

**Huron Perth Public Health
Financial Statements
For the year ended December 31, 2021**

**Huron Perth Public Health
Financial Statements
For the year ended December 31, 2021**

Contents

Independent Auditors' Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Change in Net Financial Assets	5
Statement of Operations	6
Statement of Cash Flows	8
Notes to Financial Statements	9 - 17
Schedule of Financial Activities, Other Programs	18

Independent Auditors' Report

To the Board of Directors of Huron Perth Public Health

Opinion

We have audited the financial statements of Huron Perth Public Health (the Health Unit), which comprise the statement of financial position as at December 31, 2021, the statements of changes in net financial assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2021, and its results of operations, change in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Health Unit in accordance with the ethical requirements that are relevant to the audit of 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Health Unit'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 Health Unit or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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. 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 Health Unit'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 Health Unit'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 Health Unit 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.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
June 3, 2022

Huron Perth Public Health Statement of Financial Position

December 31	2021	2020 Restated (Note 3)
Financial Assets		
Cash	\$ 652,388	\$ 1,179,365
Short-term investments (Note 5)	284,288	172,707
Accounts receivable	1,775,281	1,404,518
	2,711,957	2,756,590
Liabilities		
Accounts payable	665,550	734,979
Due to province	361,753	957,267
Deferred revenue (Note 9)	1,293,821	541,485
Post-employment non-pension benefits obligation (Note 14)	1,410,300	328,900
	3,731,424	2,562,631
Net Financial Assets	(1,019,467)	193,959
Non-financial Assets		
Prepaid expenses	168,380	171,379
Tangible capital assets (Note 7)	5,404,315	5,534,824
Accumulated Surplus (Note 8)	\$ 4,553,228	\$ 5,900,162

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

Huron Perth Public Health Statement of Change in Net Financial Assets

For the year ended December 31	2021	2020 Restated (Note 3)
Annual surplus (deficit)	\$ (1,346,934)	\$ 4,018,433
Acquisition of tangible capital assets	(669,870)	(522,711)
Amortization of tangible capital assets	800,379	675,468
Prepayment of expenses	2,999	(79,016)
Contributed capital assets	-	(59,709)
Bargain purchase gain	-	(3,747,750)
Change in net financial assets	(1,213,426)	284,715
Net financial assets, beginning of the year	193,959	(90,756)
Net financial assets, end of year	\$ (1,019,467)	\$ 193,959

Huron Perth Public Health Statement of Operations

For the year ended December 31	Budget	Mandatory Program	Other Programs (Schedule)	Total 2021	Total 2020 Restated (Note 3)
Revenue					
Ministry of Health and Long-term care					
- operating	\$ 12,385,775	\$ 11,032,999	\$ 7,395,075	\$ 18,428,074	\$ 13,713,646
- immunization programs	95,400	18,275	-	18,275	22,636
- flu campaign	10,600	305	-	305	775
- adjustment to prior years' funding	-	-	-	-	2,636
- one-time program revenue	-	665,607	-	665,607	-
MCCSS	1,505,459	-	986,674	986,674	1,505,453
Health Canada	67,390	-	48,115	48,115	74,376
County of Huron	1,188,164	1,188,164	-	1,188,164	1,339,199
County of Perth	796,795	796,795	-	796,795	880,511
City of Stratford	644,933	644,933	-	644,933	730,097
Town of St Marys	126,230	126,230	-	126,230	147,104
Municipal larvicide funding	-	4,197	-	4,197	4,197
Interest	-	699	-	699	7,069
Other	671,154	118,720	51,082	169,802	343,298
	17,491,900	14,596,924	8,480,946	23,077,870	18,770,997
Expenses					
Administrative expenses	435,150	449,865	153	450,018	339,887
Amortization of capital assets	-	800,379	-	800,379	675,468
Benefits	3,229,666	2,449,091	728,239	3,177,331	2,678,373
One time	-	490,376	-	490,376	1,826,792
Equipment	164,439	86,394	-	86,394	80,304
Fees for service	232,730	130,297	-	130,297	333,137
Program expenses	945,207	354,783	1,509,285	1,864,068	808,175
Property expense and rent	311,192	489,047	-	489,047	385,324
Salaries	11,903,220	9,867,882	5,783,322	15,651,204	11,134,403
Travel	267,005	61,896	142,394	204,290	110,207
Past service benefit costs (Note 14)	-	1,081,400	-	1,081,400	-
Impairment of long-term receivable (Note 3)	-	-	-	-	328,900
	17,488,609	16,261,410	8,163,393	24,424,804	18,700,970
Annual surplus (deficit) before restructuring adjustment	3,291	(1,664,486)	317,553	(1,346,934)	70,027

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

Huron Perth Public Health Statement of Operations (continued)

For the year ended December 31	Mandatory Budget	Other Program	Total Programs (Schedule)	Total 2021	2020 Restated (Note 3)
Restructuring transaction (Note 4):					
Equity acquired on amalgamation	-	-	-	-	140,947
Contributed capital assets	-	-	-	-	59,709
Transfer - County of Huron	-	-	-	-	3,747,750
Annual surplus (deficit)	3,291	(1,664,486)	317,553	(1,346,934)	4,018,433
Accumulated surplus, beginning of year	(320,489)	5,828,892	71,270	5,900,162	1,881,729
Accumulated surplus, end of year	\$ (317,198)	\$ 4,164,406	\$ 388,823	\$ 4,553,228	\$ 5,900,162

Huron Perth Public Health Statement of Cash Flows

For the year ended December 31	2021	2020 Restated (Note 3)
Cash flows from operating activities		
Annual surplus (deficit) for the year	\$ (1,346,934)	\$ 4,018,433
Amortization of capital assets	800,379	675,468
Contributed capital assets	-	(59,709)
Transfer- County of Huron	-	(3,747,750)
	(546,555)	886,442
Changes in non-cash working capital balances		
Accounts receivable	(370,763)	(1,191,436)
Prepaid expenses	2,999	(79,016)
Accounts payable	(69,430)	495,879
Due to province	(595,514)	313,926
Deferred revenue	752,336	174,023
Post-employment benefit obligation	1,081,400	328,900
	254,473	928,718
Cash flows from investing activities		
Purchase of long-term investments	(111,580)	(3,705)
Proceeds on sale of long-term investments	-	110,862
	(111,580)	107,157
Cash flows from capital activities		
Purchase of capital assets	(669,870)	(522,711)
	(669,870)	(522,711)
Increase (decrease) in cash	(526,977)	513,164
Cash, beginning of year	1,179,365	666,201
Cash, end of year	\$ 652,388	\$ 1,179,365

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

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies

Management Responsibility

The financial statements of Huron Perth Public Health are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards.

Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Contributed tangible capital assets are recorded at their fair value on the date of contribution, with a corresponding amount recorded as revenue. Amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	10 to 75	years
Leasehold improvements	-	1 to 6	years
Furniture and equipment	-	5 to 10	years
Technological systems	-	3 to 5	years

Revenue Recognition

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Segmented Information

The Huron Perth Public Health provides a variety of different programs to the residents of Huron and Perth County. Distinguishable functional segments have been separately disclosed in the statement of financial activities and the schedule of financial activities, according to the various programs administered by the Health Unit. Administrative expenses have been allocated to segments in accordance with budgets approved by the Province of Ontario.

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Post-Employment Benefits

The Health Unit provides a defined retirement benefits to specified employee groups. These benefits include life insurance, medical, hospital and dental benefits.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

2. Purpose of Organization

Huron Perth Public Health (Health Unit) is one of 34 public health units located in Ontario. It is governed by a Board of Health which is comprised of nine elected municipal representatives and one or more provincial representatives. The mission of the Health Unit is to work in partnership with our community to foster conditions in which people can be healthy. They promote health, protect health, prevent disease and provide community health services for the people of Huron and Perth County. Huron Perth Public Health is deemed incorporated under the Health Protection and Promotion Act and is a registered charitable organization.

3. Prior Period Adjustment

During the year, the Health Unit determined that post-retirement benefit obligations related to the legacy employees of the former Huron County Board of Health were omitted from liabilities as at January 1, 2020. The correction of this omission also necessitated recording a receivable from the County of Huron for the year ending December 31, 2020. This receivable was then fully impaired as collection is not assured. The retrospective effect of the adjustments was as follows:

	<u>2020</u>
<u>Statement of Financial Position</u>	
Increase in post-retirement benefit obligations	\$ 328,900
Decrease in accumulated surplus	\$ 328,900
<u>Statement of Operations</u>	
Increase in expenses	
Impairment of long-term receivable	<u>328,900</u>
Decrease in annual surplus - 2020	\$ (328,900)
Decrease in opening accumulated surplus - 2021	\$ (328,900)

4. Restructuring Transaction

Effective January 1, 2020, the Perth District Health Unit (Legacy Perth District) and the Corporation of the County of Huron Board of Health (Legacy County of Huron) amalgamated to form a new organization operating as Huron Perth Public Health.

Please refer to the fiscal 2020 financial statements for details pertaining to the accounting for this transaction.

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

5. Investments

	<u>2021</u>	<u>2020</u>
Market-linked Guaranteed Investment Certificate, minimum interest rate 0.12%, maturing March 2024	\$ 109,588	\$ -
Guaranteed Investment Certificate, non-redeemable, 1.6% maturing August 2024	174,700	172,707
	<u>\$ 284,288</u>	<u>\$ 172,707</u>

6. Bank Indebtedness

The Health Unit occasionally goes into overdraft depending on the timing of payroll withdrawals and Ministry deposits. At December 31, 2021, the Public Health Unit had available a bank operating line of credit to a maximum of \$250,000. The Bank of Nova Scotia holds the Health Unit's investments as collateral. HPPH is charged a nominal fee based on the number of days the account is in an overdraft position bearing interest at prime plus 2.5%.

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

7. Tangible Capital Assets

Cost

	Balance December 31, 2020	Additions	Disposals	Transfers	Balance December 31, 2021
Land	\$ 460,000	\$ -	\$ -	\$ -	\$ 460,000
Buildings	5,236,693	193,577	-	-	5,430,270
Leasehold improvements	33,459	140,812	-	-	174,271
Furniture and equipment	402,936	122,593	(182,530)	-	342,999
Technological systems	889,786	212,888	(88,329)	-	1,014,345
	<u>\$ 7,022,874</u>	<u>\$ 669,870</u>	<u>\$ (270,859)</u>	<u>\$ -</u>	<u>\$ 7,421,885</u>

Accumulated Amortization

	Balance December 31, 2020	Amortization	Disposals	Write Down	Balance December 31, 2021
Buildings	\$ 906,865	\$ 289,869	\$ -	\$ -	\$ 1,196,734
Leasehold improvements	11,153	58,090	-	-	69,243
Furniture and equipment	236,627	84,796	(182,530)	-	138,893
Technological systems	333,405	367,624	(88,329)	-	612,700
	<u>\$ 1,488,050</u>	<u>\$ 800,379</u>	<u>\$ (270,859)</u>	<u>\$ -</u>	<u>\$ 2,017,570</u>

Net Book Value

	Balance December 31, 2021	Balance December 31, 2020
Land	\$ 460,000	\$ 460,000
Buildings	4,233,536	4,329,828
Leasehold improvements	105,028	22,306
Furniture and equipment	204,106	166,309
Technological systems	401,645	556,381
	<u>\$ 5,404,315</u>	<u>\$ 5,534,824</u>

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

8. Accumulated Surplus

These funds may be used as directed by the Board.

	2021	2020
Invested in capital assets	\$ 5,404,315	\$ 5,534,824
Unrestricted	(851,087)	365,338
	\$ 4,553,228	\$ 5,900,162

9. Deferred Revenue

	December 31 2020	Funds Received or Receivable	Revenue Recognized	December 31 2021
Destination Prosperity	\$ -	\$ 70,702	\$ 51,082	\$ 19,620
HBHC	-	1,306,459	792,178	514,281
Health Canada - healthy start	15,961	67,390	48,115	35,236
PPNP	-	199,000	194,496	4,504
One time merger costs	(8)	8	-	-
One time PHI Practicum	6	-	-	6
One time SFN	5	700,000	525,000	175,005
One time skylights	-	52,000	49,270	2,730
Other - deferred revenue	525,521	258,192	189,218	542,439
	\$ 541,485	\$ 2,653,751	\$ 1,849,359	\$ 1,293,821

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

10. Expenditures by Object

Total operating expenditures for the year reported on the statement of financial activities are as follows:

	Budget 2021	Actual 2021	Actual 2020
Salaries, wages and employee benefits	\$ 15,132,886	\$ 18,828,535	\$ 13,812,776
Materials	1,109,646	2,440,838	2,715,271
Contracted services	934,885	784,605	783,231
Rents and financial expenses	311,192	489,047	385,324
Amortization	-	800,379	675,468
Impairment of long term receivable	-	-	328,900
	\$ 17,488,609	\$ 23,343,404	\$ 18,700,970

11. Economic Dependence

Approximately 87% (2020 - 81%) of revenue reported in the year relates to funding received from the Province of Ontario.

12. Commitments

The Health Unit has obligations under long-term leases up to the year 2025. Future lease payments for the next four years are as follows:

2022	\$ 82,612
2023	40,890
2024	20,346
2025	<u>18,651</u>
Total	<u>\$ 162,499</u>

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

13. Pension Agreement

The Perth District Health Unit makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 150 members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay.

The amount contributed to OMERS for current services for the year ended December 31, 2021 was \$1,129,351 (2020 - \$1,045,683). This amount is included as an expenditure on the statement of financial activities and fund balances.

As at December 31, 2021, the OMERS plan was in a deficit position of \$3.1 billion (2020 - \$3.2 billion), which will be addressed through temporary contribution rate increases and if needed, benefit reductions. The multiemployer plan is valued on a current market basis for all plan assets. The projected benefit method prorated on services was used for the actuarial valuation.

14. Post-Employment Benefits

During the year, the Health Unit's benefit plan changed and now provides non-pension defined benefits to existing Health Unit employees. The post-employment benefits obligation was actuarially determined to be \$1,410,300 as at December 31, 2021.

Continuity of the accrued benefit obligation was as follows:

	<u>2021</u>	<u>2020</u>
Accrued benefits obligation:		
Balance, beginning of the year	\$ 328,900	\$ -
Benefit cost	1,081,400	-
Obligation transferred during merger	-	328,900
	<u> </u>	<u> </u>
Balance, end of the year	<u>\$ 1,410,300</u>	<u>\$ 328,900</u>

Huron Perth Public Health Notes to Financial Statements

December 31, 2021

15. Comparative Information

Certain comparative figures have been restated to conform with current year's presentation.

16. Impact of COVID-19 Pandemic

The COVID-19 global pandemic has disrupted economic activities. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the business disruption and the related financial impact cannot be reasonably estimated at this time.

During the year, the Ministry of Health has provided additional funding for COVID-19 programs and have directed the Health Unit to re-direct resources previously provided for mandatory core programming towards the COVID-19 pandemic response. At this time, it is unknown how the COVID-19 pandemic will affect the Ministry of Health's funding going forward. Due to the Ministry directive, the Health Unit's ability to provided normal mandatory core programming has been reduced. Although the Health Unit expects COVID-19 related expenditures to be funded, cashflows continue to be monitored to ensure obligations are met when they come due.

**Huron Perth Public Health
Schedule of Financial Activities
Other Programs**

	Healthy Babies	AMDSB	Prenatal and Postnatal Nurse Practitioner Service	Healthy Start	Medical Officer of Topup	Destination Prosperity	OSDCP	COVID-19	Total 2021	Total 2020
Revenue										
Ministry of Health and Long-term Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	835,366	6,559,709	7,395,075	785,773
Ministry of Children, Community and Social Services	792,178	-	194,496	-	-	-	-	-	986,674	1,505,453
Health Canada	-	-	-	48,115	-	-	-	-	48,115	74,376
Other	-	-	-	-	-	51,082	-	-	51,082	273,092
	<u>792,178</u>	<u>-</u>	<u>194,496</u>	<u>48,115</u>	<u>-</u>	<u>51,082</u>	<u>835,366</u>	<u>6,559,709</u>	<u>8,480,946</u>	<u>2,638,694</u>
Expenses										
Administrative expense	-	-	153	-	-	-	-	-	153	2,286
Benefits	247,332	-	39,177	8,632	-	10,487	13,400	409,211	728,239	503,432
Program supplies	16,061	-	8,366	138	-	2,485	687,798	794,437	1,509,285	493,882
Salaries	515,638	-	144,306	37,456	-	37,834	127,197	4,920,891	5,783,322	1,976,970
Travel	13,146	-	2,494	1,889	-	276	149	124,440	142,394	36,603
	<u>792,177</u>	<u>-</u>	<u>194,496</u>	<u>48,115</u>	<u>-</u>	<u>51,082</u>	<u>828,544</u>	<u>6,248,979</u>	<u>8,163,393</u>	<u>3,013,173</u>
Net revenue	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	6,822	310,730	317,553	(374,479)