agreement

The Health Unit is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. 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. The Health Unit records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employment contributions to the Plan for past employee service.

OMERS provides pension services to almost half a million 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating a going concern actuarial deficit of \$4,191 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 2018 was \$1,212,214 (2017 - \$1,189,836) for current service.

15. 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 the 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.

North Bay Parry Sound District Health Unit Notes to Financial Statements

December 31, 2018

16. Expenditures by Object

	2018	2017
Salaries	\$ 12,520,232	\$ 12,098,532
Employee benefits	3,216,822	3,212,106
Materials and supplies	1,067,119	1,073,818
Professional and purchased services	660,190	581,769
Professional development	287,950	258,053
Travel	260,367	264,484
Communication costs	193,978	121,770
Information technology	256,895	278,250
Occupancy	667,055	844,859
Amortization of tangible capital assets	1,092,098	236,493
	<u>\$ 20,222,706</u>	<u>\$ 18,970,134</u>

17. Budget

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the financial plan adopted by the Board of Health with adjustments as follows:

	2018
Budget surplus for the year	\$ -
Add:	
Capital expenditures	142,121
Debt repayment	524,883
	<u>667,004</u>
Budget surplus per statement of operations	<u>\$ 667,004</u>

North Bay Parry Sound District Health Unit
Schedule 1 - Public Health Mandatory Programs
Statement of Operations
(Unaudited)

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 11,175,100	\$ 11,175,100	\$ 10,976,700
One-time funding - Accommodation	-	3,000,000	10,680,000
Member municipalities	3,381,417	3,381,415	3,382,789
Program	235,800	290,156	378,510
Cost recoveries - other programs	182,314	201,250	197,783
Other grants	-	18,992	125,094
Interest and miscellaneous	45,752	292,044	57,084
	<u>15,020,383</u>	<u>18,358,957</u>	<u>25,797,960</u>
Expenses			
Salaries	9,305,908	8,965,819	8,870,796
Employee benefits	2,480,611	2,327,943	2,350,802
Occupancy	518,076	667,055	647,076
Program material and supplies	544,034	566,747	443,401
Professional and purchased services	503,215	438,853	455,512
Professional development	323,913	265,599	232,197
Information technology	244,872	222,255	242,774
Communication costs	139,345	187,079	114,134
Travel	187,930	185,881	187,114
Office supplies	105,475	111,859	359,885
Amortization of tangible capital assets	-	1,075,686	229,553
	<u>14,353,379</u>	<u>15,014,776</u>	<u>14,133,244</u>
Excess of revenues over expenses before items below	667,004	3,344,181	11,664,716
Province of Ontario settlement for the year	-	(478,568)	-
Loss on disposal of tangible assets	-	(123,299)	(24,098)
Annual surplus	<u>\$ 667,004</u>	<u>\$ 2,742,314</u>	<u>\$ 11,640,618</u>

**North Bay Parry Sound District Health Unit
Schedule 2 - Healthy Babies, Healthy Children Program
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 1,094,400	\$ 1,094,400	\$ 1,094,400
Expenses			
Salaries	814,983	817,166	806,978
Employee benefits	234,777	232,953	231,875
Travel	37,285	27,914	30,266
Communication costs	3,000	3,939	3,693
Professional and purchased services	855	1,526	855
Information technology	3,500	1,225	-
Professional development	-	-	10,287
Office supplies	-	-	3,121
Allocated costs	-	9,677	7,325
	1,094,400	1,094,400	1,094,400
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 3 - Healthy Smiles Ontario
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 1,138,500	\$ 1,138,500	\$ 1,138,500
Program	8,000	16,527	14,840
Interest and miscellaneous	-	426	104
	<u>1,146,500</u>	<u>1,155,453</u>	<u>1,153,444</u>
Expenses			
Salaries	709,876	609,547	700,923
Employee benefits	195,029	174,422	195,567
Program material and supplies	90,695	87,490	63,088
Professional and purchased services	6,900	86,262	28,797
Professional development	7,500	7,732	5,270
Information technology	5,500	3,858	2,868
Travel	5,100	2,657	2,708
Office supplies	2,150	1,760	20,665
Amortization of tangible capital assets	-	16,412	6,940
Allocated costs	123,750	123,750	118,180
	<u>1,146,500</u>	<u>1,113,890</u>	<u>1,145,006</u>
Excess of revenues over expenses before items below	-	41,563	8,438
Province of Ontario settlement for the year	-	(57,975)	(15,378)
Annual surplus (deficit)	\$ -	\$ (16,412)	\$ (6,940)

**North Bay Parry Sound District Health Unit
Schedule 4 - Smoke Free Ontario
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 479,200	\$ 479,200	\$ 479,200
Interest and miscellaneous	-	17	10
	<u>479,200</u>	<u>479,217</u>	<u>479,210</u>
Expenses			
Salaries	330,852	329,799	322,337
Employee benefits	65,781	66,752	66,313
Program material and supplies	7,710	20,753	3,174
Travel	22,986	17,957	18,094
Professional and purchased services	38,181	3,937	4,236
Office supplies	700	318	-
Communication costs	500	230	441
Allocated costs	12,490	10,071	9,303
	<u>479,200</u>	<u>449,817</u>	<u>423,898</u>
Excess of revenues over expenses before items below	-	29,400	55,312
Province of Ontario settlement for the year	-	(29,400)	(55,312)
Annual surplus	\$ -	\$ -	\$ -

North Bay Parry Sound District Health Unit
Schedule 5 - Infection Control
Statement of Operations
(Unaudited)

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 389,000	\$ 389,000	\$ 389,000
Expenses			
Salaries	294,571	296,468	290,032
Employee benefits	79,220	78,057	79,399
Program material and supplies	4,990	6,827	5,174
Professional development	6,200	4,430	6,146
Communication costs	1,260	1,309	1,728
Travel	1,501	438	1,202
Allocated costs	1,258	1,471	5,319
	389,000	389,000	389,000
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 6 - Genetics Program
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 375,663	\$ 375,663	\$ 375,663
One-time funding	-	9,300	11,400
Program	-	-	9,670
Transfer from (to) deferred revenue	28,990	(109,840)	8,095
Interest and miscellaneous	1,000	5,089	2,577
	<u>405,653</u>	<u>280,212</u>	<u>407,405</u>
Expenses			
Salaries	224,628	137,082	235,645
Professional and purchased services	75,690	69,255	75,380
Employee benefits	62,419	42,637	62,759
Office supplies	3,460	2,615	3,676
Professional development	3,350	212	253
Program material and supplies	5,000	203	126
Travel	2,900	-	2,355
Allocated costs	28,206	28,208	27,211
	<u>405,653</u>	<u>280,212</u>	<u>407,405</u>
Annual surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**North Bay Parry Sound District Health Unit
Schedule 7 - Small Drinking Water Systems
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 157,000	\$ 157,000	\$ 157,000
Member municipalities	52,333	52,333	52,333
	<u>209,333</u>	<u>209,333</u>	<u>209,333</u>
Expenses			
Salaries	151,326	153,921	150,390
Employee benefits	41,047	40,481	40,484
Travel	15,000	13,806	13,670
Communication costs	1,200	1,089	1,347
Professional development	-	36	-
Program material and supplies	500	-	-
Professional and purchased services	-	-	23
Allocated costs	260	-	3,419
	<u>209,333</u>	<u>209,333</u>	<u>209,333</u>
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 8 - Public Health Nurses Initiative
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 180,500	\$ 180,500	\$ 180,500
Expenses			
Salaries	143,042	142,846	141,393
Employee benefits	37,458	37,654	39,107
	180,500	180,500	180,500
Annual surplus	\$ -	\$ -	\$ -

North Bay Parry Sound District Health Unit
Schedule 9 - Vector-Borne Disease
Statement of Operations
(Unaudited)

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 127,100	\$ 127,100	\$ 127,100
Member municipalities	42,366	42,367	42,367
	<u>169,466</u>	<u>169,467</u>	<u>169,467</u>
Expenses			
Salaries	116,103	115,401	115,284
Employee benefits	29,980	29,314	29,898
Program material and supplies	3,500	7,046	4,938
Professional and purchased services	8,100	6,073	6,020
Travel	5,800	4,347	3,844
Office supplies	1,000	546	503
Professional development	500	432	446
Communication costs	360	332	427
Information technology	1,385	240	2,528
Allocated costs	2,738	5,736	5,579
	<u>169,466</u>	<u>169,467</u>	<u>169,467</u>
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 10 - Diabetes Strategy
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 150,000	\$ 150,000	\$ 150,000
Expenses			
Salaries	84,658	86,238	82,760
Employee benefits	24,389	24,487	24,109
Program material and supplies	24,439	22,675	24,991
Travel	2,500	1,971	2,034
Professional development	-	559	2,846
Professional and purchased services	100	100	100
Office supplies	-	48	81
Allocated costs	13,914	13,922	13,079
	150,000	150,000	150,000
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 11 - Infection Control Practitioner
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 90,100	\$ 90,100	\$ 90,100
Expenses			
Salaries	70,512	71,380	70,862
Employee benefits	19,588	18,720	19,238
	90,100	90,100	90,100
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 12 - MOH Initiative
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 47,318	\$ 54,541	\$ 54,615
Expenses			
Salaries	38,541	38,662	42,771
Employee benefits	8,777	7,385	8,169
	47,318	46,047	50,940
Excess of revenues over expenses before items below	-	8,494	3,675
Province of Ontario settlement for the year	-	(8,494)	(3,675)
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 13 - Chief Nursing Officer
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 121,500	\$ 121,500	\$ 121,500
Expenses			
Salaries	96,105	97,130	95,860
Employee benefits	25,395	24,370	25,640
	121,500	121,500	121,500
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 14 - Haines Food Safety
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 31,700	\$ 31,700	\$ 31,700
Expenses			
Information technology	28,650	28,554	28,554
Program material and supplies	3,050	3,146	2,666
Office supplies	-	-	480
	31,700	31,700	31,700
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 15 - Needle Exchange
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 54,700	\$ 54,700	\$ 51,700
One-time funding	-	-	1,500
	<u>54,700</u>	<u>54,700</u>	<u>53,200</u>
Expenses			
Program material and supplies	40,700	35,836	42,354
Professional and purchased services	14,000	18,864	10,846
	<u>54,700</u>	<u>54,700</u>	<u>53,200</u>
Annual surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**North Bay Parry Sound District Health Unit
Schedule 16 - Enhanced Safe Water
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 15,500	\$ 15,500	\$ 15,500
Expenses			
Salaries	12,216	12,202	12,308
Employee benefits	3,284	3,298	3,192
	15,500	15,500	15,500
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 17 - Falls Prevention
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Other grants	\$ 100,000	\$ 100,000	\$ 106,250
Transfer from deferred revenue	-	1,227	9,852
Transfer to deferred revenue	-	(6,014)	(1,227)
	<u>100,000</u>	<u>95,213</u>	<u>114,875</u>
Expenses			
Salaries	66,946	59,200	60,621
Program material and supplies	22,878	18,538	39,406
Employee benefits	5,701	13,096	11,615
Travel	3,280	2,824	1,807
Professional development	664	977	608
Office supplies	531	578	818
	<u>100,000</u>	<u>95,213</u>	<u>114,875</u>
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 18 - Panorama
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
One-time funding	\$ 73,000	\$ 71,512	\$ 19,216
Transfer from deferred revenue	-	-	31,284
	<u>73,000</u>	<u>71,512</u>	<u>50,500</u>
Expenses			
Salaries	57,900	57,931	32,262
Employee benefits	15,100	13,581	10,006
Office supplies	-	-	1,488
	<u>73,000</u>	<u>71,512</u>	<u>43,756</u>
Excess of revenues over expenses before items below	-	-	6,744
Province of Ontario settlement for the year	-	-	(6,744)
Annual surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**North Bay Parry Sound District Health Unit
Schedule 19 - Adult Dental
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Member municipalities	\$ 198,576	\$ 198,576	\$ 197,202
Program	64,287	76,092	-
Other grants	66,133	179,439	15,019
	<u>328,996</u>	<u>454,107</u>	<u>212,221</u>
Expenses			
Salaries	203,558	166,381	5,980
Employee benefits	50,892	39,073	1,366
Professional development	3,500	1,246	-
Office supplies	500	-	641
Program material and supplies	49,500	23,655	5,506
Professional and purchased services	17,446	31,501	-
Information technology	1,000	763	1,526
Equipment	-	5,640	-
Allocated costs	2,600	-	-
	<u>328,996</u>	<u>268,259</u>	<u>15,019</u>
Municipal surplus	<u>\$ -</u>	<u>\$ 185,848</u>	<u>\$ 197,202</u>

**North Bay Parry Sound District Health Unit
Schedule 20 - Northern Fruit & Vegetable
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario - one-time	\$ 150,000	\$ 207,520	\$ 101,038
Expenses			
Program material and supplies	46,072	79,454	306
Salaries	56,771	53,976	37,220
Employee benefits	16,239	15,477	7,264
Professional and purchased services	18,580	3,556	-
Office supplies	-	398	52
Travel	5,000	-	99
Allocated costs	7,338	8,417	8,368
	150,000	161,278	53,309
Excess of revenues over expenses before items below	-	46,242	47,729
Province of Ontario settlement for the year	-	(46,242)	(47,729)
Annual surplus	\$ -	\$ -	\$ -

**North Bay Parry Sound District Health Unit
Schedule 21 - Enhanced Harm Reduction
Statement of Operations
(Unaudited)**

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenues			
Province of Ontario	\$ 150,000	\$ 150,000	\$ 150,000
Expenses			
Salaries	91,217	94,523	16,160
Employee benefits	24,109	25,422	4,544
Program material and supplies	26,674	15,519	-
Professional development	-	6,489	-
Travel	3,000	2,572	-
Professional and purchased services	5,000	-	-
	150,000	144,525	20,704
Excess of revenues over expenses before items below	-	5,475	129,296
Province of Ontario settlement for the year	-	(5,475)	(129,296)
Annual surplus	\$ -	\$ -	\$ -

North Bay Parry Sound District Health Unit
Schedule 22 - One-Time Programs
Statement of Operations
(Unaudited)

For the year ended December 31, 2018

	Healthy Menu		Needle Exchange		Indigenous Partnership		Provincial Requirements		Public Health Inspectors		Vaccine Fridge		SFO NRT		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues																
Province of Ontario - Operating	\$ 10,400	\$ 10,400	\$ 25,468	\$ 25,468	\$ 77,076	\$ 500	\$ 43,300	\$ 145	\$ 10,000	\$ 4,464	\$ 2,122	\$ 2,122	\$ 30,000	\$ 30,000	\$ 198,366	\$ 73,099
Expenses																
Salaries	9,336	9,471	-	-	41,631	-	39,364	-	9,111	3,838	-	-	-	-	99,442	13,309
Employee benefits	1,064	929	-	-	7,210	-	3,936	145	889	626	-	-	-	-	13,099	1,700
Professional development	-	-	-	-	15,457	-	-	-	-	-	-	-	-	-	15,457	-
Travel	-	-	-	-	2,500	-	-	-	-	-	-	-	-	-	2,500	-
Professional and purchased services	-	-	25,468	25,468	10,000	500	-	-	-	-	2,122	-	30,000	30,000	67,590	55,968
Program materials and supplies	-	-	-	-	278	-	-	-	-	-	-	-	-	-	278	-
	10,400	10,400	25,468	25,468	77,076	500	43,300	145	10,000	4,464	2,122	-	30,000	30,000	198,366	70,977
Excess of revenues over expenses before item below	-	-	-	-	-	-	-	-	-	-	-	2,122	-	-	-	2,122
Province of Ontario settlement	-	-	-	-	-	-	-	-	-	-	-	(2,122)	-	-	-	(2,122)
Municipal surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -