

Financial Statements of

**MIDDLESEX – LONDON EMERGENCY
MEDICAL SERVICES AUTHORITY**

Year ended December 31, 2015



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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, 2015, 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, 2015, 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.

Chartered Professional Accountants, Licensed Public Accountants
June 28, 2016
London, Canada

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets:		
Cash	\$ 300	\$ 300
Accounts receivable	3,051,042	3,539,772
	3,051,342	3,540,072
Financial Liabilities:		
Accounts payable and accrued liabilities	2,289,766	3,533,704
Employee future benefits (note 2)	3,498,943	2,541,038
Payable to the County of Middlesex	954,511	84,426
Total liabilities	6,743,220	6,159,168
Net debt	(3,691,878)	(2,619,096)
Non-financial assets:		
Prepaid expenses	192,935	78,058
Commitments (note 4)		
Accumulated deficit	\$ (3,498,943)	\$ (2,541,038)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget 2015	2015	2014
Revenues:			
Grants:			
Province of Ontario	\$ 14,197,389	\$ 14,407,932	\$ 13,862,846
City of London	12,898,287	12,426,414	11,752,366
County of Middlesex	2,322,163	2,301,741	2,096,791
	29,417,839	29,136,087	27,712,003
User charges:			
Fees and donations	–	23,584	71,847
Contributed from County	500,000	60,000	79,792
	29,917,839	29,219,671	27,863,642
Expenditures:			
Salaries and benefits	24,576,046	24,852,858	23,336,919
Supplies	1,331,792	1,585,677	1,358,524
Contracted services	675,825	583,545	475,483
Facilities	1,300,187	1,001,681	1,100,327
Vehicles operations	705,973	727,258	790,279
Insurance	267,502	295,009	261,438
Contributions to vehicle and equipment, Contribution to the County	1,060,514	1,131,548	1,346,463
	29,917,839	30,177,576	28,669,433
Annual deficit	–	(957,905)	(805,791)
Accumulated deficit, beginning of year	(2,541,038)	(2,541,038)	(1,735,247)
Accumulated deficit, end of year	\$ (2,541,038)	\$ (3,498,943)	\$ (2,541,038)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Changes in Net Debt

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual deficit	\$ (957,905)	\$ (805,791)
Prepaid expenses	(114,877)	(2,278)
Change in net debt	(1,072,782)	(808,069)
Net debt, beginning of year	(2,619,096)	(1,811,027)
Net debt, end of year	\$ (3,691,878)	\$ (2,619,096)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (957,905)	\$ (805,791)
Changes in non-cash operating working capital:		
Accounts receivable	488,730	(109,289)
Prepaid expenses	(114,877)	(2,278)
Accounts payable and accrued liabilities	(1,243,938)	1,391,269
Employee future benefits	957,905	805,791
Payable to the County of Middlesex	870,085	(1,279,702)
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, 2015

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, 2015

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, 2015

2. Employee future benefits:

(a) Pension:

The Authority contributed \$1,736,430 (2014 - \$1,509,608) 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 \$272,500, and had been immediately recognized in 2015 as a plan amendment.

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

Discount rate	3.4%
Rate of compensation increases	3.0%
Dental and other EHC costs increase	4.0%
Healthcare cost increases	5.9% for 2015 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% is reached

(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 \$425,950 (2014 - \$333,362).

The estimate of the future benefit costs for WSIB claims of \$3,226,443 (2014 - \$2,541,038) 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	14.79%
Accidents from 1990 to 1997 and non-economic loss pensions	23.57%
Accidents after 1997	15.90%
Health care and non-income benefits and ILAs	20.67%

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Notes to Financial Statements (continued)

Year ended December 31, 2015

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:

2016	\$ 587,181
2017	529,372
2018	492,760
2019	501,229
2020	508,125
Thereafter	4,885,191
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	\$ 7,503,858
