

Financial Statements of

**WINDSOR-ESSEX COUNTY  
HEALTH UNIT**

Year ended December 31, 2017

# MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Windsor-Essex County Health Unit ("Health Unit") are the responsibility of the Health Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 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.

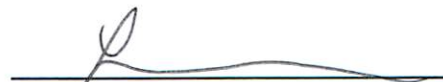
The Health Unit's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Health is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Health carries out their responsibility for review of the financial statement principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the Health Unit. The Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to recommending approval of the financial statements to the Board of Health. The external auditors have full access to the Audit Committee with and without the presence of management.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation of the City of Windsor. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.



Theresa Marentette  
Acting Chief Executive Officer



Lorie Gregg  
Director of Corporate Services



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## INDEPENDENT AUDITORS' REPORT

To the Directors of Windsor-Essex County Health Unit

We have audited the accompanying financial statements of the Windsor-Essex County Health Unit, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Windsor-Essex County Health Unit as at December 31, 2017, and its results of operations and the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

June 21, 2018

# WINDSOR-ESSEX COUNTY HEALTH UNIT

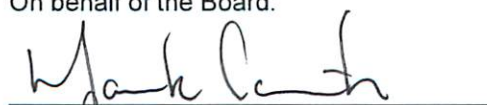
## Statement of Financial Position

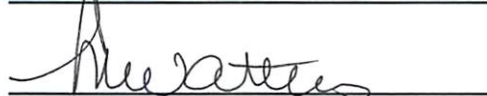
December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Financial assets:		
Cash and short-term investments (note 2)	\$ 2,054,149	\$ 2,052,475
Accounts receivable (note 3)	1,189,111	765,345
	<u>\$ 3,243,260</u>	<u>\$ 2,817,820</u>
<b>Financial liabilities</b>		
Financial liabilities:		
Due to Province of Ontario (note 4)	\$ 434,067	\$ 276,729
Due to Municipalities (note 5)	1,391,445	829,573
Due to Community programs	53,165	164,889
Amounts held in trust (note 6)	43,142	28,545
Trade accounts payable	749,951	814,221
Accrued payroll and deductions	169,919	147,742
Deferred revenue (note 7)	132,589	122,220
Employee future benefit liabilities (note 8)	2,372,263	2,347,967
	<u>5,346,541</u>	<u>4,731,886</u>
Net debt	(2,103,281)	(1,914,066)
<b>Non-financial assets</b>		
Non-financial assets:		
Tangible capital assets (note 9)	979,281	1,253,699
Prepaid and other expenses	160,272	121,334
	<u>1,139,553</u>	<u>1,375,033</u>
Commitments and contingencies (note 11, 12 and 13)		
Accumulated deficit (note 10)	\$ (963,728)	\$ (539,033)

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# WINDSOR-ESSEX COUNTY HEALTH UNIT

## Statement of Operations and Accumulated Deficit

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
<b>Revenue</b>		
Municipalities:		
City of Windsor	\$ 2,486,854	\$ 2,388,896
County of Essex	2,095,698	2,020,684
Township of Pelee	2,016	1,912
	<u>4,584,568</u>	<u>4,411,492</u>
Province of Ontario:		
Mandatory Health Programs	13,249,475	12,950,913
Other (schedule 1)	3,655,987	3,733,531
	<u>16,905,462</u>	<u>16,684,444</u>
Other:		
Miscellaneous	164,815	157,335
Sales of family planning supplies	22,728	25,141
Interest	2,308	-
Septic	4,558	2,880
	<u>194,409</u>	<u>185,356</u>
Total revenue	21,684,439	21,281,292
<b>Expenses</b>		
General programs (schedule 2)	18,518,025	17,778,155
Other (schedule 3)	3,591,109	3,491,265
Total expenses	<u>22,109,134</u>	<u>21,269,420</u>
Annual surplus (deficit)	(424,695)	11,872
Accumulated deficit, beginning of year	(539,033)	(550,905)
Accumulated deficit, end of year	<u>\$ (963,728)</u>	<u>\$ (539,033)</u>

See accompanying notes to financial statements.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

## Statement of Changes in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus (deficit)	\$ (424,695)	\$ 11,872
Acquisition of tangible capital assets	(197,409)	(411,852)
Amortization of tangible capital assets	471,827	441,029
Use of prepaid and other expenses	121,334	128,252
Acquisition of prepaid and other expenses	(160,272)	(121,334)
Change in net debt	(189,215)	47,967
Net debt, beginning of year	(1,914,066)	(1,962,033)
Net debt, end of year	\$ (2,103,281)	\$ (1,914,066)

See accompanying notes to financial statements.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (424,695)	\$ 11,872
Items not involving cash:		
Amortization	471,827	441,029
Change in employee future benefit liabilities	24,296	98,672
Change in non-cash assets and liabilities:		
Accounts receivable	(423,766)	(410,388)
Due from Province of Ontario	-	9,309
Prepaid and other expenses	(38,938)	6,918
Due to Municipalities	561,872	644,395
Due to Province of Ontario	157,338	276,729
Due to Community programs	(111,724)	39,153
Amounts held in trust	14,597	(10,984)
Trade accounts payable	(64,270)	(93,496)
Accrued payroll and deductions	22,177	(150,144)
Deferred revenue	10,369	(24,691)
Net change in cash from operating activities	199,083	838,374
Capital activities:		
Cash used to acquire tangible capital assets	(197,409)	(411,852)
Net change in cash from capital activities	(197,409)	(411,852)
Net change in cash	1,674	426,522
Cash and short-term investments, beginning of year	2,052,475	1,625,953
Cash and short-term investments, end of year	\$ 2,054,149	\$ 2,052,475

See accompanying notes to financial statements.



# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements

Year ended December 31, 2017

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The Windsor-Essex County Health Unit ("Health Unit") was established under the Health Protection and Promotion Act, R.S.O. 1990. The Health Unit is funded through grants from the Province of Ontario and required contributions from the municipalities of the Corporation of the City of Windsor ("City"), the Corporation of the County of Essex ("County") and the Corporation of the Township of Pelee ("Pelee"). The Health Unit provides public health programs to keep the communities of Windsor- Essex County and Pelee healthy by promoting improved health, preventing disease and injury, controlling threats to human life and function and facilitating social conditions to ensure equal opportunity in attaining health for all.

## 1. Significant accounting policies:

The financial statements of the Windsor-Essex County Health Unit are prepared by management in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Health Unit are as follows:

### (a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenses of the Health Unit. The Health Unit is comprised of all programs funded by the Province of Ontario, through the Ministry of Health and Long-term Care, the City, County and Pelee. It also includes other programs that the Health Unit may offer from time to time with special grants and other sources of funding.

### (b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting and reflected in the statement of operations and accumulated deficit.

The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of services and the creation of a legal obligation to pay.

The Health Unit is funded by government transfers (grants and required contributions) from the Province of Ontario, the City, County and Pelee. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as accounts receivable due from the related funding organization in the statement of financial position.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

Funding amounts in excess of actual expenditures incurred during the year are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.

### (c) Cash and short-term investments:

Cash comprises cash on hand and balances with the financial institution with maturities of three months or less. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Amortization is calculated on a straight-line basis over an asset's expected useful life for all classes. Residual values are assumed to be zero. Amortization will be taken at half rates in the year of acquisition.

Asset classification	Useful life (years)
Computer hardware	3
Furniture and fixtures	5
Telephone and security	5
Medical equipment	5
Vehicle	10
Leasehold improvements	term of lease

Assets under construction are not amortized until the asset is available for productive use.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (e) Employee future benefits:

#### (i) Pension plan:

The Health Unit sponsors a pension plan for all employees who retire through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Health Unit to account for the plan as a defined benefit plan. As such, OMERS is accounted for as a defined contribution pension plan. Obligations for contributions to this defined contribution pension plans are recorded as benefits expense in the statement of operations and accumulated deficit.

#### (ii) Employee future benefits, other than pension:

The Health Unit sponsors a defined benefit plan for certain health, dental and life insurance benefits on behalf all employees who retire from active service with unreduced OMERS pension. The Health Unit accrues its obligations under the defined benefit plans as employees render their services necessary to earn these benefits. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimates with respect to mortality, termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

Actuarial gains (losses) on the accrued benefit obligation arise from the differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess actuarial gains (losses) are amortized over the average remaining service period of active employees, which is 14.7 years.

Gains and losses determined upon a plan settlement or curtailment are accounted for in the period of the settlement or curtailment in the statement of operations and accumulated deficit.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (e) Employee future benefits (continued):

#### (ii) Employee future benefits, other than pension (continued):

Expenses associated with the defined benefits plan have been recognized as part of benefits expense on the statement of operations and accumulated deficit and the associated liability has been recognized as part of employee future benefit liabilities on the statement of financial position.

#### (iii) Accrued sick leave:

The Health Unit accrues its liability for unused sick leave which is payable to employees in accordance with their collective bargaining agreements. The cost of accrued sick leave is actuarially determined using the projected benefit method similar to employee future benefits, other than pension. Costs associated with unused sick leave are recognized as part of salaries on the statement of operations and accumulated deficit and the associated liability is recognized as part of employee future benefit liabilities on the statement of financial position.

#### (iv) Accrued vacation entitlements:

The Health Unit accrues its liability for accrued vacation entitlements as employees renders their services necessary to earn these benefits.

### (f) Liability for contaminated sites:

The Health Unit recognizes a liability associated with the remediation of contaminated sites when a contamination exceeds an environmental standard, the Health Unit has direct or has accepted responsibility for the remediation and a reasonable estimate can be made of the costs to remediate.

### (g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the year. Significant assumptions include the valuation of accounts receivable, the valuation of employee future benefit obligations and certain other payroll related accruals. Actual results could differ from those estimates.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (h) Future accounting changes:

Effective for fiscal periods beginning on or after April 1, 2017, all governments will be required to adopt PSAS 3210, *Assets*. PSAS 3210 provides guidance on the definition of assets and further expands upon the definition of assets as it relates to control. Furthermore, there are expanded disclosure requirements related to economic resources that are not recorded as assets to provide the users of the financial statements with better information about the types of resources available to the public sector entity.

Effective for fiscal periods beginning on or after April 1, 2017, all governments will be required to adopt PSAS 3320, *Contingent Assets*. PSAS 3320 provides standards on disclosure of contingent assets in the financial statements of governments taking into consideration characteristics of the contingency.

Effective for fiscal periods beginning on or after April 1, 2017, all governments will be required to adopt PSAS 3380, *Contractual Rights*. PSAS 3380 is a disclosure standard which defines contractual rights to future assets and revenue and sets out the required disclosure.

Effective for fiscal periods beginning on or after April 1, 2017, all governments will be required to adopt PSAS 2200, *Related Party Disclosures*. This standard relates to related party disclosures and defines related parties. Related parties could be either an entity or an individual. Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties. Furthermore, this standard provides for certain disclosure requirements involving related party transactions.

The Health Unit is currently in the process of evaluating the potential impact of adopting these standards.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 2. Cash and short-term investments:

Cash and short-term investments recognized on the statement of financial position are comprised of the following:

	2017	2016
Non-restricted funds	\$ 1,829,942	\$ 1,843,001
Restricted funds:		
Employee benefits	181,065	180,929
Held in trust – prepaid leave program	43,142	28,545
	<u>\$ 2,054,149</u>	<u>\$ 2,052,475</u>

## 3. Accounts receivable:

Accounts receivable recognized on the statement of financial position are comprised of the following:

	2017	2016
Province of Ontario	\$ 620,946	\$ 403,498
Commodity taxes receivable	79,668	75,149
Other	488,497	286,698
	<u>1,189,111</u>	<u>765,345</u>
Less allowance for doubtful accounts	-	-
	<u>\$ 1,189,111</u>	<u>\$ 765,345</u>

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 4. Due to the Province of Ontario:

The amount due to the Province of Ontario recognized on the statement of financial position resulting from the annual settlement process is comprised of the following:

	2017	2016
Current year settlement	\$ 67,898	\$ 273,950
Prior year settlements	366,169	2,779
	<u>\$ 434,067</u>	<u>\$ 276,729</u>

During the period January 1, 2018 to March 31, 2018, \$61,638 was clawed back by the Province of Ontario on account of the current year settlement bringing the current year settlement to \$6,260.

## 5. Due to Municipalities:

The amount due to the participating municipalities, namely the City, County and Pelee, recognized on the statement of financial position, is comprised of the following:

	2017	2016
City of Windsor:		
Current year settlement	\$ 383,083	\$ 398,468
Prior year settlements	476,767	78,299
Repayment of prior year's settlements	(78,299)	-
	<u>781,551</u>	<u>476,767</u>
County of Essex:		
Current year settlement	322,827	286,420
Prior year settlements	352,405	106,611
Repayment of prior year's settlements	(65,985)	(40,626)
	<u>609,247</u>	<u>352,405</u>
Township of Pelee:		
Current year settlement	311	336
Prior year settlements	401	268
Repayment of prior year's settlements	(65)	(203)
	<u>647</u>	<u>401</u>
	<u>\$ 1,391,445</u>	<u>\$ 829,573</u>

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 6. Amounts held in trust:

Certain employees of the Health Unit participate in a prepaid leave program. These programs are funded by the participating employees allowing the employee to spread four years' salary over a five-year period. This enables employees to take one year leave of absence following the four years of salary deferral. Amounts held in trust at December 31, 2017 of \$43,142 (2016 - \$28,545) are recognized as a liability on the statement of financial position.

## 7. Deferred revenue:

The Health Unit receives funding from external parties to administer programs. The Health Unit also receives funding from the Province of Ontario for specified purposes. The excess of funding over expenses is recognized as deferred revenue on the statement of financial position until such time as those funds and related expenses are settled.

Deferred revenue is comprised of the following:

	2017	2016
Programs funded by external parties	\$ 67,823	\$ 73,980
Funding for specified purposes	64,766	48,240
Deferred revenue, end of year	\$ 132,589	\$ 122,220

A summary of the year's activity relating to those programs is as follows:

	2017	2016
Deferred revenue, beginning of year	\$ 122,220	\$ 146,911
Funds received during the year	1,530,018	1,682,438
Expenses incurred in the year	(1,519,649)	(1,707,129)
Deferred revenue, end of year	\$ 132,589	\$ 122,220



# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 8. Employee future benefits:

### (a) Pension agreements:

The Health Unit makes contributions to OMERS on behalf of members of its staff. The plan is a multi-employer 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 multi-employer plan is valued on a current market basis for all plan assets. The amount contributed to OMERS for current service for 2017 was \$1,206,567 (2016 - \$1,120,225) and is included in benefits expense on the statement of operations and accumulated deficit.

### (b) Employee future benefits liabilities:

Employee future benefit liabilities recognized on the statement of financial position, are future liabilities of the Health Unit to its employees and retirees for benefits earned but not taken as at December 31, 2017. The employee future benefits liabilities consist of the following:

	2017	2016
Accrued vacation entitlements	\$ 286,190	\$ 293,155
Post-retirement benefits	918,548	916,434
Sick leave entitlements	1,167,525	1,138,378
	<u>\$ 2,372,263</u>	<u>\$ 2,347,967</u>

### (i) Accrued vacation entitlements:

Accrued vacation entitlements consists of vacation entitlements that accumulate and employees would be entitled to cash payments equal to the value of their unused entitlement if they were to terminate their employment with the Health Unit. Carryforward of vacation entitlements from prior years is limited to 10 days and is consistent with the terms of the collective bargaining agreements. Total accrued vacation entitlements at December 31, 2017 are \$286,190 (2016 - \$293,155) and are included in employee future benefits liabilities on the statement of financial position.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(ii) Post retirement benefits:

The post retirement benefit liability is based on an actuarial valuation performed by the Health Unit's actuaries. The date of the most recent actuarial valuation for the other post-retirement benefit plan is December 31, 2017. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate 3.25% (2016 - 3.75%)

Health Care Trend Rate 6.65% (2016 - 6.65%) in 2019; decreasing by 0.45% per annum to 3.5%

Dental Care Trend Rate 3.5% (2016 - 3.5%)

Information about the Health Unit's future obligations with respect to these costs is as follows:

	2017	2016
Accrued benefit liability, beginning of year	\$ 916,434	\$ 911,215
Current service cost	50,694	48,862
Interest cost	36,651	36,726
Benefits paid	(90,738)	(86,278)
Amortization of actuarial losses	5,507	5,909
Accrued benefit liability, end of year	918,548	916,434
Unamortized net actuarial losses	342,541	80,959
Accrued benefit obligations, end of year	\$ 1,261,089	\$ 997,393

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(ii) Post retirement benefits (continued):

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

	2017	2016
Current service cost	\$ 50,694	\$ 48,862
Interest cost	36,651	36,726
Amortization of actuarial losses	5,507	5,909
<b>Benefit expense</b>	<b>\$ 92,852</b>	<b>\$ 91,497</b>

The approximate effect on the accrued benefit obligation if the health care and dental trend rate assumption was increased or decreased by 1% is as follows:

1% increase in discount rate	\$ 135,000
1% decrease in discount rate	(114,000)

(iii) Sick leave entitlements:

Included in employee future benefits liability on the statement of financial position is the liability for sick leave entitlements of \$1,167,525 (2016 - \$1,138,378). The Health Unit is bound by two collective bargaining agreements. The Canadian Union of Public Employees, Local 543.3 ("CUPE"), representing certain non-management employees and the Ontario Nurses Association ("ONA"), representing non-management nurses.

As it relates to the ONA sick leave plan, effective January 1, 2013, full-time employee are credited 12 sick days. These sick days do not accumulate from year-to-year. Upon separation from the Health Unit, ONA members will be entitled to be paid in cash one-half of the accumulated sick leave credit at their current wage rate up to a maximum of six months' salary. ONA member sick leave banks were frozen prior to January 1, 2013.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Sick leave entitlements (continued):

On January 1<sup>st</sup> annually, CUPE members are credited 15 sick leave days. Unused days can be carried forward from year-to-year. In the latter part of 2015, the Health Unit negotiated changes to the sick leave plan for CUPE employees. Under the terms of the new collective bargaining agreement, the sick leave bank is capped at 150 days. One half of the bank was frozen at September 30, 2015 wage rates. The remaining one-half has no commuted cash value, and will remain in the members' sick bank for future use, if required. Of that frozen portion, one-half or \$382,214 was paid out in November of 2015 with the remainder to be paid out upon separation of those members from the Health Unit.

The sick leave liability is based on an actuarial valuation performed by the Health Unit's actuaries. The date of the most recent actuarial valuation for the sick leave liability is December 31, 2015 with results extrapolated to December 31, 2017. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate                      3.25% (2016 - 3.50%)

Information about the Health Unit's future obligations with respect to these costs is as follows:

	2017	2016
Accrued benefit liability, beginning of year	\$ 1,138,378	\$ 1,096,140
Current service cost	92,407	89,282
Interest cost	39,659	38,432
Benefits paid	(102,919)	(85,476)
Accrued benefit liability, end of year	1,167,525	1,138,378
Unamortized net actuarial losses	21,500	-
Accrued benefit obligations, end of year	\$ 1,189,025	\$ 1,138,378

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Sick leave entitlements (continued):

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

	2017	2016
Current service cost	\$ 92,407	\$ 89,282
Interest cost	39,659	38,432
<b>Benefit expense</b>	<b>\$ 132,066</b>	<b>\$ 127,714</b>

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

1% increase in discount rate	\$ (85,100)
1% decrease in discount rate	98,000

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 9. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Computer hardware	\$ 815,868	\$ 84,397	\$ 1,949	\$ 898,316
Furniture and fixtures	558,545	29,689	813	587,421
Telephone and security	262,408	-	-	262,408
Medical equipment	517,596	83,323	20,132	580,787
Leasehold improvements	1,243,253	-	-	1,243,253
Vehicle	20,351	-	-	20,351
<b>Total</b>	<b>\$ 3,418,021</b>	<b>\$ 197,409</b>	<b>\$ 22,894</b>	<b>\$ 3,592,536</b>

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Computer hardware	\$ 562,727	\$ 1,949	\$ 155,842	\$ 716,620
Furniture and fixtures	304,859	813	74,656	378,702
Telephone and security	169,912	-	29,580	199,492
Medical equipment	414,119	20,132	37,986	431,973
Leasehold improvements	710,670	-	171,728	882,398
Vehicle	2,035	-	2,035	4,070
<b>Total</b>	<b>\$ 2,164,322</b>	<b>\$ 22,894</b>	<b>\$ 471,827</b>	<b>\$ 2,613,255</b>

Net book value	Balance at December 31, 2016	Balance at December 31, 2017
Computer hardware	\$ 253,141	\$ 181,696
Furniture and fixtures	253,686	208,719
Telephone and security	92,496	62,916
Medical equipment	103,477	148,814
Leasehold improvements	532,583	360,855
Vehicle	18,316	16,281
<b>Total</b>	<b>\$ 1,253,699</b>	<b>\$ 979,281</b>

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 9. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Computer hardware	\$ 781,200	\$ 151,727	\$ 117,059	\$ 815,868
Furniture and fixtures	372,729	192,566	6,750	558,545
Telephone and security	182,897	85,599	6,088	262,408
Medical equipment	434,566	83,030	-	517,596
Leasehold improvements	1,013,231	361,072	131,050	1,243,253
Vehicle	20,351	-	-	20,351
Assets in progress	462,142	-	462,142	-
<b>Total</b>	<b>\$ 3,267,116</b>	<b>\$ 873,994</b>	<b>\$ 723,089</b>	<b>\$ 3,418,021</b>

Accumulated amortization	Balance at December 31, 2015	Disposals	Amortization expense	Balance at December 31, 2016
Computer hardware	\$ 534,618	\$ 117,059	\$ 145,168	\$ 562,727
Furniture and fixtures	250,905	6,750	60,704	304,859
Telephone and security	154,887	6,088	21,113	169,912
Medical equipment	401,539	-	12,580	414,119
Leasehold improvements	642,291	131,050	199,429	710,670
Vehicle	-	-	2,035	2,035
Assets in progress	-	-	-	-
<b>Total</b>	<b>\$ 1,984,240</b>	<b>\$ 260,947</b>	<b>\$ 441,029</b>	<b>\$ 2,164,322</b>

Net book value	Balance at December 31, 2015	Balance at December 31, 2016
Computer hardware	\$ 246,582	\$ 253,141
Furniture and fixtures	121,824	253,686
Telephone and security	28,010	92,496
Medical equipment	33,027	103,477
Leasehold improvements	370,940	532,583
Vehicle	20,351	18,316
Assets in progress	462,142	-
<b>Total</b>	<b>\$ 1,282,876</b>	<b>\$ 1,253,699</b>

Amortization expense for 2017 was \$471,827 (2016 - \$441,029) is presented as amortization expense on the statement of operations and accumulated deficit as part of general program expenses. Total additions by funding source are as follows:

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 9. Tangible capital assets (continued):

	2017	2016
Mandatory program funded to a maximum of 75%	\$ 91,009	\$ 184,470
Healthy Smiles Ontario	58,180	16,141
Enhanced Food Safety	21,619	-
One-time funding:		
Smoke-Free Ontario Strategy	-	9,000
Electronic Cigarettes Act	-	4,218
Vaccine Storage and Handling	26,601	37,098
Health Capital program	-	160,925
	\$ 197,409	\$ 411,852

## 10. Accumulated deficit:

Accumulated deficit consists of individual fund balances and reserves as follows:

	2017	2016
Deficit:		
Invested in tangible capital assets	\$ 979,281	\$ 1,253,700
Other	189,087	318,073
Amounts to be recovered in future years:		
Employee future benefit liabilities	(2,372,263)	(2,347,967)
Total deficit	(1,203,895)	(776,194)
Reserves:		
Employee benefits	181,065	180,929
Septic	46,235	43,365
Heart Health	12,867	12,867
Total reserves	240,167	237,161
	\$ (963,728)	\$ (539,033)

## 11. Operating line of credit:

The Health Unit has available an operating line of credit of \$750,000 with TD Canada Trust. The line of credit bears interest at the bank's prime rate and is unsecured. No amount is outstanding at December 31, 2017 (2016 - \$nil).



# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 12. Commitments:

The future minimum lease payments for operating leases on equipment over the next five years are as follows:

Years	Annual payments
2018	\$ 38,694
2019	34,973
2020	34,973
2021	24,974
2022	13,380

The Health Unit entered into a lease agreement for its building located at 1005 Ouellette Avenue, Windsor, Ontario, over a period of twenty-six years commencing January 1, 1993. During 2016, the Health Unit entered into a lease extension for an additional five-year period commencing January 1, 2019 to December 31, 2023 with the option to terminate the lease during that time with a six-month notice period. The annual lease payments over the remaining term of the lease on a calendar year basis are as follows:

Years	Annual payment
2018 to 2023	\$ 533,312

Total lease payments for the remaining term amount to \$3,199,872. In addition, the Health Unit is responsible for insurance premiums, routine maintenance, property taxes and utilities in connection with the leased premises.

In November of 2015, the Health Unit entered into an operating lease for space at 33 Princess Street, Leamington, Ontario. The commencement date of this lease is April 1, 2016. The term of the lease is for a twenty-year period and will mature on March 31, 2036, or earlier, in the event certain early termination clauses are exercised. Lease payments over the life of the lease on a calendar year basis are as follows:

Years	Annual payment	Total payment
2018 to 2021	\$ 89,480	\$ 313,180
2022 to 2026	100,665	503,327
2027 to 2031	111,850	559,252
2032 to 2036	123,035	615,177
		\$ 1,990,936

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 12. Commitments (continued):

The Health Unit has an operating lease agreement for space located on the first floor of the Essex Civic and Education Centre ("Civic Centre") at 360 Fairview West, Essex, Ontario. The commencement date of the lease is December 1, 2017. The term of the lease is for six-year period and will mature on December 31, 2023. After December 31, 2019, either party have the option to terminate the lease with one-year advanced notice. Lease payments over the life of the lease on a calendar year basis are as follows:

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Years	Annual payment
2018	\$ 86,346
2019	86,346
2020	88,505
2021	90,717
2022	92,985
2023	95,310

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The Health Unit leases parking lot space near the main office on a renewable annual term with annual lease payments as follows:

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Years	Annual payment
2018	\$ 83,492
2019	87,492
2020	87,492
2021	93,636
2022	93,636
2023	93,636

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## 13. Contingencies:

The Health Unit is periodically subject to claims or grievances. In the opinion of management, the ultimate resolution of any current claims or grievances would not have a material effect on the financial position or results of operations of the Health Unit.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 14. One-time funding:

One-time funding of \$312,998 from the Ministry of Health and Long-Term Care was expended on the following projects in 2017:

	Revenue	Expenses
Approval for period April 1, 2016 to March 31, 2017:		
Designated Heat Harmonization Lead	\$ 11,379	\$ 11,379
Panorama	25,782	25,782
Smoke-Free Ontario Strategy – Expanded Cessation Program	30,000	30,000
Approval for period January 1, 2017 to December 31, 2017:		
Immunization of School Pupils Act	6,058	6,058
Human Papillomavirus Program	25,100	25,100
Approval for period April 1, 2017 to March 31, 2018:		
Mandatory Programs:		
Enhanced Beach Surveillance	7,500	7,500
Potassium Iodide Distribution Program	68,001	68,001
Healthy Menu Choices Act, 2015 – Enforcement	16,500	16,500
Panorama	19,840	19,840
Immunization of School Pupils Act	45,000	45,000
Vaccine Storage and Handling	27,438	837
Public Health Inspection Practicum Program	10,000	10,000
Vector-Borne Diseases Program: Enhanced Mosquito Surveillance	20,400	20,400
	\$ 312,998	\$ 286,397

Of total expenses related to the one-time funding, \$26,601, were recognized as tangible capital assets on the statement of financial position. Refer to note 9 for asset details by project.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 14. One-time funding (continued):

One-time funding of \$810,913 from the Ministry of Health and Long-Term Care was expended on the following projects in 2016:

	Revenue	Expenses
Approval for period April 1, 2015 to March 31, 2016:		
Designated Heat Harmonization Lead 2015/16	\$ 16,491	\$ 21,988
Electronic Cigarette Act – Protection and Enforcement	55,400	55,400
Smoke-Free Ontario Strategy – Enforcement Tablet Upgrade	9,000	-
Approval for period January 1, 2016 to December 31, 2016		
Healthy Smiles Ontario – Operational Pressures	71,956	71,956
Healthy Smiles Ontario – Syrian Refugee Resettlement	33,700	33,700
Immunization of School Pupils Act	177,600	177,600
Needle Exchange Initiative	16,418	16,418
Managing Tuberculosis in a Migrant Farm Community	18,150	18,150
Electronic Cigarette Act - Operational	14,817	14,817
Approval for period April 1, 2016 to March 31, 2017:		
Designated Heat Harmonization Lead 2016/2017	51,621	51,621
Public Health Inspection Practicum Program	10,000	10,000
Vaccine Storage and Handling	37,098	-
Panorama	122,785	122,785
Health Capital Program	175,877	14,952
Approval for period January 1, 2016 to August 31, 2016:		
Pharmacists Integration into the UIIP Program	16,700	16,700
	<u>\$ 827,613</u>	<u>\$ 626,087</u>

Of total expenses related to the one-time funding, \$211,241, were recognized as tangible capital assets on the statement of financial position. Refer to note 9 for asset details by project.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 15. Health Unit expenses:

The statement of operations and accumulated deficit presents expenses for the Health Unit by function. The following is a summary of expenses by object.

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	2017	2016
Salaries and benefits	\$ 17,922,876	\$ 16,994,481
Amortization	471,827	441,028
Financial expenses	18,325	17,254
Purchased services	505,930	541,751
Rental	154,836	180,065
Supplies and other	1,508,606	1,292,384
Occupancy costs	1,526,734	1,802,457
	<hr/>	<hr/>
	\$ 22,109,134	\$ 21,269,420

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## 16. Comparative information:

Certain of the 2016 comparative information have been reclassified to conform with current year's financial statement presentation.

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other Funding

Schedule 1

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Healthy Smiles Ontario Program	\$ 1,413,288	\$ 1,113,353
Infectious diseases control initiative	461,700	461,700
Enhanced CINOT	-	56,250
Harm reduction program enhancement	225,300	-
Social Determinants of Health nurses initiative	180,500	180,500
Chief Nursing Officer initiative	121,500	121,500
Infection prevention and control nurses initiative	54,178	90,100
Enhanced food safety - Haines initiative	53,800	53,800
Enhanced safe water initiative	32,900	32,900
Needle exchange program initiative	55,000	45,000
Smoke-Free Ontario Strategy	535,397	607,753
Electronic Cigarettes Act	55,400	42,862
AMOH/MOH compensation initiative	5,000	5,000
West Nile program	105,491	87,709
Small drinking water systems program	10,300	7,491
One-time funding (note 14)	312,998	827,613
Enhanced Mosquito Surveillance	25,000	-
Immunization Connect Ontario Initiative	8,235	-
	\$ 3,655,987	\$ 3,733,531

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of General Program Expenses

Schedule 2

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Advertising, publications and subscriptions	\$ 7,499	\$ 7,704
Amortization (note 9)	471,827	427,402
Bank charges	18,325	17,254
Benefits	3,110,673	3,028,155
Directors' fees	12,362	16,412
Vehicle expenses	1,444	5,177
Legal and audit	98,044	133,054
Maintenance	105,099	134,277
Memberships	38,607	35,707
Mileage	163,905	181,526
Office equipment rentals (note 12)	154,836	180,065
Office supplies	43,468	46,414
Parking	70,519	67,732
Postage and freight	17,644	58,488
Professional development	89,998	84,141
Program supplies	665,462	640,479
Purchased services	127,373	174,423
Rent (note 12)	769,648	805,040
Salaries	11,940,383	11,134,535
Security	23,525	22,670
Taxes and insurance	291,926	316,794
Telephone	125,206	101,729
Travel	29,443	19,064
Utilities	140,809	139,913
	\$ 18,518,025	\$ 17,778,155

# WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Expenses for Other Funding

Schedule 3

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Healthy Smiles Ontario Program	\$ 1,355,108	\$ 1,110,839
Infectious diseases control initiative	461,700	461,700
Harm reduction program enhancement	225,300	-
Social Determinants of Health nurses initiative	180,500	180,500
Chief Nursing Officer initiative	121,500	121,500
Infection prevention and control nurses initiative	54,178	90,100
Enhanced food safety - Haines initiative	32,181	53,800
Enhanced safe water initiative	32,900	32,900
Needle exchange program initiative	55,000	45,000
Smoke-Free Ontario Strategy	580,689	570,124
Electronic Cigarettes Act	55,400	51,182
AMOH/MOH compensation initiative	5,000	5,000
West Nile program	96,600	128,800
Small drinking water systems program	13,733	13,733
One-time funding (note 14)	286,397	626,087
Enhanced mosquito surveillance	25,000	-
Immunization Connect Ontario initiative	8,235	-
Septic	1,688	-
	\$ 3,591,109	\$ 3,491,265