



Financial Statements of the  
Sudbury and District Health Unit

# Sudbury & District Health Unit

## Financial Statements

Year Ended December 31, 2010

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## Independent Auditor's Report

### To the Board Members of the Sudbury & District Health Unit, Members of Council, Inhabitants and Ratepayers of the Participating Municipalities

We have audited the accompanying financial statements of Sudbury & District Health Unit, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, accumulated surplus, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that 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 Sudbury & District Health Unit as at December 31, 2010, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Collins Barrow, Sudbury - Nipissing LLP*

CHARTERED ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

Sudbury, Ontario  
June 16, 2011

# Sudbury & District Health Unit

Statement of Financial Position

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Financial Assets</b>		
Cash and short-term investments	\$ 8,116,764	\$ 5,503,544
Accounts receivable	344,583	219,554
Receivable from the Province of Ontario	291,584	1,095,144
	<u>8,752,931</u>	<u>6,818,242</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,405,877	1,411,154
Deferred revenue	365,408	216,051
Payable to the Province of Ontario	1,030,607	629,233
Employee benefit obligations (note 2)	2,723,702	2,497,346
	<u>6,525,594</u>	<u>4,753,784</u>
<b>Net Financial Assets</b>	<u>2,227,337</u>	<u>2,064,458</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 3)	6,852,274	6,826,384
Prepaid expenses	117,184	316,155
	<u>6,969,458</u>	<u>7,142,539</u>
<b>Accumulated Surplus</b> (note 4)	<u>\$ 9,196,795</u>	<u>\$ 9,206,997</u>

Commitments (note 5)

Approved by the Board

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

# Sudbury & District Health Unit

## Statement of Operations

Year Ended December 31, 2010, with comparative figures for 2009

	2010 Budget	2010 Actual	2009 Actual
(Unaudited - Note 8)			
<b>Revenues</b>			
Provincial grants	\$ 19,195,923	\$ 18,270,302	\$ 18,596,124
Per capita revenue from Municipalities (Schedule B)	6,346,597	6,221,601	6,058,848
Other			
Plumbing inspections and licenses	163,000	214,470	225,231
Interest	67,000	34,339	21,418
Federal grant	24,459	21,465	-
Other	971,459	1,004,715	808,566
	26,768,438	25,766,892	25,710,187
<b>Expenses</b>			
Salaries and wages (note 6)	16,466,991	15,976,398	15,258,709
Benefits	3,750,195	3,649,688	3,460,192
Transportation	436,878	412,167	382,168
Administration (Schedule C)	3,333,827	3,267,834	2,582,808
Supplies and materials	1,831,458	1,397,247	1,439,514
Small operational equipment	901,713	577,645	435,075
Amortization of tangible capital assets	-	496,114	428,405
	26,721,062	25,777,093	23,986,871
<b>Annual surplus (deficit) before other revenues</b>	47,376	(10,201)	1,723,316
Other revenues			
Provincial grants related to capital	-	-	91,481
<b>Annual surplus (deficit)</b>	\$ 47,376	\$ (10,201)	\$ 1,814,797

(See Schedule D - Revenues and Expenses by Funding Sources)

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

# Sudbury & District Health Unit

## Statement of Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Accumulated surplus, beginning of year</b>	\$ 9,206,997	\$ 7,392,200
Annual surplus (deficit)	(10,201)	1,814,797
<b>Accumulated surplus, end of year</b>	\$ 9,196,795	\$ 9,206,997

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

# Sudbury & District Health Unit

## Statement of Cash Flows

Year Ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Operating transactions</b>		
<b>Annual surplus (deficit)</b>	\$ (10,201)	\$ 1,814,797
<b>Non-cash items</b>		
Amortization of tangible capital assets	496,114	428,405
Employee benefit obligations	226,356	91,967
<b>Change in non-cash assets and liabilities</b>		
Accounts receivable	(125,029)	53,744
Receivable from or payable to the Province of Ontario	1,204,934	(731,109)
Accounts payable and accrued liabilities	994,723	192,552
Deferred revenue	149,357	17,690
Prepaid expenses	198,971	(194,925)
	3,135,225	1,673,121
<b>Capital transactions</b>		
Purchase of tangible capital assets	(522,005)	(655,285)
<b>Increase in cash and short-term investments</b>	2,613,220	1,017,836
<b>Cash and short-term investments, beginning of year</b>	5,503,544	4,485,708
<b>Cash and short-term investments, end of year</b>	\$ 8,116,764	\$ 5,503,544

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

# Sudbury & District Health Unit

## Statement of Changes in Net Financial Assets

Year Ended December 31, 2010, with comparative figures for 2009

	2010	2009
Annual surplus (deficit)	\$ (10,201)	\$ 1,814,797
Acquisition of tangible capital assets	(522,005)	(655,285)
Amortization of tangible capital assets	496,114	428,405
Change in prepaid expenses	198,971	(194,925)
Change in net financial assets	162,879	1,392,992
<b>Net financial assets, beginning of year</b>	<b>2,064,458</b>	<b>671,466</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,227,337</b>	<b>\$ 2,064,458</b>

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

# Sudbury & District Health Unit

Notes to the Financial Statements  
Year ended December 31, 2010

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## 1. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are summarized below:

(a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Deferred revenue

Certain programs of the Health Unit operate on fiscal year-ends other than December 31. Revenues received in excess of expenses incurred at December 31 are deferred until expenses are incurred.

(c) Non-financial assets

Tangible capital assets and prepaid expenses are accounted for as non-financial assets by the Health Unit. Non-financial assets are not available to discharge 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.

(i) Tangible capital assets

Tangible capital assets are recorded at cost. The Health Unit provides for the amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital asset over the estimated useful life of the asset. The annual amortization rates are follows:

Assets	Basis	Rate %
Building	Straight-line	2.5
Corporate hardware	Straight-line	30
Leasehold improvements	Straight-line	10
Vehicles and equipment	Straight-line	10

# Sudbury & District Health Unit

Notes to the Financial Statements  
Year ended December 31, 2010

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## 1. Significant Accounting Policies (Continued)

### (d) Revenue recognition and deferred contributions

Revenue from government grants and contributions are recognized in the period in which the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Funding received under the fund arrangement, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all the recognition criteria have been met.

Other revenues including certain user fees, rents and interest are recorded on the accrual basis, when earned and when the amounts can be reasonably estimated and collection is reasonably assured.

### (e) Pension and employee benefits

The Health Unit accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined benefit plan.

Vacation and other compensated absence entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Health Unit's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experiences and from changes in actuarial assumptions used to determine the accrued benefit obligation. These gains (losses) are amortized over the average remaining service period of active employees.

### (f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are certain accounts receivable, allowance for doubtful accounts, certain deferred revenues, amounts repayable to certain funders, employee future benefits, and the estimated useful lives and residual values of tangible capital assets.

# Sudbury & District Health Unit

Notes to the Financial Statements  
Year ended December 31, 2010

## 1. Significant Accounting Policies (Continued)

### (g) Prior years' funding adjustments

The Ministry of Health and Long-Term Care ("MOHLTC") undertakes financial reviews of the Health Unit's operations from time to time, based on the Health Unit's submissions of annual settlement forms. Adjustments to the financial statements, if any, as a result of these reviews are accounted for in the period when notification is received from the Ministry.

## 2. Employee Benefit Obligations

An actuarial estimate of future liabilities has been completed using the most recent actuarial valuation dated December 31, 2007 and forms the basis for the estimated liability reported in these financial statements.

	2010	2009
Accumulated sick leave benefit	\$ 822,116	\$ 778,654
Other post-employment benefits	885,398	864,856
	1,707,514	1,643,510
Vacation pay and other compensated absence	1,016,188	853,836
	\$ 2,723,702	\$ 2,497,346

The significant actuarial assumptions adopted in measuring the Health Unit's accrued benefit obligations are as follows:

	2010	2009
Discount rate	5%	5%
Health care trend rate		
- initial	8%	8%
- ultimate	2%	2%
Salary escalation factor	4%	4%

The Health Unit has established reserves in the amount of \$318,794 (2009 - \$318,794) to mitigate the future impact of these obligations.

The accrued benefit obligations as at December 31, 2010 are \$1,641,500 (2009 - \$1,572,481). Total benefit plan related expenses were \$156,675 and was comprised of current service costs of \$83,301 (2009 - \$77,779), interest of \$78,389 (2009 - \$75,143) amortization of actuarial loss of \$5,015 (2009 - \$5,015 loss). Benefits paid during the year were \$92,671 (2009 - \$88,821). The net unamortized actuarial gain of \$66,014 (2009 - \$71,029) will be amortized over the expected average remaining service period of 15 years.

# Sudbury & District Health Unit

Notes to the Financial Statements  
Year ended December 31, 2010

## 3. Tangible Capital Assets

	2010								
	Cost				Accumulated amortization				Net Book Value of Tangible Assets
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Disposals	Balance, end of year	
Land	\$ 26,939	-	-	26,939	-	-	-	-	\$ 26,939
Building	8,011,999	-	-	8,011,999	2,432,171	200,300	-	2,632,471	5,379,528
Leasehold improvements	391,330	-	-	391,330	67,968	42,927	-	110,895	280,435
Corporate hardware	623,824	361,166	(127,500)	857,490	207,590	187,661	(127,500)	267,751	589,739
Corporate software	-	92,987	-	92,987	-	-	-	-	92,987
Vehicles and equipment	1,833,165	67,852	-	1,901,017	1,353,144	65,227	-	1,418,371	482,646
	<b>\$ 10,887,257</b>	<b>522,005</b>	<b>(127,500)</b>	<b>11,281,762</b>	<b>4,060,873</b>	<b>496,115</b>	<b>(127,500)</b>	<b>4,429,488</b>	<b>\$ 6,852,274</b>

	2009								
	Cost				Accumulated amortization				Net Book Value of Tangible Assets
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Disposals	Balance, end of year	
Land	\$ 26,939	-	-	26,939	-	-	-	-	\$ 26,939
Building	7,971,570	40,429	-	8,011,999	2,232,377	199,794	-	2,432,171	5,579,828
Leasehold improvements	391,330	-	-	391,330	25,041	42,927	-	67,968	323,362
Corporate hardware	247,572	376,252	-	623,824	79,869	127,721	-	207,590	416,234
Vehicles and equipment	1,594,561	238,604	-	1,833,165	1,295,181	57,963	-	1,353,144	480,021
	<b>\$ 10,231,972</b>	<b>655,285</b>	<b>-</b>	<b>10,887,257</b>	<b>3,632,468</b>	<b>428,405</b>	<b>-</b>	<b>4,060,873</b>	<b>\$ 6,826,384</b>

# Sudbury & District Health Unit

Notes to the Financial Statements  
Year ended December 31, 2010

## 4. Accumulated Surplus

The accumulated surplus consists of individual fund surpluses and reserves as follows:

	2010	2009
Surpluses		
Invested in capital assets	\$ 6,852,274	\$ 6,826,384
Unfunded employee benefit obligations	(2,723,702)	(2,497,346)
	4,128,572	4,329,038
Reserves (Schedule A)		
Working capital	2,935,569	2,702,305
Public health initiatives	757,000	800,000
Corporate contingencies	500,000	500,000
Facility and equipment repairs and maintenance	500,000	500,000
Sick leave and vacation	318,794	318,794
Research and development	56,860	56,860
	5,068,223	4,877,959
Accumulated surplus	\$ 9,196,795	\$ 9,206,997

## 5. Commitments

### (a) Line of credit

As at December 31, 2010, the Health Unit has available an operating line of credit of \$500,000 (2009 - \$500,000). There is no balance outstanding on the line of credit at year end (2009 - nil).

### (b) Lease commitment

The Health Unit has entered into various operating leases with terms ranging from one to three years for equipment which require monthly payments of \$5,150 over the next year. The Health Unit has also entered into lease agreements for office and storage space with terms from one to fifty years which require monthly payments of \$21,323 over the next year.

# Sudbury & District Health Unit

Notes to the Financial Statements  
Year ended December 31, 2010

## 6. Salaries and Wages

Included in salaries and wages is compensation to the Medical Officer of Health and Associate Medical Officer of Health as follows:

	2010	2009
Medical Officer of Health		
Base salary	\$ 296,730	\$ 276,338
Compensation expenses	13,438	25,213
	\$ 310,168	\$ 301,551
Associate Medical Officer of Health		
Base salary	\$ 73,610	\$ 17,091
Compensation expenses	596	170
	\$ 74,206	\$ 17,261

## 7. Pension Agreements

The Health Unit makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 256 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2010 was \$1,085,144 (2009 - \$1,022,116) for current service and is included as an expense on the statement of operations.

## 8. Budget Figures

The budget figures included in the statement of operations are included for information purposes only. These amounts are unaudited.

# Sudbury & District Health Unit

Schedule of Reserves  
Year Ended December 31, 2010

	Working Capital	Public Health Initiatives	Corporate Contingencies	Facility and Equipment Repairs and Maintenance	Sick Leave and Vacation	Research and Development	Total
Balance, beginning of year	\$ 2,702,305	800,000	500,000	500,000	318,794	56,860	\$ 4,877,959
Transfer from (to) current year's surplus	233,264	(43,000)	-	-	-	-	190,264
Balance, end of year	\$ 2,935,569	757,000	500,000	500,000	318,794	56,860	\$ 5,068,223

# Sudbury & District Health Unit

Schedule of Per Capita Revenue from Municipalities  
Year Ended December 31, 2010, with comparative figures for 2009

	2010	2009
Township of Assiginack	\$ 27,686	\$ 26,720
Township of Baldwin	18,914	18,419
Township of Barrie Island	-	1,636
Township of Billings (and part of Allan)	16,549	15,874
Township of Burpee	10,514	10,906
Township of Central Manitoulin	58,794	58,165
Municipality of St. Charles	41,436	41,443
Township of Chapleau	79,139	80,764
Municipality of French River	80,943	88,520
Township of Espanola	169,539	168,073
Township of Gordon (and part of Allan)	15,865	13,996
Town of Gore Bay	26,628	25,629
Municipality of Markstay-Warren	89,093	87,975
Township of Northeastern Manitoulin & The Islands	75,841	76,342
Township of Nairn & Hyman	14,683	13,996
Municipality of Killarney	13,874	13,450
Township of Sables and Spanish River	97,306	96,760
City of Greater Sudbury	5,373,220	5,208,790
Township of Tehkummah	11,577	11,390
	<b>\$ 6,221,601</b>	<b>\$ 6,058,848</b>

# Sudbury & District Health Unit

Schedule of Details of Expenses

Year Ended December 31, 2010, with comparative figures for 2009

	2010 Budget	2010 Actual	2009 Actual
Administration			
Professional fees	\$ 1,554,284	\$ 1,758,281	\$ 1,013,455
Advertising	237,788	160,718	320,892
Building maintenance	387,334	276,111	288,022
Staff education	314,243	312,164	195,008
Utilities	160,232	139,340	145,052
Rent	260,405	266,258	222,814
Liability insurance	95,000	90,428	86,971
Postage	112,398	61,914	89,523
Telephone	166,379	167,139	163,362
Memberships and subscriptions	40,764	34,496	39,664
Strategic planning	5,000	985	18,045
	\$ 3,333,827	\$ 3,267,834	\$ 2,582,808

# Sudbury & District Health Unit

Revenues and Expenses by Funding Sources  
Year Ended December 31, 2010

	OLHA	CINOT	PHRED	H1N1	VBD	UIIP	Men	HPV	IDC and ICPHN	MCYS	HSO	FED	Other	Total
<b>Revenues</b>														
Provincial grants														
Operational	13,625,229	26,016	246,392	-	43,785	53,435	26,163	15,241	459,980	1,486,088	60,516	-	1,406,761	17,449,606
Cost recovery	-	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000
One time	-	-	-	-	-	-	-	-	-	-	45,125	-	64,827	109,952
Unorganized territories	704,744	-	-	-	-	-	-	-	-	-	-	-	-	704,744
Municipalities	6,149,909	50,046	-	-	21,646	-	-	-	-	-	-	-	-	6,221,601
Plumbing, inspections and licenses	214,470	-	-	-	-	-	-	-	-	-	-	-	-	214,470
Interest	34,339	-	-	-	-	-	-	-	-	-	-	-	-	34,339
Federal grant	-	-	-	-	-	-	-	-	-	-	-	21,465	-	21,465
Other	-	-	-	-	-	-	-	-	-	-	-	-	1,004,715	1,004,715
<b>Total Revenues</b>	<b>20,728,691</b>	<b>76,062</b>	<b>246,392</b>	<b>6,000</b>	<b>65,431</b>	<b>53,435</b>	<b>26,163</b>	<b>15,241</b>	<b>459,980</b>	<b>1,486,088</b>	<b>105,641</b>	<b>21,465</b>	<b>2,476,303</b>	<b>25,766,892</b>
<b>Expenses</b>														
Salaries and wages	13,401,053	-	-	3,055	8,803	38,173	23,960	13,094	350,125	1,172,242	58,436	-	907,457	15,976,398
Benefits	3,150,660	-	-	478	1,000	3,141	1,903	1,297	72,391	213,913	12,244	-	192,661	3,649,688
Transportation	238,320	-	-	971	4,973	4,155	300	850	2,000	45,131	3,532	-	111,935	412,167
Administration (Schedule C)	2,744,764	34,687	292,411	613	2,580	3,324	-	-	3,683	11,363	2,247	21,465	150,697	3,267,834
Supplies and materials	552,864	-	-	883	36,324	4,642	-	-	31,781	34,409	3,880	-	732,464	1,397,247
Materials and small equipment	553,093	-	-	-	4,701	-	-	-	-	9,030	3,549	-	7,272	577,645
Amortization of tangible capital assets	496,114	-	-	-	-	-	-	-	-	-	-	-	-	496,114
<b>Total Expenses</b>	<b>21,136,868</b>	<b>34,687</b>	<b>292,411</b>	<b>6,000</b>	<b>58,381</b>	<b>53,435</b>	<b>26,163</b>	<b>15,241</b>	<b>459,980</b>	<b>1,486,088</b>	<b>83,868</b>	<b>21,465</b>	<b>2,102,486</b>	<b>25,777,093</b>
<b>Annual surplus (deficit)</b>	<b>\$ (408,177)</b>	<b>41,375</b>	<b>(46,019)</b>	<b>-</b>	<b>7,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,753</b>	<b>-</b>	<b>373,817</b>	<b>(10,201)</b>

<b>OLHA</b>	- MOHLTC Mandatory Cost-Shared
<b>CINOT</b>	- CINOT Expansion
<b>PHRED</b>	- Public Health Research Education and Development
<b>H1N1</b>	- H1N1 Virus
<b>VBD</b>	- Vector Borne Disease
<b>UIIP</b>	- Universal Influenza Immunization Program
<b>Men</b>	- Meningococcal
<b>HPV</b>	- Human Papilloma Virus
<b>IDC</b>	- Infectious Diseases Control
<b>ICPHN</b>	- Infection Prevention and Control Nurses
<b>MCYS</b>	- Ministry of Children and Youth Services
<b>HSO</b>	- Healthy Smiles Ontario
<b>FED</b>	- Federal 1 Track Survey
<b>Other</b>	- Includes 100% Ministry funded and Non-Ministry funded services