

OXFORD ELGIN ST. THOMAS HEALTH UNIT

Operating as

SOUTHWESTERN PUBLIC HEALTH

Financial Statements

December 31, 2020

SOUTHWESTERN PUBLIC HEALTH

Financial Statements

For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the **Board of Health, Members of Council, Inhabitants and Ratepayers** of
the participating municipalities of the County of Oxford, County of Elgin and City of St. Thomas:

Opinion

We have audited the financial statements of **Southwestern Public Health**, which comprise the statement of financial position as at December 31, 2020, and the statement of operations and surplus, statement of changes in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for public sector entities, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Thomas, Ontario

Reporting Date

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

SOUTHWESTERN PUBLIC HEALTH

Statement of Financial Position December 31, 2020

	2020	2019
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	2,586,416	2,147,092
Accounts receivable	279,439	328,328
Government remittance receivable	180,298	230,927
Due from Province of Ontario	<u>171,077</u>	<u>-</u>
	<u>3,217,230</u>	<u>2,706,347</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	2,449,487	1,860,115
Deferred revenue (Note 3)	881,967	550,848
Due to Province of Ontario	-	180,013
Long-term debt (Note 5)	<u>7,628,000</u>	<u>7,846,000</u>
	<u>10,959,454</u>	<u>10,436,976</u>
NET FINANCIAL DEBT (PAGE 5)	<u>(7,742,224)</u>	<u>(7,730,629)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	50,932	60,137
Tangible capital assets (Note 4)	<u>9,412,193</u>	<u>9,234,318</u>
	<u>9,463,125</u>	<u>9,294,455</u>
ACCUMULATED SURPLUS (PAGE 4)	<u>1,720,901</u>	<u>1,563,826</u>

Approved by the Board:



Director



Director

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Operations and Surplus For the Year Ended December 31, 2020

	(Note 13) Budget 2020 <u>\$</u>	2020 <u>\$</u>	2019 <u>\$</u>
REVENUES			
Operating grants			
Municipal:			
County of Elgin	1,017,063	941,063	941,063
City of St. Thomas	790,368	731,307	731,307
County of Oxford	2,251,966	2,083,797	2,083,687
Province of Ontario (Note 7)	14,835,771	17,007,766	16,035,724
Public Health Agency of Canada (Note 8)	-	45,987	159,326
Student Nutrition (Note 9)	<u>120,745</u>	<u>239,956</u>	<u>180,046</u>
Total operating grants	<u>19,015,913</u>	<u>21,049,876</u>	<u>20,131,153</u>
Other			
Other fees and recoveries	-	80,111	153,333
Clinics	-	20,728	33,302
Interest	<u>66,500</u>	<u>25,878</u>	<u>82,034</u>
Total other revenue	<u>66,500</u>	<u>126,717</u>	<u>268,669</u>
TOTAL REVENUES	19,082,413	21,176,593	20,399,822
EXPENDITURES - SCHEDULE (PAGE 18)	<u>20,729,782</u>	<u>21,019,518</u>	<u>19,766,778</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,647,369)</u>	<u>157,075</u>	<u>633,044</u>
SURPLUS, BEGINNING OF YEAR	1,563,826	1,563,826	2,991,911
TRANSFER OF SURPLUS (NOTE 2)	<u>-</u>	<u>-</u>	<u>(2,061,129)</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 2)	<u>(83,543)</u>	<u>1,720,901</u>	<u>1,563,826</u>

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Change in Net Financial Debt For the Year Ended December 31, 2020

	(Note 13) Budget 2020 \$	2020 \$	2019 \$
EXCESS OF REVENUES OVER EXPENDITURES	(1,647,369)	157,075	633,044
Amortization of tangible capital assets	-	626,780	548,503
Net acquisition of tangible capital assets	-	(804,655)	(774,451)
Change in prepaid expenses	-	9,205	(15,564)
Surplus returned to municipalities	-	-	(1,081,301)
Contingent reserves returned to municipalities	-	-	<u>(979,828)</u>
INCREASE IN NET DEBT	(1,647,369)	(11,595)	(1,669,597)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>7,730,629</u>	<u>7,730,629</u>	<u>6,061,032</u>
NET FINANCIAL DEBT, END OF YEAR	<u>6,083,260</u>	<u>7,742,224</u>	<u>7,730,629</u>

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Cash Flows For the Year Ended December 31, 2020

	2020	2019
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	157,075	633,044
Items not involving cash:		
Amortization of tangible capital assets	626,780	548,503
Change in non-cash assets and liabilities:		
Accounts receivable	48,889	(121,290)
Government remittances receivable	50,629	(29,454)
Prepaid expenses	9,205	(15,564)
Accounts payable and accrued liabilities	589,372	499,059
Deferred revenue	331,119	(583,102)
Due to Province of Ontario	<u>(351,090)</u>	<u>69,943</u>
Cash provided by operating activities	<u>1,461,979</u>	<u>1,001,139</u>
CAPITAL ACTIVITIES		
Net acquisition of tangible capital assets	<u>(804,655)</u>	<u>(774,451)</u>
Cash applied to capital activities	<u>(804,655)</u>	<u>(774,451)</u>
FINANCING ACTIVITIES		
Funding returned to municipalities	-	(1,081,301)
Contingent reserves returned to municipalities	-	(979,828)
Repayment to long-term debt	<u>(218,000)</u>	<u>(211,000)</u>
Cash applied to financing activities	<u>(218,000)</u>	<u>(2,272,129)</u>
NET CHANGE IN CASH DURING THE YEAR	439,324	(2,045,441)
CASH, BEGINNING OF YEAR	<u>2,147,092</u>	<u>4,192,533</u>
CASH, END OF YEAR	<u>2,586,416</u>	<u>2,147,092</u>

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

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

Southwestern Public Health (the "organization") provides health services to the residents of the City of St. Thomas, County of Elgin and the County of Oxford and is accountable to the Province of Ontario as outlined in the Health Protection and Promotion Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the organization are prepared by management in accordance with Canadian accounting standards for public sector entities. Significant aspects of the accounting policies adopted by the organization are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Accounting Estimates

The preparation of these financial statements is in conformity with Canadian accounting standards for public sector entities which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

In particular, the organization uses estimates when accounting for certain items, including:

- Useful lives of tangible capital assets
- Employee benefit plans

Financial Instruments

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years
Building	40 years
Roof	20 years
Component equipment	24 years
Computer equipment	4 years

Amortization begins the first month of the year following the year the asset is placed in service and to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Deferred Revenue

The organization administers other public health programs funded by the Province of Ontario and reported on a Provincial fiscal year end of March 31st. Any unexpended funding for these programs at December 31st is reported as deferred revenue on the statement of financial position. Additionally the organization receives certain grants and other funding from external sources for administering public health programs and may defer funds not spent at December 31st if the respective funding agreement has a term beyond the year end.

Employee Benefit Plans

The organization accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and 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. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

Recent Accounting Pronouncements

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2022. The standard applies to all types of financial instruments. The new standard requires that equity and derivative instruments be measured at fair value, with changes in value being recorded in the statement of remeasurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value of remaining instruments, which is elected upon by the government organization. The organization has not yet determined what, if any, financial reporting implications may arise from this standard.

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

2. ACCUMULATED SURPLUS

The accumulated surplus consists of the following individual fund surplus/(deficit) and reserves as follows:

	2020	2019
	<u>\$</u>	<u>\$</u>
SURPLUS		
General reserve (deficit)	(63,292)	175,508
Invested in tangible capital assets	<u>9,412,193</u>	<u>9,234,318</u>
	9,348,901	9,409,826
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(7,628,000)</u>	<u>(7,846,000)</u>
ACCUMULATED SURPLUS	<u><u>1,720,901</u></u>	<u><u>1,563,826</u></u>

3. DEFERRED REVENUE

	2020	2019
	<u>\$</u>	<u>\$</u>
Municipal Prepaid Levy	491,004	-
Merger - March 31, 2021 Funding	152,863	413,248
St. Thomas - Low German Needs Assessment	85,624	85,844
Student Nutrition	67,523	12,146
Healthy Babies Healthy Children - March 31, 2021 Funding	36,211	-
Vaccine Fridge - March 31, 2021 Funding	22,500	-
Sewage Inspection Program	17,175	17,175
Other	9,067	5,751
Needle Exchange Program - March 31, 2020 Funding	<u>-</u>	<u>16,684</u>
Total Deferred Revenue	<u><u>881,967</u></u>	<u><u>550,848</u></u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

4. TANGIBLE CAPITAL ASSETS

December 31, 2020

Cost	Opening \$	Additions \$	Disposals \$	Ending \$
Land	572,909	-	-	572,909
Land improvements	161,330	-	-	161,330
Building	7,636,281	212,756	-	7,849,037
Roof	157,000	-	-	157,000
Building component equipment	939,636	256,077	-	1,195,713
Information technology equipment	<u>1,775,949</u>	<u>335,822</u>	<u>-</u>	<u>2,111,771</u>
	<u>11,243,105</u>	<u>804,655</u>	<u>-</u>	<u>12,047,760</u>
Accumulated Amortization	Opening \$	Amortization \$	Disposals \$	Ending \$
Land improvements	40,335	8,067	-	48,402
Building	925,634	190,907	-	1,116,541
Roof	39,250	7,850	-	47,100
Building component equipment	384,287	39,152	-	423,439
Information technology equipment	<u>619,281</u>	<u>380,804</u>	<u>-</u>	<u>1,000,085</u>
	<u>2,008,787</u>	<u>626,780</u>	<u>-</u>	<u>2,635,567</u>
Net Book Value	Opening \$			Ending \$
Land	572,909			572,909
Land improvements	120,995			112,928
Building	6,710,647			6,732,496
Roof	117,750			109,900
Building component equipment	555,349			772,274
Information technology equipment	<u>1,156,668</u>			<u>1,111,686</u>
	<u>9,234,318</u>			<u>9,412,193</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

4. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2019

Cost	Opening <u>\$</u>	Additions <u>\$</u>	Disposals <u>\$</u>	Ending <u>\$</u>
Land	572,909	-	-	572,909
Land improvements	161,330	-	-	161,330
Building	7,451,439	184,842	-	7,636,281
Roof	157,000	-	-	157,000
Building component equipment	833,170	106,466	-	939,636
Computer equipment	<u>1,292,806</u>	<u>483,143</u>	<u>-</u>	<u>1,775,949</u>
	<u>10,468,654</u>	<u>774,451</u>	<u>-</u>	<u>11,243,105</u>
Accumulated Amortization	Opening <u>\$</u>	Amortization <u>\$</u>	Disposals <u>\$</u>	Ending <u>\$</u>
Land	-	-	-	-
Land improvements	32,268	8,067	-	40,335
Building	739,348	186,286	-	925,634
Roof	31,400	7,850	-	39,250
Building component equipment	349,571	34,716	-	384,287
Computer equipment	<u>307,697</u>	<u>311,584</u>	<u>-</u>	<u>619,281</u>
	<u>1,460,284</u>	<u>548,503</u>	<u>-</u>	<u>2,008,787</u>
Net Book Value	Opening <u>\$</u>			Ending <u>\$</u>
Land	572,909			572,909
Land improvements	129,062			120,995
Building	6,712,091			6,710,647
Roof	125,600			117,750
Building component equipment	483,599			555,349
Computer equipment	<u>985,109</u>			<u>1,156,668</u>
	<u>9,008,370</u>			<u>9,234,318</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

5. LONG-TERM DEBT

a) The balance of long-term debt reported on the Statement of Financial Position is made up of the following:

	2020	2019
	<u>\$</u>	<u>\$</u>
RBC bankers' acceptance to finance construction of new office building	<u>7,628,000</u>	<u>7,846,000</u>

Principal payments relating to the long-term debt outstanding are due as follows:

2021	2022	2023	2024	2025	Thereafter	Total
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>226,000</u>	<u>232,000</u>	<u>241,000</u>	<u>248,000</u>	<u>257,000</u>	<u>6,424,000</u>	<u>7,628,000</u>

On January 2, 2014 the former Elgin St. Thomas Health Unit converted the short term construction loan into long-term financing. The former organization was advanced \$9,000,000 in a 32 day banker acceptance notes at the CDOR rate of 1.22% plus a stamping fee of 0.40%. The former organization at the same time entered into an interest rate swap contract to fix the interest rate on their long-term financing at 2.85% for a 30 year time frame. As a result of these transactions, the former organization had fixed their rate on this debt obligation at 2.85% plus the stamping fee (for a total of 3.25% for 2020). The stamping fee is reviewed every fifteen years to determine if the risk assessment of the organization has changed from the last review at which point the rate could increase if additional risk is determined. As a result of the interest swap agreement, if the organization were to repay the long-term debt at December 31, 2020 an additional cost of \$1,261,622 would be incurred. An additional \$250,000 can be borrowed at any time and added to this swap agreement.

6. RECONCILIATION FOR MINISTRY OF HEALTH SETTLEMENT PURPOSES

	2020	2019
	<u>\$</u>	<u>\$</u>
Excess of Revenues over Expenditures	157,075	633,044
Reconciling items:		
Principal portion of long-term debt	(218,000)	(211,000)
Vacation and compensating time	161,119	6,711
Amortization	626,780	548,503
Eligible expenses transferred to tangible capital assets	<u>(804,655)</u>	<u>(774,451)</u>
(Deficiency) Excess of Revenues over Expenditures for Ministry of Health Purposes	<u>(77,681)</u>	<u>202,807</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

7. PROVINCE OF ONTARIO

	2020	2019
	<u>\$</u>	<u>\$</u>
Cost shared programs		
General Public Health Programs	12,474,900	9,017,400
<i>The following were 100% funded in the prior year and are now cost-shared and included in the General Public Health Programs amount above:</i>		
Healthy Smiles Ontario	-	938,145
Smoke-Free Ontario	-	642,865
Infectious Disease Control Initiative	-	389,000
Public Health Nurse Initiative	-	361,000
Harm Reduction Program Enhancement	-	300,000
Chief Nursing Officer	-	243,000
Infection Prevention and Control Nurses Initiative	-	180,200
Vector Borne Diseases	-	119,600
Needle Exchange Program	-	56,595
Enhanced Food Safety - Haines Initiative	-	50,000
Enhanced Safe Water Initiative	-	31,000
Small Drinking Water Systems	-	30,700
	<u>12,474,900</u>	<u>12,359,505</u>
 Total cost shared programs	 <u>12,474,900</u>	 <u>12,359,505</u>
 Other programs and one-time funding		
Healthy Babies Healthy Children	1,618,364	1,652,494
Ontario Senior Dental Care	901,300	637,663
Merger Costs - March 31, 2020 Funding	511,847	852,963
Ontario Seniors Dental - Capital One Time - March 31, 2020 Funding	428,075	-
School-Focused Nurses Initiative (COVID-19)	376,880	-
Medical Officer of Health Compensation Initiative	186,451	166,826
Merger Costs - March 31, 2021 Funding	147,137	-
HVAC - One Time Funding	146,971	-
Prenatal and Postnatal Nurse Practitioner Services	139,003	139,000
Needle Exchange Program - March 31, 2021 Funding	39,228	-
Public Health Case & Contact Management Solution (COVID-19)	21,934	-
Public Health Inspector Practicum Placement - One Time Funding	10,000	5,489
Pandemic Pay (COVID-19)	5,676	-
Healthy Smiles Ontario - One Time Funding	-	100,637
School Health Screening - One Time Funding	-	65,068
Electronic Cigarettes Act Protection and Enforcement - One Time Funding	-	24,190
Needle Exchange Program - March 31, 2020 Funding	-	26,400
Merger Costs - March 31, 2019 Funding	-	5,489
	<u>4,532,866</u>	<u>3,676,219</u>
 Total other programs and one-time funding	 <u>4,532,866</u>	 <u>3,676,219</u>
 Total Province of Ontario grants	 <u>17,007,766</u>	 <u>16,035,724</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

8. PUBLIC HEALTH AGENCY OF CANADA

The organization receives funding from the Public Health Agency of Canada for funds to carry out the Creating Connections project. The organization and local developers will partner to improve walkability in the City of St. Thomas. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	2020	2019
	<u>\$</u>	<u>\$</u>
Revenue	<u>45,987</u>	<u>159,326</u>
Expenditure		
Purchased services	27,853	132,046
Salaries	14,507	21,760
Benefits	<u>3,627</u>	<u>5,440</u>
Program excess of revenue over expenditures	<u>-</u>	<u>80</u>

9. STUDENT NUTRITION

The organization receives funding from a number of external agencies including the United Way and VON to provide healthy foods to participating schools in Oxford County. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	2020	2019
	<u>\$</u>	<u>\$</u>
Revenue	<u>239,956</u>	<u>180,046</u>
Expenditure		
Program supplies	229,258	180,046
Included in capital asset additions	<u>10,698</u>	<u>-</u>
Program excess of revenue over expenditures	<u>-</u>	<u>-</u>

10. OPERATING LEASES

The organization leases two buildings from the County of Oxford at \$45,860 per month plus HST on an ongoing monthly basis to April 30, 2022. On an annual basis the landlord increases the annual rent by the percentage increase of the Consumer Price Index.

The minimum annual lease payments required in the next two years in respect of operating leases are as follows:

	<u>\$</u>
2021	550,318
2022	183,439

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

11. CASH FLOW FROM THE PROVINCE OF ONTARIO MINISTRIES OF HEALTH AND LONG-TERM CARE AND CHILDREN AND YOUTH SERVICES

The organization receives funding from the Province of Ontario Ministry of Health and Long-Term Care, Public Health Division and Health Promotion Division, and the Ministry of Children, Community and Social Services ("MCCSS") to carry out general public health programs and related health programs and services. Funding provided from the Ministry for the year ended December 31, 2020 is as follows:

	Public Health Division \$	MCCSS \$
General Public Health Programs	12,474,900	-
Ontario Senior Dental Care Program	901,300	-
Ontario Senior Dental - Capital Funding March 31, 2020	525,000	-
School-Focused Nurses Initiative (COVID-19)	376,880	-
Merger Costs - March 31, 2021	300,006	-
Medical Officer of Health Compensation Initiative	166,570	-
Pandemic Pay (COVID-19)	133,100	-
Public Health Case and Contact Management Solution (COVID-19)	18,408	-
New Purpose-Built Vaccine Refrigerators	22,500	-
Needle Exchange Program - One Time Funding March 31, 2021	20,544	-
Public Health Inspector Practicum Placement - March 31, 2021	10,000	-
Healthy Babies Healthy Children	-	1,653,539
Prenatal and Postnatal Nurse Practitioner Services	-	139,003
	<u>14,949,208</u>	<u>1,792,542</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

12. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2020, and the results of this valuation disclosed actuarial liabilities of \$111.8 billion in respect of benefits accrued for service with actuarial assets at that date of \$108.6 billion leaving an actuarial deficit of \$3.2 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the organization does not recognize any share of the OMERS Pension surplus or deficit in these financial statements.

The amount contributed to OMERS for the year ended December 31, 2020 was \$1,110,024. OMERS contribution rates for 2020 and 2019 depending on income level and retirement dates ranged from 9.0% to 15.8%.

13. BUDGET FIGURES

The operating budgets approved by the organization and the Province of Ontario for 2020 are reflected on the statement of operations and are presented for comparative purposes.

14. PUBLIC SECTOR SALARY DISCLOSURE ACT 1996

The Public Sector Salary Disclosure Act, 1996 (the "Act") requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The organization complies with the Act by providing the information to the Ontario Ministry of Health and Long-Term Care for disclosure on the public website at www.fin.gov.on.ca.

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2020

15. FINANCIAL INSTRUMENTS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relate to its accounts receivable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt (proportion of debt at a fixed interest rate compared to a floating interest rate), fixed-rate instruments subject the organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

It is management's opinion that the entity is not exposed to any significant market, foreign currency or price risk.

No financial liabilities of the organization were in default during the period.

The organization was not subject to any covenants during the period.

There have been no changes to the assessed levels of these risks in the year.

16. SIGNIFICANT EVENT - COVID-19

During and subsequent to the year end, the organization was exposed to economic risks associated with the coronavirus pandemic. These risks are beyond the organization's control. Due to the nature of the organization's operations, it is anticipated that COVID-19 related expenditures will be financed by the Province of Ontario. Various revenues amounts relating to COVID-19 were received during the year and will continue in 2021.

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2020

	(Note 13) Budget		
	2020	2020	2019
	<u>\$</u>	<u>\$</u>	<u>\$</u>
GENERAL PUBLIC HEALTH PROGRAMS			
SALARIES AND WAGES			
Clerical and support	832,708	359,849	811,362
Management	2,142,830	1,735,979	2,079,909
Nursing	2,973,725	956,799	2,847,837
Inspection and environment	927,687	333,689	870,910
Nutrition and health promotion	518,755	136,044	432,795
Maintenance and security	78,000	76,285	116,796
COVID-19	-	5,565,542	-
	<u>7,473,705</u>	<u>9,164,187</u>	<u>7,159,609</u>
FRINGE BENEFITS			
Group pension	1,257,000	1,110,024	1,091,807
Medical insurance	403,350	469,883	360,326
Canada pension plan	415,250	425,139	393,173
Long term disability	283,300	280,969	258,455
Employer health tax	228,619	233,217	213,305
Employment insurance	164,200	179,997	176,373
Dental plan	164,300	152,913	149,391
Workplace safety insurance	104,550	103,054	93,729
Group life insurance	53,790	51,258	47,845
Supplementary unemployment benefits	52,000	44,215	43,511
Part-time benefits	22,000	10,043	14,505
Employee assistance programs	8,500	7,858	7,858
Benefits to other programs	(912,305)	(1,955,300)	(883,354)
COVID-19	-	1,167,266	-
	<u>2,244,554</u>	<u>2,280,536</u>	<u>1,966,924</u>
FEES AND HONORARIA			
Audit and legal	89,000	56,199	121,618
Labour relations	29,607	37,186	11,364
Honorarium	-	12,360	-
Board	35,700	11,614	27,931
Meeting expense	13,000	4,043	10,729
Clinical services	-	-	15,459
	<u>167,307</u>	<u>121,402</u>	<u>187,101</u>
COVID-19 EXPENSES OTHER THAN PAYROLL	<u>-</u>	<u>578,957</u>	<u>-</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2020

	(Note 13) Budget 2020 \$	2020 \$	2019 \$
TRAVEL	<u>198,981</u>	<u>71,740</u>	<u>182,748</u>
EQUIPMENT	<u>705,327</u>	<u>578,073</u>	<u>359,070</u>
PROGRAM SUPPLIES	<u>230,248</u>	<u>79,991</u>	<u>245,213</u>
AMORTIZATION	<u>-</u>	<u>626,780</u>	<u>548,503</u>
RENT AND UTILITY SERVICES			
Building and facilities rental	556,880	581,692	558,356
Interest on long-term debt	252,000	239,446	256,352
Maintenance and supplies	210,850	166,455	224,670
Utilities	<u>101,000</u>	<u>92,651</u>	<u>87,751</u>
	<u>1,120,730</u>	<u>1,080,244</u>	<u>1,127,129</u>
ADMINISTRATIVE			
Telephone	115,000	143,966	89,376
Public awareness and promotion	-	45,848	36,223
Engagement strategies	30,000	3,386	35,936
Insurance	61,500	74,545	56,367
Fees and subscriptions	21,000	21,379	37,284
Printing and supplies	51,000	15,721	44,631
Professional development	24,000	15,049	102,065
Postage and courier	12,000	11,627	8,380
Equipment maintenance and rental	14,000	-	12,457
Staff recruitment	<u>6,000</u>	<u>-</u>	<u>4,084</u>
	<u>334,500</u>	<u>331,521</u>	<u>426,803</u>
VECTOR-BORNE DISEASES PROGRAM	<u>-</u>	<u>-</u>	<u>157,588</u>
SMALL DRINKING WATER SYSTEMS PROGRAM	<u>-</u>	<u>-</u>	<u>40,933</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2020

	(Note 13) Budget	2020	2019
	2020	2020	2019
	<u>\$</u>	<u>\$</u>	<u>\$</u>
MINISTRY FUNDED PROGRAMS - AT 100% IN THE PRIOR YEAR			
Healthy Smiles Ontario	1,008,100	843,697	938,145
Smoke-Free Ontario	684,000	315,828	661,871
Harm Reduction	300,000	247,750	300,000
Health Equity (previously Social Determinants of Health Nurses Initiative)	603,800	112,283	361,000
Infectious Diseases Control	389,000	94,562	389,000
Needle Exchange Program	60,900	59,338	56,595
Infection Prevention and Control Nurses Initiative	180,200	44,252	180,200
Enhanced Food Safety - Haines Initiative	50,000	9,492	50,000
Enhanced Safe Water Initiative	31,000	2,967	31,000
Chief Nursing Officer	<u>-</u>	<u>-</u>	<u>243,000</u>
Total Ministry Programs - Previously 100% Funded	<u>3,307,000</u>	<u>1,730,169</u>	<u>3,210,811</u>
TOTAL COST SHARED PROGRAM EXPENDITURES	<u>15,782,352</u>	<u>16,643,600</u>	<u>15,612,432</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2020

	(Note 13) Budget	2020	2019
	2020	2020	2019
	<u>\$</u>	<u>\$</u>	<u>\$</u>
OTHER PROGRAMS AND ONE-TIME EXPENDITURES			
MINISTRY PROGRAMS - 100% FUNDED			
Ontario Senior Dental Care Program	901,300	657,730	637,663
Ontario Seniors Dental Care Program - Capital	825,000	419,259	-
Merger Costs (March 31, 2020)	548,808	393,584	111,748
School-Focused Nurses Initiative (COVID-19)	-	376,880	-
Medical Officer of Health Compensation Initiative	156,963	186,451	320,871
HVAC Replacement (March 31, 2021)	149,000	100,544	-
Needle Exchange Program Initiative (March 31, 2020)	43,075	39,228	-
Merger Costs (March 31, 2021)	400,000	147,143	-
Public Health Inspector Practicum Program (March 31, 2021)	10,000	10,000	-
Public Health Case and Contact Management Solution (COVID-19)	-	7,148	-
Temporary Pandemic Pay Initiative (COVID-19)	-	5,676	-
Merger Costs (March 31, 2019)	-	-	746,704
Healthy Smiles Ontario: Dental Equipment & Software	-	-	107,494
Needle Exchange Program Initiative (March 31, 2019)	-	-	21,198
School Health Screening (December 31, 2019)	-	-	18,015
Public Health Inspector Practicum Program (March 31, 2020)	-	-	<u>9,523</u>
 Total Ministry Programs - 100% Funded	 <u>3,034,146</u>	 <u>2,343,643</u>	 <u>1,973,216</u>
OTHER PROGRAMS			
Healthy Babies Healthy Children	1,653,539	1,617,809	1,652,494
Student Nutrition	120,745	229,258	180,046
Prenatal and Postnatal Nurse Practitioner Services	139,000	139,000	139,000
Public Health Agency Canada	-	45,988	159,246
Low German Partnership	-	220	33,733
Sewage Inspection Program	-	-	<u>16,611</u>
 Total other programs	 <u>1,913,284</u>	 <u>2,032,275</u>	 <u>2,181,130</u>
 TOTAL EXPENDITURES	 <u><u>20,729,782</u></u>	 <u><u>21,019,518</u></u>	 <u><u>19,766,778</u></u>