

Financial Statements of

**MIDDLESEX – LONDON EMERGENCY
MEDICAL SERVICES AUTHORITY**

Year ended December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Middlesex – London Emergency Medical Services Authority

We have audited the accompanying financial statements of the Middlesex – London Emergency Medical Services Authority which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in net debt, and the 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 an 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 Middlesex – London Emergency Medical Services Authority as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

July XX, 2015

London, Canada

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Financial Assets		
Cash	\$ 300	\$ 300
Accounts receivable	3,539,772	3,430,483
Total financial assets	3,540,072	3,430,783
Financial Liabilities		
Accounts payable and accrued liabilities	3,533,704	2,142,435
Employee future benefits - WSIB (note 2)	2,541,038	1,735,247
Payable to the County of Middlesex	84,426	1,364,128
Total financial liabilities	6,159,168	5,241,810
Net debt	(2,619,096)	(1,811,027)
Non-financial assets		
Prepaid expenses	78,058	75,780
Total non-financial assets	78,058	75,780
Commitments (note 4)		
Accumulated deficit	\$ (2,541,038)	\$ (1,735,247)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014	Actual 2014	Actual 2013
Revenues:			
Grants:			
Province of Ontario	\$ 13,778,933	\$ 13,862,846	\$ 12,935,895
City of London	11,713,287	11,752,366	10,910,485
County of Middlesex	2,065,646	2,096,791	1,995,545
	<u>27,557,866</u>	<u>27,712,003</u>	<u>25,841,925</u>
User charges:			
Fees and donations	-	71,847	43,630
Contributed from Reserve	-	79,792	93,420
	<u>27,557,866</u>	<u>27,863,642</u>	<u>25,978,975</u>
Total revenues	27,557,866	27,863,642	25,978,975
Expenditures:			
Salaries and benefits	22,595,589	23,336,919	22,322,692
Supplies	1,205,517	1,358,524	1,235,889
Contracted services	654,285	475,483	516,925
Facilities	1,245,000	1,100,327	1,110,079
Vehicles operations	695,973	790,279	727,467
Insurance	261,502	261,438	274,041
Contributions to vehicle and equipment, capital and reserves	900,000	1,346,463	1,129,887
	<u>27,557,866</u>	<u>28,669,433</u>	<u>27,316,980</u>
Total expenditures	27,557,866	28,669,433	27,316,980
Annual deficit	-	(805,791)	(1,338,005)
Accumulated deficit, beginning of year	(1,735,247)	(1,735,247)	(397,242)
	<u>\$ (1,735,247)</u>	<u>\$ (2,541,038)</u>	<u>\$ (1,735,247)</u>

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Change in Net Debt

Year ended December 31, 2014, with comparative information for 2013

	Actual 2014	Actual 2013
Annual deficit	\$ (805,791)	\$ (1,338,005)
Prepaid expenses	(2,278)	(25,000)
Change in net debt	(808,069)	(1,363,005)
Net Debt		
Beginning of year	(1,811,027)	(448,022)
End of year	\$ (2,619,096)	\$ (1,811,027)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (805,791)	\$ (1,338,005)
Changes in non-cash operating working capital:		
Accounts receivable	(109,289)	(1,017,622)
Prepaid expenses	(2,278)	(25,000)
Accounts payable and accrued liabilities	1,391,269	127,426
Employee future benefit liability	805,791	1,338,005
Payable to the County of Middlesex	(1,279,702)	915,496
Net increase / (decrease) in cash	-	300
Cash, beginning of year	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, 2014

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 costs of workplace safety and insurance obligations are actuarially determined and are expensed.

(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.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(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.

2. Employee future benefits:

(a) Pension:

The Authority contributed \$1,509,608 (2013 - \$1,522,535) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Statement of Operations.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2014

2. Employee future benefits (continued):

(b) 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 \$333,362 – (2013 - \$369,082).

The estimate of the future benefit costs for WSIB claims of \$2,541,038 (2013 - \$1,735,247) 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	14.57%
Accidents from 1990 to 1997 and non-economic loss pensions	19.72%
Accidents after 1997	13.06%
Health care and non-income benefits and ILAs	18.22%

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 2018. The future minimum annual payments are estimated to be as follows:

2015	\$	576,229
2016		565,466
2017		517,475
	\$	1,659,170
