

**Huron Perth Public Health
Financial Statements
For the year ended December 31, 2022**

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For the year ended December 31, 2022**

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Independent Auditor's 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, 2022, 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, 2022, 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.

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

Windsor, Ontario
June 8, 2023

Huron Perth Public Health Statement of Financial Position

December 31	2022	2021
Financial Assets		
Cash (Note 4)	\$ 2,199,035	\$ 652,388
Short-term investments (Note 3)	287,213	284,288
Accounts receivable (Note 10)	401,824	1,775,281
	2,888,072	2,711,957
Liabilities		
Accounts payable	914,312	665,550
Due to Ministry (Note 9)	880,979	361,753
Deferred revenue (Note 7)	711,839	1,293,821
Post-employment non-pension benefits obligation (Note 12)	1,517,700	1,410,300
	4,024,830	3,731,424
Net Financial Debt	(1,136,758)	(1,019,467)
Non-financial Assets		
Prepaid expenses	410,991	168,380
Tangible capital assets (Note 5)	5,278,995	5,404,315
Accumulated Surplus (Note 6)	\$ 4,553,228	\$ 4,553,228

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	2022	2021
Annual deficit	\$ -	\$ (1,346,934)
Acquisition of tangible capital assets	(467,553)	(669,870)
Amortization of tangible capital assets	592,872	800,379
Prepayment of expenses	(242,612)	2,999
Change in net financial debt	(117,293)	(1,213,426)
Net financial asset (debt), beginning of the year	(1,019,467)	193,959
Net financial debt, end of year	\$ (1,136,760)	\$ (1,019,467)

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

Huron Perth Public Health Statement of Operations

For the year ended December 31	Budget 2022	Mandatory Program	Other Programs (Schedule)	Total 2022	Total 2021
Revenue (Note 10)					
MHLTC - operating	\$ 17,123,538	\$ 11,161,962	\$ 5,081,123	\$ 16,243,085	\$ 18,428,074
MCCSS	1,505,459	-	1,537,684	1,537,684	986,674
County of Huron	1,295,905	1,288,531	-	1,288,531	1,188,164
MHLTC - one-time funding	-	1,242,059	-	1,242,059	665,607
County of Perth	858,168	853,284	-	853,284	796,795
City of Stratford	694,053	690,104	-	690,104	644,933
Other	202,484	87,801	59,956	147,757	169,802
Town of St Marys	135,767	134,995	-	134,995	126,230
Health Canada	67,390	-	60,290	60,290	48,115
Interest	-	40,056	-	40,056	699
MHLTC - immunization	95,400	24,072	-	24,072	18,275
MHLTC - flu	10,600	7,185	-	7,185	305
Municipal larvicide funding	-	4,475	-	4,475	4,197
	21,988,764	15,534,524	6,739,053	22,273,577	23,077,870
Expenses					
Salaries	12,411,716	9,449,680	4,775,416	14,225,096	15,651,204
Benefits (Note 12)	3,186,976	2,522,066	717,567	3,239,633	3,177,331
Program expenses	4,694,510	478,863	1,148,542	1,627,405	1,864,068
One time	-	886,449	-	886,449	490,376
Amortization of capital assets	-	592,872	-	592,872	800,379
Property expense and rent	564,988	562,109	-	562,109	489,047
Administrative expenses	465,907	503,439	-	503,439	450,018
Travel	269,403	104,025	97,528	201,553	204,290
Equipment	183,438	164,411	-	164,411	86,394
Fees for service	211,826	149,342	-	149,342	130,297
Past service benefit (Note 13)	-	107,400	-	107,400	1,081,400
Other	-	13,868	-	13,868	-
	21,988,764	15,534,524	6,739,053	22,273,577	24,424,804
Annual surplus (deficit)	-	-	-	-	(1,346,934)
Accumulated surplus, beginning of year	(317,489)	4,481,956	71,270	4,553,228	5,900,162
Accumulated surplus, end of year	\$ (317,489)	\$ 4,481,956	\$ 71,270	\$ 4,553,228	\$ 4,553,228

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

Huron Perth Public Health Statement of Cash Flows

For the year ended December 31	2022	2021
Cash flows from operating activities		
Annual deficit for the year	\$ -	\$ (1,346,934)
Amortization of capital assets	<u>592,872</u>	<u>800,379</u>
	<u>592,872</u>	<u>(546,555)</u>
Changes in non-cash working capital balances		
Accounts receivable	1,373,457	(370,763)
Prepaid expenses	(242,612)	2,999
Accounts payable	248,767	(69,430)
Due to province	519,226	(595,514)
Deferred revenue	(581,984)	752,336
Post-employment benefit obligation	<u>107,400</u>	<u>1,081,400</u>
	<u>2,017,126</u>	<u>254,473</u>
Cash flows from investing activities		
Purchase of long-term investments	<u>(2,925)</u>	<u>(111,580)</u>
Cash flows from capital activities		
Purchase of capital assets	<u>(467,554)</u>	<u>(669,870)</u>
Increase (decrease) in cash	1,546,647	(526,977)
Cash, beginning of year	<u>652,388</u>	<u>1,179,365</u>
Cash, end of year	\$ 2,199,035	\$ 652,388

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

Huron Perth Public Health Notes to Financial Statements

December 31, 2022

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 other programs, 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, 2022

1. Significant Accounting Policies (continued)

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, 2022

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. Investments

	<u>2022</u>	<u>2021</u>
Market-linked Guaranteed Investment Certificate, minimum interest rate 0.12%, maturing March 2024	\$ 109,718	\$ 109,588
Guaranteed Investment Certificate, non-redeemable, with interest rate of 1.6% maturing August 2024	177,495	174,700
	<u>\$ 287,213</u>	<u>\$ 284,288</u>

The market value of investments was \$287,213 (2021 - \$284,288). The market-linked certificates are stated at a market rate and have principal of \$110,945. The return is based on certain market performance over the life of the certificate and is determined upon maturity.

4. Bank Indebtedness

The Health Unit occasionally goes into overdraft depending on the timing of payroll withdrawals and Ministry deposits. At December 31, 2022, 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 1.5%.

Huron Perth Public Health Notes to Financial Statements

December 31, 2022

5. Tangible Capital Assets

Cost

	Balance December 31, 2021	Additions	Disposals	Balance December 31, 2022
Land	\$ 460,000	\$ -	\$ -	\$ 460,000
Buildings	5,430,270	185,417	-	5,615,687
Leasehold improvements	174,271	6,687	-	180,958
Furniture and equipment	342,999	69,373	(13,975)	398,397
Technological systems	1,014,345	206,075	(439,175)	781,245
	<u>\$ 7,421,885</u>	<u>\$ 467,552</u>	<u>\$ (453,150)</u>	<u>\$ 7,436,287</u>

Accumulated Amortization

	Balance December 31, 2021	Amortization	Disposals	Balance December 31, 2022
Buildings	\$ 1,196,734	\$ 79,801	\$ -	\$ 1,276,535
Leasehold improvements	69,243	57,724	-	126,967
Furniture and equipment	138,893	74,890	(13,975)	199,808
Technological systems	612,700	380,457	(439,175)	553,982
	<u>\$ 2,017,570</u>	<u>\$ 592,872</u>	<u>\$ (453,150)</u>	<u>\$ 2,157,292</u>

Net Book Value

	Balance December 31, 2022	Balance December 31, 2021
Land	\$ 460,000	\$ 460,000
Buildings	4,339,152	4,233,536
Leasehold improvements	53,991	105,028
Furniture and equipment	198,589	204,106
Technological systems	227,263	401,645
	<u>\$ 5,278,995</u>	<u>\$ 5,404,315</u>

Huron Perth Public Health Notes to Financial Statements

December 31, 2022

6. Accumulated Surplus

These funds may be used as directed by the Board.

	2022	2021
Invested in capital assets	\$ 5,254,231	\$ 5,404,315
Unrestricted	(701,003)	(851,087)
	\$ 4,553,228	\$ 4,553,228

7. Deferred Revenue

	December 31 2021	Funds Received or Receivable	Revenue Recognized	December 31 2022
Other - deferred revenue	\$ 542,439	\$ 75,132	\$ 36,770	\$ 580,801
Healthy start	35,236	67,391	60,290	42,337
Destination Prosperity	19,620	70,399	59,956	30,063
One time TRIN	-	359,764	335,073	24,691
PPNP	4,504	194,504	180,719	18,289
One time PHI Practicum	6	9,997	-	10,003
LIFE Committee	-	1,583	-	1,583
One time Retaining Wall	-	19,300	17,808	1,493
One time Needle Exchange	-	14,241	12,874	1,367
Healthy Babies	514,281	843,896	1,356,965	1,212
One time SFN	175,005	698,569	873,574	-
One time skylights	2,730	-	2,730	-
	\$ 1,293,821	\$ 2,354,776	\$ 2,936,759	\$ 711,839

Huron Perth Public Health Notes to Financial Statements

December 31, 2022

8. Expenditures by Object

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

	Budget 2022	Actual 2022	Actual 2021
Salaries, wages and employee benefits	\$ 15,598,692	\$ 17,572,129	\$ 19,909,935
Materials	4,877,948	2,692,133	2,440,838
Contracted services	947,136	854,334	784,605
Rents and financial expenses	564,988	562,109	489,047
Amortization	-	592,872	800,379
	\$ 21,988,764	\$ 22,273,577	\$ 24,424,804

9. Due to Ministry

Included in Due to Ministry on the statement of financial position is \$88,979 (2021 - \$361,753) owing to the Ministry of Health. The balance relates to mainly to unspent funding and are due on demand.

10. Economic Dependence

Approximately 86% (2021 - 87%) of revenue reported in the year relates to funding received from the Province of Ontario. Additionally, another \$336,336 is expected to be received from the Province of Ontario for additional funding related to ongoing programs.

11. Commitments

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

2023	\$	135,893
2024		98,883
2025		78,576
Total	\$	313,352

Huron Perth Public Health Notes to Financial Statements

December 31, 2022

12. Pension Payments

The Perth District Health Unit makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 148 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, 2022 was \$1,072,855 (2021 - \$1,129,351). This amount is included as an expenditure on the statement of financial activities and fund balances.

As at December 31, 2022, the OMERS plan was in a deficit position of \$6.7 billion (2021 - \$3.1 billion) and 95% (2021 - 97%) funded ratio, which will be addressed through various measures. 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.

13. Post-Employment Benefits

The Health Unit's benefit plan provides non-pension defined benefits to existing Health Unit employees. The post-employment benefits obligation was actuarially determined to be \$1,517,700 as at December 31, 2022.

Continuity of the accrued benefit obligation was as follows:

	<u>2022</u>	<u>2021</u>
Accrued benefits obligation:		
Balance, beginning of the year	\$ 1,410,300	\$ 328,900
Benefit cost	<u>107,400</u>	<u>1,081,400</u>
Balance, end of the year	<u>\$ 1,517,700</u>	<u>\$ 1,410,300</u>

Huron Perth Public Health Notes to Financial Statements

December 31, 2022

14. Impact of COVID-19 Pandemic

The COVID-19 global pandemic has disrupted economic activities. Although the disruption from the virus is currently diminishing, 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. 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 Other Programs

For the year ended December 31, 2022

	Healthy Babies	Prenatal and Postnatal Nurse	Healthy Start	Destination Prosperity	OSDCP	COVID-19	Total 2022	Total 2021
Revenue								
MHLTC	\$ -	\$ -	\$ -	\$ -	\$ 1,106,002	\$ 3,975,121	\$ 5,081,123	\$ 7,395,075
MCCSS	1,356,965	180,719	-	-	-	-	1,537,684	986,674
Health Canada	-	-	60,290	-	-	-	60,290	48,115
Other	-	-	-	59,956	-	-	59,956	51,082
	1,356,965	180,719	60,290	59,956	1,106,002	3,975,121	6,739,053	8,480,946
Expenses								
Salaries	1,026,271	141,031	43,576	44,984	150,765	3,368,789	4,775,416	5,783,322
Program	14,495	12,897	1,674	4,189	908,657	206,630	1,148,542	1,509,285
Benefits	288,360	21,190	13,411	9,866	44,755	339,985	717,567	728,239
Travel	27,839	5,601	1,629	917	1,825	59,717	97,528	142,394
Administrative	-	-	-	-	-	-	-	153
	1,356,965	180,719	60,290	59,956	1,106,002	3,975,121	6,739,053	8,163,393
Net revenue (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,553