

Financial Statements of

**MIDDLESEX – LONDON EMERGENCY
MEDICAL SERVICES AUTHORITY**

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Members of Middlesex – London Emergency Medical Services Authority

We have audited the accompanying financial statements of Middlesex – London Emergency Medical Services Authority, which comprise the statement of financial position as at December 31, 2017, the statements of operations, 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 Middlesex – London Emergency Medical Services Authority as at December 31, 2017, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 26, 2018

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash	\$ 300	\$ 300
Accounts receivable	4,666,923	3,945,305
	4,667,223	3,945,605
Financial Liabilities:		
Accounts payable and accrued liabilities	3,411,811	2,812,427
Employee future benefits (note 2)	2,748,278	1,625,928
Payable to the County of Middlesex	1,301,278	1,193,962
Total liabilities	7,461,367	5,632,317
Net debt	(2,794,144)	(1,686,712)
Non-financial assets:		
Prepaid expenses	45,866	60,784
Commitments (note 4)		
Accumulated deficit	\$ (2,748,278)	\$ (1,625,928)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Operations

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

	Budget 2017	2017	2016
Revenues:			
Grants:			
Province of Ontario	\$ 16,254,188	\$ 16,556,513	\$ 15,468,200
City of London	14,412,272	14,407,918	13,219,082
County of Middlesex	2,651,472	2,782,935	2,520,864
	33,317,932	33,747,366	31,208,146
User charges:			
Fees and donations	–	87,576	20,918
Contributed from County	500,000	–	91,578
	33,817,932	33,834,942	31,320,642
Expenditures:			
Salaries and benefits	27,210,119	27,883,613	23,807,629
Supplies	1,749,570	1,711,047	1,604,949
Contracted services	649,484	710,479	494,344
Facilities	2,193,826	2,046,059	1,110,235
Vehicles operations	668,814	874,799	820,676
Insurance	337,021	378,966	304,165
Contributions to vehicle and equipment, Contribution to the County	1,036,072	1,352,329	1,305,629
	33,844,906	34,957,292	29,447,627
Annual (deficit) surplus	(26,974)	(1,122,350)	1,873,015
Accumulated deficit, beginning of year	(1,625,928)	(1,625,928)	(3,498,943)
Accumulated deficit, end of year	\$ (1,652,902)	\$ (2,748,278)	\$ (1,625,928)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Changes in Net Debt

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

	Budget 2017	2017	2016
Annual (deficit) surplus	\$ (26,974)	\$ (1,122,350)	\$ 1,873,015
Prepaid expenses	-	14,918	132,151
Change in net financial (debt) assets	(26,974)	(1,107,432)	2,005,166
Net debt, beginning of year	(1,686,712)	(1,686,712)	(3,691,878)
Net debt, end of year	\$ (1,713,686)	\$ (2,794,144)	\$ (1,686,712)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (1,122,350)	\$ 1,873,015
Changes in non-cash operating working capital:		
Accounts receivable	(721,618)	(894,263)
Prepaid expenses	14,918	132,151
Accounts payable and accrued liabilities	599,384	522,661
Employee future benefits	1,122,350	(1,873,015)
Payable to the County of Middlesex	107,316	239,451
Increase in cash	-	-
Cash, beginning of year	300	300
Cash, end of year	\$ 300	\$ 300

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of the Middlesex – London Emergency Medical Services Authority (the "Authority") are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Basis of presentation:

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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) Government transfers:

Government transfers are recognized in the financial statements 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.

(c) Employee future benefits:

The Authority has adopted the following policies for future benefits provided to both active and retired employees:

(i) Post-employment benefits:

The cost of termination benefits and compensated absences are recognized when the event that obligates the Authority occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of other employee benefits are determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees and expected health costs.

Employee future benefit costs are discounted using the Authority's cost of long-term borrowing. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(c) Employee future benefits (continued):

(ii) Pension benefits:

The Authority provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi - employer pension plan which operates as the Ontario Municipal Employees Retirement Fund, and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the Authority's books.

The employer's contributions to a multi-employer, defined benefit plan are expensed as the obligations arise.

(d) Use of estimates:

The preparation of 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 date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

(e) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

(f) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the funding model and generally accepted accounting principles for local governments established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Employee future benefits:

(a) Pension:

The Authority contributed \$1,807,489 (2016 - \$1,771,919) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Statement of Operations.

(b) Health, dental and life insurance:

The Authority provides certain employee benefits such as health, dental and life insurance to qualified retirees until they reach 65 years of age that will require funding in future periods. An actuarial valuation was undertaken as at December 31, 2015, the accrued benefit obligation calculated for these employees was \$321,630 (2016 - \$294,657).

The significant assumptions used in the actuarial valuation are as follows:

	2017	2016
Discount rate	3.4%	3.4%
Inflation rate	N/A	N/A
Rate of compensation increase	3.0%	3.0%
Dental & other EHC cost increases	4.0%	4.0%
EHC cost increases	5.72% for 2017 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% is reached	5.81% for 2016 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% is reached

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Employee future benefits (continued):

(c) Workplace Safety and Insurance Board:

The Authority has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The Authority became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$555,230 (2016 - \$695,514).

The estimate of the future benefit costs for WSIB claims of \$2,426,648 (2016 - \$1,331,272) were provided by WSIB and were determined based on benefits currently in force with provision for benefits not yet awarded as follows:

Accidents prior to 1990 and survivor pensions	17.43%
Accidents from 1990 to 1997 and non-economic	31.29%
Accidents after 1997	14.96%

3. Financial instruments:

The Authority's financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities.

The fair values of these financial instruments approximate their carrying value due to the expected short-term maturity of these instruments.

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

4. Commitments:

The Authority has entered into commitments for rent and leases expiring at various dates prior to 2049. The future minimum annual payments are estimated to be as follows:

2018	\$ 1,502,772
2019	1,500,408
2020	1,596,790
2021	1,603,216
2022	1,567,632
Thereafter	21,914,454
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	\$ 29,685,272
