

OXFORD ELGIN ST. THOMAS HEALTH UNIT

Operating as

SOUTHWESTERN PUBLIC HEALTH

Financial Statements

December 31, 2019

SOUTHWESTERN PUBLIC HEALTH

Financial Statements

For the Year Ended December 31, 2019

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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, 2019, 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, 2019, 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.

Other Information

Note 18 in these financial statements provides details on the merger between the Elgin St. Thomas Health Unit and the Oxford County Health Unit. Our opinion is not modified with respect to this matter.

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

April 2, 2020

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

SOUTHWESTERN PUBLIC HEALTH

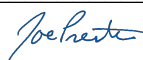
Statement of Financial Position December 31, 2019

	2019	2018
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	2,147,092	4,192,533
Accounts receivable	328,328	207,038
Government remittance receivable	<u>230,927</u>	<u>201,473</u>
	<u>2,706,347</u>	<u>4,601,044</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,860,115	1,361,056
Deferred revenue (Note 3)	550,848	1,133,950
Due to Province of Ontario	180,013	110,070
Long-term debt (Note 5)	<u>7,846,000</u>	<u>8,057,000</u>
	<u>10,436,976</u>	<u>10,662,076</u>
NET FINANCIAL DEBT (PAGE 5)	<u>(7,730,629)</u>	<u>(6,061,032)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	60,137	44,573
Tangible capital assets (Note 4)	<u>9,234,318</u>	<u>9,008,370</u>
	<u>9,294,455</u>	<u>9,052,943</u>
ACCUMULATED SURPLUS (PAGE 4)	<u>1,563,826</u>	<u>2,991,911</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, 2019

	(Note 15) Budget 2019 <u>\$</u>	2019 <u>\$</u>	(Note 18) 2018 <u>\$</u>
REVENUES			
Operating grants			
Municipal:			
County of Elgin	940,957	941,063	585,088
City of St. Thomas	731,225	731,307	454,709
County of Oxford	2,083,877	2,083,687	1,457,565
Province of Ontario (Note 7)	16,192,646	16,035,724	10,183,870
Healthy Kids Community Challenge (Note 8)	-	-	84,486
Public Health Agency of Canada (Note 9)	170,100	159,326	83,642
Canada Health Infoways (Note 10)	-	-	26,159
Student Nutrition (Note 11)	<u>133,850</u>	<u>180,046</u>	<u>54,591</u>
Total operating grants	<u>20,252,655</u>	<u>20,131,153</u>	<u>12,930,110</u>
Other			
Other fees and recoveries	171,609	153,333	158,536
Clinics	35,000	33,302	19,491
Interest	<u>60,000</u>	<u>82,034</u>	<u>43,485</u>
Total other revenue	<u>266,609</u>	<u>268,669</u>	<u>221,512</u>
TOTAL REVENUES	20,519,264	20,399,822	13,151,622
EXPENDITURES - SCHEDULE (PAGE 19)	<u>20,519,264</u>	<u>19,766,778</u>	<u>12,285,628</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>633,044</u>	<u>865,994</u>
SURPLUS, BEGINNING OF PERIOD (NOTE 18)	2,991,911	2,991,911	-
CONTRIBUTED SURPLUS AT MAY 1, 2018:			
Elgin St. Thomas Health Unit	-	-	1,525,489
Oxford County Public Health	<u>-</u>	<u>-</u>	<u>600,428</u>
	<u>-</u>	<u>-</u>	<u>2,125,917</u>
TRANSFER OF SURPLUS (NOTE 2)	<u>-</u>	<u>(2,061,129)</u>	<u>-</u>
ACCUMULATED SURPLUS, END OF PERIOD (NOTE 2)	<u>2,991,911</u>	<u>1,563,826</u>	<u>2,991,911</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, 2019

	(Note 15) Budget 2019 \$	2019 \$	(Note 18) 2018 \$
EXCESS OF REVENUES OVER EXPENDITURES	-	633,044	865,994
Amortization of tangible capital assets	-	548,503	250,485
Net acquisition of tangible capital assets	-	(774,451)	(629,366)
Change in prepaid expenses	-	(15,564)	(14,293)
County of Oxford reserve contribution	-	-	531,523
Surplus returned to municipalities	-	(1,081,301)	-
Contingent reserves returned to municipalities	-	(979,828)	-
(INCREASE) DECREASE IN NET DEBT	-	(1,669,597)	1,004,343
NET FINANCIAL DEBT, BEGINNING OF PERIOD	<u>6,061,032</u>	<u>6,061,032</u>	<u>7,065,375</u>
NET FINANCIAL DEBT, END OF PERIOD	<u>6,061,032</u>	<u>7,730,629</u>	<u>6,061,032</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, 2019

	2019	(Note 18) 2018
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	633,044	865,994
Items not involving cash:		
Amortization of tangible capital assets	548,503	250,485
Change in non-cash assets and liabilities:		
Accounts receivable	(121,290)	178,863
Government remittances receivable	(29,454)	(100,545)
Prepaid expenses	(15,564)	(14,293)
Accounts payable and accrued liabilities	499,059	268,394
Deferred revenue	(583,102)	986,111
Due to Province of Ontario	<u>69,943</u>	<u>634,771</u>
Cash provided by operating activities	<u>1,001,139</u>	<u>3,069,780</u>
CAPITAL ACTIVITIES		
Net acquisition of tangible capital assets	<u>(774,451)</u>	<u>(629,366)</u>
Cash applied to capital activities	<u>(774,451)</u>	<u>(629,366)</u>
FINANCING ACTIVITIES		
Funding returned to municipalities	(1,081,301)	-
Contingent reserves returned to municipalities	(979,828)	-
Reserve contribution from the County of Oxford	-	531,523
Repayment to long-term debt	<u>(211,000)</u>	<u>(137,000)</u>
Cash applied to financing activities	<u>(2,272,129)</u>	<u>394,523</u>
NET CHANGE IN CASH DURING THE YEAR	(2,045,441)	2,834,937
CASH, BEGINNING OF PERIOD	<u>4,192,533</u>	<u>1,357,596</u>
CASH, END OF PERIOD	<u>2,147,092</u>	<u>4,192,533</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, 2019

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, 2019

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, 2019. 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, 2019

2. ACCUMULATED SURPLUS

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

	2019	2018
	<u>\$</u>	<u>\$</u>
SURPLUS		
General reserve	175,508	1,060,713
Contingency reserve, set aside by the Board	-	979,828
Invested in tangible capital assets	<u>9,234,318</u>	<u>9,008,370</u>
	9,409,826	11,048,911
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(7,846,000)</u>	<u>(8,057,000)</u>
ACCUMULATED SURPLUS	<u><u>1,563,826</u></u>	<u><u>2,991,911</u></u>

The organization approved the creation of a reserve for contingencies to meet unforeseen program or corporate expenditures. The balance of the reserve is not to exceed 5% of the total annual budget. In 2019, the Board elected to return the contingency reserve to the funding municipalities.

3. DEFERRED REVENUE

	2019	2018
	<u>\$</u>	<u>\$</u>
Merger - One time funding	413,248	670,960
St. Thomas - Low German Needs Assessment	85,844	69,576
Sewage Inspection Program	17,175	17,439
Needle Exchange Program	16,684	28,035
Student Nutrition	12,146	52,467
Other	5,751	164,824
Healthy Smiles Ontario: Dental Equipment - One time funding	-	85,831
School Health Screening - One time funding	<u>-</u>	<u>44,818</u>
Total Deferred Revenue	<u><u>550,848</u></u>	<u><u>1,133,950</u></u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

4. TANGIBLE CAPITAL ASSETS

December 31, 2019

Cost	Opening \$	Additions \$	Disposals \$	Ending \$
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
Information technology 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 \$	Amortization \$	Disposals \$	Ending \$
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
Information technology 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 \$			Ending \$
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
Information technology 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, 2019

4. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2018

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	7,373,729	77,710	-	7,451,439
Roof	157,000	-	-	157,000
Building component equipment	769,346	63,824	-	833,170
Computer equipment	<u>804,974</u>	<u>487,832</u>	<u>-</u>	<u>1,292,806</u>
	<u>9,839,288</u>	<u>629,366</u>	<u>-</u>	<u>10,468,654</u>
Accumulated Amortization	Opening <u>\$</u>	Amortization <u>\$</u>	Disposals <u>\$</u>	Ending <u>\$</u>
Land	-	-	-	-
Land improvements	26,890	5,378	-	32,268
Building	616,453	122,895	-	739,348
Roof	26,167	5,233	-	31,400
Building component equipment	323,721	25,850	-	349,571
Computer equipment	<u>216,568</u>	<u>91,129</u>	<u>-</u>	<u>307,697</u>
	<u>1,209,799</u>	<u>250,485</u>	<u>-</u>	<u>1,460,284</u>
Net Book Value	Opening <u>\$</u>			Ending <u>\$</u>
Land	572,909			572,909
Land improvements	134,440			129,062
Building	6,757,276			6,712,091
Roof	130,833			125,600
Building component equipment	445,625			483,599
Computer equipment	<u>588,406</u>			<u>985,109</u>
	<u>8,629,489</u>			<u>9,008,370</u>

The opening figures have been restated to include the tangible capital assets from both the Oxford County Public Health and the Elgin St. Thomas Health Unit at May 1, 2018.

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

5. LONG-TERM DEBT

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

	2019	2018
	<u>\$</u>	<u>\$</u>
RBC bankers' acceptance to finance construction of new office building	<u>7,846,000</u>	<u>8,057,000</u>

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

2020	2021	2022	2023	2024	Thereafter	Total
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>218,000</u>	<u>226,000</u>	<u>232,000</u>	<u>241,000</u>	<u>248,000</u>	<u>6,681,000</u>	<u>7,846,000</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 2019). 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, 2019 an additional cost of \$551,364 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

	2019	2018
	<u>\$</u>	<u>\$</u>
Excess of Revenues over Expenditures	633,044	1,417,635
Reconciling items:		
Principal portion of long-term debt	(211,000)	(204,000)
Vacation and compensating time	6,711	147,440
Amortization	548,503	371,614
Eligible expenses transferred to tangible capital assets	<u>(774,451)</u>	<u>(651,388)</u>
Excess of Revenues over Expenditures for Ministry of Health Purposes	<u>202,807</u>	<u>1,081,301</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

7. PROVINCE OF ONTARIO

	2019	2018
	<u>\$</u>	<u>\$</u>
Cost shared programs		
General Public Health Programs	9,017,400	6,011,598
Vector Borne Diseases	119,600	96,127
Small Drinking Water Systems	<u>30,700</u>	<u>20,469</u>
Total cost shared programs	<u>9,167,700</u>	<u>6,128,194</u>
Other programs and one-time funding		
Healthy Babies Healthy Children	1,652,494	1,115,930
Healthy Smiles Ontario operating	938,145	672,623
Merger Costs - One Time Funding	858,452	453,104
Smoke-Free Ontario	642,865	450,006
Senior Dental	637,663	-
Infectious Disease Control Initiative	389,000	260,510
Public Health Nurse Initiative	361,000	232,134
Harm Reduction Program Enhancement	300,000	222,693
Chief Nursing Officer	243,000	163,434
Infection Prevention and Control Nurses Initiative	180,200	126,864
Medical Officer of Health Compensation Initiative	166,826	72,423
Prenatal and Postnatal Nurse Practitioner Services	139,000	92,656
Healthy Smiles Ontario - One Time Funding	100,637	37,163
School Health Screening - One Time Funding	65,068	15,932
Needle Exchange Program	56,595	28,486
Enhanced Food Safety - Haines Initiative	50,000	41,666
Enhanced Safe Water Initiative	31,000	21,640
Needle Exchange Program - One Time Funding	26,400	6,980
Electronic Cigarettes Act Protection and Enforcement - One Time Funding	24,190	21,432
Public Health Inspector Practicum Placement - One Time Funding	<u>5,489</u>	<u>20,000</u>
Total other programs and one-time funding	<u>6,868,024</u>	<u>4,055,676</u>
Total Province of Ontario grants	<u>16,035,724</u>	<u>10,183,870</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

8. HEALTHY KIDS COMMUNITY CHALLENGE

The organization is an administrator for funding from the Minister of Health and Long-Term Care for funds to carry out the Ontario's Healthy Kids Community Challenge. The program requires the implementation of local activities based on one specific theme related to healthy eating or physical activity every nine months. The organization reports on a fiscal year end of March 31st to the Minister of Health and Long-Term Care. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	2019	2018
	<u>\$</u>	<u>\$</u>
Revenue	<u>-</u>	<u>84,486</u>
Expenditure		
Program Supplies	-	67,264
Salaries	-	13,778
Purchased Services	<u>-</u>	<u>3,444</u>
	<u>-</u>	<u>84,486</u>
Program excess of revenue over expenditures	<u><u>-</u></u>	<u><u>-</u></u>

9. 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.

	2019	2018
	<u>\$</u>	<u>\$</u>
Revenue	<u>159,326</u>	<u>83,642</u>
Expenditure		
Purchased services	132,046	83,642
Salaries	21,760	-
Benefits	<u>5,440</u>	<u>-</u>
Program excess of revenue over expenditures	<u><u>80</u></u>	<u><u>-</u></u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

10. CANADA HEALTH INFOWAYS

The organization receives funding from Canada Health Infoway (CHI) - a not-for-profit corporation funded by the Government of Canada to foster and accelerate amongst other matters the development and adoption of electronic health information systems, common standards, health surveillance, and telehealth technologies, which are compatible and interoperable on a pan-Canadian basis. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Revenue	<u>-</u>	<u>26,159</u>
Expenditure		
Program supplies	<u>-</u>	<u>26,159</u>
Program excess of revenue over expenditures	<u><u>-</u></u>	<u><u>-</u></u>

11. 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.

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Revenue	<u>180,046</u>	<u>54,591</u>
Expenditure		
Program supplies	<u>180,046</u>	<u>54,591</u>
Program excess of revenue over expenditures	<u><u>-</u></u>	<u><u>-</u></u>

12. OPERATING LEASES

The organization leases two buildings from the County of Oxford at \$44,167 per month plus HST on an ongoing monthly basis to April 30, 2020. Subsequent to year end, the leases were renewed at \$45,860 per month plus HST for lease terms ending 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 year in respect of operating leases are as follows:

	<u>\$</u>
2020	543,547
2021	550,318
2022	183,439

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

13. 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 and Youth Services to carry out general public health programs and related health programs and services. Funding provided from the Ministry for the year ended December 31, 2019 is as follows:

	Public Health Division \$	Children and Youth Services \$
General Public Health Programs	9,017,400	-
Healthy Smiles Ontario	1,008,100	-
Merger Costs	1,000,006	-
Smoke-Free Ontario Strategy	684,000	-
Ontario Senior Dental Care Program	675,975	-
Infectious Disease Control Initiative	389,000	-
Social Determinants of Health Nurses Initiative	361,000	-
Harm Reduction Program Enhancement	300,000	-
Chief Nursing Officer	243,000	-
Infection Prevention and Control Nurses Initiative	180,200	-
Medical Officer of Health Compensation Initiative	166,826	-
Prenatal and Postnatal Nurse Practitioner Services	139,000	-
Vector-Borne Diseases	119,600	-
Needle Exchange Program	60,900	-
Enhanced Food Safety - Haines Initiative	50,000	-
Healthy Smiles Ontario capital	34,450	-
Enhanced Safe Water Initiative	31,000	-
Small Drinking Water Systems	30,700	-
Healthy Growth/School Health Screening	20,250	-
Needle Exchange Program - One Time Funding	18,684	-
Public Health Inspector Practicum Placement	12,506	-
Healthy Babies Healthy Children	-	1,653,539
	<u>14,542,597</u>	<u>1,653,539</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2019

14. 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, 2019, and the results of this valuation disclosed actuarial liabilities of \$106.4 billion in respect of benefits accrued for service with actuarial assets at that date of \$103 billion leaving an actuarial deficit of \$3.4 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, 2019 was \$1,091,807. OMERS contribution rates for 2019 and 2018 depending on income level and retirement dates ranged from 9.0% to 15.8%.

15. BUDGET FIGURES

The operating budgets approved by the organization and the Province of Ontario for 2019 are reflected on the statement of operations and are presented for comparative purposes. The budget figures have been amended as originally approved to include Merger and Senior Dental, both approved subsequently to the original budget.

16. 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, 2019

17. 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.

18. MERGER

A merger between the Elgin St. Thomas Health Unit and the Oxford County Health Unit was effective May 1, 2018, and was given formal approval on March 29, 2018 under the Health Protection and Promotion Act R.R.O. 1990, Regulation 553, Areas Comprising Health Units, Schedule 7.

As such the prior period presented represents the period from May 1, 2018 to December 31, 2018.

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2019

	(Note 15) Budget 2019 <u> \$ </u>	2019 <u> \$ </u>	(Note 18) 2018 <u> \$ </u>
GENERAL PUBLIC HEALTH PROGRAMS			
SALARIES AND WAGES			
Nursing	2,973,725	2,847,837	1,441,106
Management	2,142,830	2,079,909	1,138,847
Inspection and environment	927,687	870,910	477,455
Clerical and support	832,708	811,362	662,073
Nutrition and health promotion	518,755	432,795	348,326
Maintenance and security	<u>73,500</u>	<u>116,796</u>	<u>63,029</u>
	<u>7,469,205</u>	<u>7,159,609</u>	<u>4,130,836</u>
FRINGE BENEFITS			
Group pension	1,177,000	1,091,807	693,979
Canada pension plan	389,000	393,173	189,982
Medical insurance	389,000	360,326	236,137
Long term disability	274,000	258,455	169,205
Employer health tax	222,500	213,305	137,086
Employment insurance	160,500	176,373	86,342
Dental plan	210,000	149,391	98,372
Workplace safety insurance	112,000	93,729	66,802
Group life insurance	52,950	47,845	29,473
Supplementary unemployment benefits	40,000	43,511	39,690
Part-time benefits	15,500	14,505	8,230
Employee assistance programs	3,000	7,858	5,814
Vision and other	-	-	4,548
Benefits to other programs	<u>(978,874)</u>	<u>(883,354)</u>	<u>(573,490)</u>
	<u>2,066,576</u>	<u>1,966,924</u>	<u>1,192,170</u>
FEES AND HONORARIA			
Audit and legal	100,000	121,618	99,652
Labour relations	100,000	11,364	11,194
Board	38,700	27,931	9,818
Clinical services	29,000	15,459	7,781
Meeting expense	<u>13,600</u>	<u>10,729</u>	<u>3,256</u>
	<u>281,300</u>	<u>187,101</u>	<u>131,701</u>
TRAVEL	<u>198,981</u>	<u>182,748</u>	<u>124,251</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2019

	(Note 15) Budget 2019 \$	2019 \$	(Note 18) 2018 \$
EQUIPMENT	<u>705,327</u>	<u>359,070</u>	<u>575,964</u>
PROGRAM SUPPLIES	<u>230,248</u>	<u>245,213</u>	<u>283,552</u>
AMORTIZATION	<u>-</u>	<u>548,503</u>	<u>250,485</u>
RENT AND UTILITY SERVICES			
Building and facilities rental	553,160	558,356	356,969
Interest on long-term debt	459,420	256,352	180,783
Maintenance and supplies	203,605	224,670	145,796
Utilities	101,000	87,751	55,173
Property taxes and insurance	<u>-</u>	<u>-</u>	<u>1,582</u>
	<u>1,317,185</u>	<u>1,127,129</u>	<u>740,303</u>
ADMINISTRATIVE			
Professional development	95,711	102,065	64,192
Telephone	89,000	89,376	51,657
Insurance	60,000	56,367	37,662
Printing and supplies	46,000	44,631	33,119
Public awareness and promotion	49,515	36,223	38,340
Engagement strategies	39,250	35,936	37,591
Fees and subscriptions	35,560	37,284	14,163
Equipment maintenance and rental	18,000	12,457	10,311
Postage and courier	15,000	8,380	8,693
Staff recruitment	<u>6,500</u>	<u>4,084</u>	<u>3,960</u>
	<u>454,536</u>	<u>426,803</u>	<u>299,688</u>
VECTOR-BORNE DISEASES PROGRAM	<u>159,467</u>	<u>157,588</u>	<u>132,925</u>
SMALL DRINKING WATER SYSTEMS PROGRAM	<u>40,934</u>	<u>40,933</u>	<u>27,293</u>
TOTAL COST SHARED PROGRAM EXPENDITURES	<u>12,923,759</u>	<u>12,401,621</u>	<u>7,889,168</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2019

	(Note 15) Budget 2019 \$	2019 \$	(Note 18) 2018 \$
OTHER PROGRAMS AND ONE-TIME EXPENDITURES			
Healthy Babies Healthy Children	1,653,539	1,652,494	1,115,930
Healthy Smiles Ontario	1,008,100	938,145	691,563
Merger Costs	825,000	858,452	413,665
Smoke-Free Ontario	684,000	661,871	463,114
Senior Dental	675,975	637,663	-
Infectious Diseases Control	389,000	389,000	261,226
Social Determinants of Health Nurses Initiative	361,000	361,000	235,195
Medical Officer of Health Compensation Initiative	320,870	320,871	72,324
Harm Reduction	300,000	300,000	232,945
Chief Nursing Officer	243,000	243,000	163,435
Infection Prevention and Control Nurses Initiative	180,200	180,200	126,864
Student Nutrition	133,850	180,046	54,591
Public Health Agency Canada	226,800	159,246	83,642
Prenatal and Postnatal Nurse Practitioner Services	139,000	139,000	93,040
Healthy Smiles Ontario: Dental Equipment & Software	107,494	107,494	34,992
Needle Exchange Program	60,900	56,595	35,120
Enhanced Food Safety - Haines Initiative	50,000	50,000	41,667
Low German Partnership	119,576	33,733	26,684
Enhanced Safe Water Initiative	31,000	31,000	21,611
Needle Exchange Program	24,400	21,198	6,981
School Health Screening	18,015	18,015	15,932
Sewage Inspection Program	33,786	16,611	52,941
Public Health Inspector Practicum Placement	10,000	9,523	20,000
Healthy Kids Community Challenge	-	-	84,486
Canada Health Infoways	-	-	26,159
Electronic Cigarettes Act Protection and Enforcement	-	-	<u>22,353</u>
Total other programs and one-time expenditures	<u>7,595,505</u>	<u>7,365,157</u>	<u>4,396,460</u>
TOTAL EXPENDITURES	<u><u>20,519,264</u></u>	<u><u>19,766,778</u></u>	<u><u>12,285,628</u></u>

SOUTHWESTERN PUBLIC HEALTH

Statement of Operations and Surplus For the Twelve Month Period Ended December 31, 2018

	Oxford County Public Health Jan - Apr <u>\$</u>	Elgin St. Thomas Public Health Jan - Apr <u>\$</u>	Southwestern Public Health May - Dec <u>\$</u>	Total 2018 <u>\$</u>
REVENUES				
Operating grants				
Municipal:				
County of Elgin	-	292,518	585,088	877,606
City of St. Thomas	-	227,285	454,709	681,994
County of Oxford	724,673	-	1,457,565	2,182,238
Province of Ontario	2,594,728	3,002,502	10,183,870	15,781,100
Healthy Kids Community Challenge	-	87,447	84,486	171,933
Public Health Agency of Canada	-	124,950	83,642	208,592
Canada Health Infoways	-	-	26,159	26,159
Student Nutrition	-	-	54,591	54,591
	<u>3,319,401</u>	<u>3,734,702</u>	<u>12,930,110</u>	<u>19,984,213</u>
Total operating grants				
Other				
Other fees and recoveries	78,120	15,004	158,536	251,660
Clinics	89,895	8,753	19,491	118,139
Interest	-	11,422	43,485	54,907
	<u>168,015</u>	<u>35,179</u>	<u>221,512</u>	<u>424,706</u>
Total other revenue				
TOTAL REVENUES	3,487,416	3,769,881	13,151,622	20,408,919
EXPENDITURES	<u>3,490,527</u>	<u>3,215,129</u>	<u>12,285,628</u>	<u>18,991,284</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,111)</u>	<u>554,752</u>	<u>865,994</u>	<u>1,417,635</u>