

Financial Statements of

**WINDSOR-ESSEX COUNTY
HEALTH UNIT**

And Independent Auditors' Report thereon

Year ended December 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Windsor-Essex County Health Unit ("Health Unit") are the responsibility of the Health Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Health Unit's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Health is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Health carries out their responsibility for review of the financial statement principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the Health Unit. The Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to recommending approval of the financial statements to the Board of Health. The external auditors have full access to the Audit Committee with and without the presence of management.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation of the City of Windsor. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.



Theresa Marentette
Chief Executive Officer



Lorie Gregg
Director of Corporate Services



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INDEPENDENT AUDITORS' REPORT

To the Directors of Windsor-Essex County Health Unit

Opinion

We have audited the financial statements of Windsor-Essex County Health Unit (the Health Unit), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and the notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2020, and its results of operations and its 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 responsibility under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Health Unit in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 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.

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 auditors' 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 the 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 risk 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, internal omissions, misrepresentations, or the override of internal control.



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- 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 purposes 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Health Unit's 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

July 22, 2021

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Financial assets:		
Cash and short-term investments (note 2)	\$ 7,270,764	\$ 4,372,359
Accounts receivable (note 3)	560,242	431,477
	<u>\$ 7,831,006</u>	<u>\$ 4,803,836</u>

Financial liabilities

Financial liabilities:		
Due to Province of Ontario (note 4)	\$ 1,445,661	\$ 817,698
Due to Municipalities (note 5)	3,831,708	2,237,935
Due to community programs	586,416	255,203
Amounts held in trust (note 6)	80,570	36,786
Trade accounts payable	486,582	686,217
Accrued payroll and deductions	903,734	351,147
Deferred revenue (note 7)	260,936	182,557
Employee future benefit liabilities (note 8)	2,689,031	2,400,893
	<u>10,284,638</u>	<u>6,968,436</u>
Net debt	(2,453,632)	(2,164,600)

Non-financial assets


Non-financial assets:		
Tangible capital assets (note 9)	850,436	863,239
Prepaid and other expenses	201,187	155,989
	<u>1,051,623</u>	<u>1,019,228</u>

Commitments and contingencies (notes 11, 12 and 13)


Accumulated deficit (note 10)	\$ (1,402,009)	\$ (1,145,372)
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See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Operations and Accumulated Deficit

December 31, 2020, with comparative information for 2019

	2020	2019
Revenue		
Municipalities:		
City of Windsor	\$ 3,042,328	\$ 2,431,286
County of Essex	2,542,837	2,032,116
Township of Pelee	3,292	2,631
Other	51,795	57,430
	<u>5,640,252</u>	<u>4,523,463</u>
Province of Ontario:		
Mandatory Health Programs	15,988,122	16,770,946
Ontario Seniors Dental Care Program	1,117,138	286,464
Other (schedule 2)	2,352,421	289,266
	<u>19,457,681</u>	<u>17,346,676</u>
Other:		
Miscellaneous	140,086	248,521
Interest	8,332	32,889
Infectious Disease and Climate Change Program	81,725	-
Ontario Seniors Dental Care Program user fees	9,447	-
Septic	2,311	5,497
	<u>241,901</u>	<u>286,907</u>
Total revenue	25,339,834	22,157,046
Expenses		
General programs (schedule 3)	23,578,931	21,690,517
Ontario Seniors Dental Care Program (schedule 1)	1,085,440	229,344
Other (schedule 2)	849,701	192,662
Infectious Disease and Climate Change Program	81,725	-
Septic	674	1,112
Total expenses	<u>25,596,471</u>	<u>22,113,635</u>
Annual surplus (deficit)	(256,637)	43,411
Accumulated deficit, beginning of year	(1,145,372)	(1,188,783)
Accumulated deficit, end of year	<u>\$ (1,402,009)</u>	<u>\$ (1,145,372)</u>

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Changes in Net Debt

December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus (deficit)	\$ (256,637)	\$ 43,411
Acquisition of tangible capital assets	(279,141)	(315,578)
Amortization of tangible capital assets	291,944	269,911
Use of prepaid and other expenses	155,989	177,284
Acquisition of prepaid and other expenses	(201,187)	(155,989)
Change in net debt	(289,032)	19,039
Net debt, beginning of year	(2,164,600)	(2,183,639)
Net debt, end of year	\$ (2,453,632)	\$ (2,164,600)

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Cash Flows

December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (256,637)	\$ 43,411
Items not involving cash:		
Amortization	291,944	269,911
Change in employee future benefit liabilities	288,138	(9,247)
Change in non-cash assets and liabilities:		
Accounts receivable	(128,765)	(38,238)
Prepaid and other expenses	(45,198)	21,295
Due to Municipalities	1,593,773	582,239
Due to Province of Ontario	627,963	574,982
Due to community programs	331,213	185,143
Amounts held in trust	43,784	(23,257)
Trade accounts payable	(199,635)	189,867
Accrued payroll and deductions	552,587	167,278
Deferred revenue	78,379	(82,218)
Net change in cash from operating activities	3,177,546	1,881,166
Capital activities:		
Cash used to acquire tangible capital assets	(279,141)	(315,578)
Net change in cash from capital activities	(279,141)	(315,578)
Net change in cash	2,898,405	1,565,588
Cash and short-term investments, beginning of year	4,372,359	2,806,771
Cash and short-term investments, end of year	\$ 7,270,764	\$ 4,372,359

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Ontario Seniors Dental Care Program Expenses

Schedule 1

December 31, 2020, with comparative information for 2019

	2020	2019
Salaries	\$ 621,889	\$ 108,066
Benefits	162,122	21,798
Mileage	4,008	607
Travel	4	88
Professional development	3,198	193
Memberships	1,760	289
Office supplies	504	-
Program supplies	215,540	98,303
Purchased services	68,962	-
Bank charges	440	-
Security	7,013	-
	<u>\$ 1,085,440</u>	<u>229,344</u>

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other

Schedule 2

December 31, 2020, with comparative information for 2019

	Mandatory Program: Public Health Inspector Practicum	Mandatory Program: Seasonal Farm Worker Contact Tracing	Mandatory Program: Vector-Borne Diseases Program	MOH/AMOH Compensation Initiative	Mitigation
Revenue	\$ 10,000	\$ 4,400	\$ 40,000	\$ 10,638	\$ 1,260,800
Expenses					
Salaries and benefits	10,000	2,708	36,000	10,638	-
Mileage	-	200	2,975	-	-
Program supplies	-	-	1,025	-	-
Purchased services	-	1,492	-	-	-
	10,000	4,400	40,000	10,638	-
Tangible capital assets	-	-	-	-	-

	COVID-19: Extraordinary Costs	COVID-19: Case and Contact Management Capacity	COVID-19: Public Health Case and Contact Management Solution	COVID-19: School-Focused Nurses Initiative	Temporary Pandemic Pay Initiative	2020 Total
Revenue	\$ 241,920	\$ 15,623	\$ 30,800	\$ 728,572	\$ 9,668	\$ 2,352,421
Expenses						
Salaries and benefits	-	15,623	30,800	728,572	9,668	844,009
Mileage	-	-	-	-	-	3,175
Program supplies	-	-	-	-	-	1,025
Purchased services	-	-	-	-	-	1,492
	-	15,623	30,800	728,572	9,668	849,701
Tangible capital assets	-	-	-	-	-	-

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other

Schedule 2

December 31, 2020, with comparative information for 2019

	Mandatory Program: Potassium Iodide Distribution Program	Mandatory Program: Healthy Growth/School Health: Vision Screening Tools	Mandatory Program: Smoke-Free Ontario Strategy - Cannabis Enforcement	Capital: Windsor Office Project	
Revenue	\$ 48,628	\$ 665	\$ 44,158	\$ 2,562	
Expenses					
Salaries and benefits	10,142	-	40,796	-	
Program supplies	38,486	665	3,362	-	
Purchased services	-	-	-	2,562	
	48,628	665	44,158	2,562	
Tangible capital assets	-	-	-	-	

	Mandatory Program: Enhanced Mosquito Surveillance	Mandatory Program: Vaccine Storage and Handling	Mandatory Program: Public Health Inspector Practicum	Capital: Ontario Seniors Dental Care Program	2019 Total
Revenue	\$ 60,000	\$ 10,522	\$ 10,000	\$ 112,731	\$ 289,266
Expenses					
Salaries and benefits	33,973	-	10,000	-	94,911
Program supplies	35,362	-	-	17,314	95,189
Purchased services	-	-	-	-	2,562
	69,335	-	10,000	17,314	192,662
Tangible capital assets	10,184	10,521	-	95,416	116,121

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related

Schedule 3

December 31, 2020, with comparative information for 2019

	Mandatory Program	COVID-19 Extraordinary Costs	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Infectious Diseases Control Initiative	Harm Reduction Program Enhancement	Nursing Initiatives	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensation Initiative	2020
Advertising, publications and subscription	\$ 3,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,493
Amortization (note 9)	291,944	-	-	-	-	-	-	-	-	-	-	291,944
Bank charges	10,905	-	-	-	-	-	-	-	-	-	-	10,905
Benefits	1,733,888	1,685,680	165,534	61,487	24,460	21,930	32,913	-	-	-	-	3,725,892
Directors' fees	4,099	-	-	-	-	-	-	-	-	-	-	4,099
Legal and audit	94,138	180,702	-	-	-	-	-	-	-	-	-	274,840
Maintenance	136,072	-	-	-	-	-	-	-	-	-	-	136,072
Memberships	30,493	-	-	-	-	-	-	-	-	-	-	30,493
Mileage	82,944	75,411	8,536	11,638	-	-	-	-	-	-	-	178,529
Office equipment rentals (note 12)	93,070	-	-	-	-	-	-	-	-	-	-	93,070
Office supplies	31,537	-	263	-	-	-	-	-	-	-	-	31,800
Parking	90,929	-	-	-	-	-	-	-	-	-	-	90,929
Postage and freight	22,089	-	-	-	-	-	-	-	-	-	-	22,089
Professional development	16,141	-	-	-	431	-	-	-	-	-	-	16,572
Program supplies	616,993	235,526	83,957	5,460	-	-	-	12,152	3,647	63,000	-	1,020,735
Purchased services	131,751	202,271	90,419	8,381	-	-	-	-	-	-	-	432,822
Rent (note 12)	779,418	-	-	-	-	-	-	-	-	-	-	779,418
Salaries	8,111,892	6,591,859	640,062	236,729	92,857	84,928	127,488	-	-	-	5,000	15,890,815
Security	1,001	-	7,014	-	-	-	-	-	-	-	-	8,015
Taxes and insurance	298,216	4,494	-	-	-	-	-	-	-	-	-	302,710
Telephone	89,175	-	-	-	-	-	-	-	-	-	-	89,175
Travel	1,747	-	61	497	-	-	-	-	-	-	-	2,305
Utilities	141,174	-	-	-	-	-	-	-	-	-	-	141,174
Vehicle expenses	1,035	-	-	-	-	-	-	-	-	-	-	1,035
	\$ 12,814,144	\$ 8,975,943	\$ 995,846	\$ 324,623	\$ 117,317	\$ 106,858	\$ 160,401	\$ 12,152	\$ 3,647	\$ 63,000	\$ 5,000	\$ 23,578,931

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory Program Expenses

Schedule 3

December 31, 2020, with comparative information for 2019

	Mandatory Program	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Infectious Diseases Control Initiative	Harm Reduction Program Enhancement	Nursing Initiatives	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensation Initiative	2019
Advertising, publications and subscriptions	\$ 5,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,008
Amortization (note 9)	269,911	-	-	-	-	-	-	-	-	-	269,911
Bank charges	20,263	-	-	-	-	-	-	-	-	-	20,263
Benefits	2,991,174	255,400	135,401	96,869	49,731	76,198	-	-	-	-	3,604,773
Directors' fees	15,271	-	-	-	-	-	-	-	-	-	15,271
Legal and audit	272,180	-	-	-	-	-	-	-	-	-	272,180
Maintenance	110,094	-	-	-	-	-	-	-	-	-	110,094
Memberships	32,060	535	-	-	-	-	-	-	-	-	32,595
Mileage	188,491	14,556	34,626	7,050	-	-	-	-	-	-	244,723
Office equipment rentals (note 12)	118,648	-	-	-	-	-	-	-	-	-	118,648
Office supplies	43,235	222	-	-	-	-	-	-	-	-	43,457
Parking	90,936	-	-	-	-	-	-	-	-	-	90,936
Postage and freight	31,715	-	-	-	-	-	-	-	-	-	31,715
Professional development	46,717	3,690	-	-	-	-	-	-	-	-	50,407
Program supplies	802,529	204,279	30,607	-	-	-	50,373	24,306	63,000	-	1,175,094
Purchased services	126,873	130,575	21,713	-	-	-	-	-	-	-	279,161
Rent (note 12)	770,068	-	-	-	-	-	-	-	-	-	770,068
Salaries	11,813,982	904,323	412,521	348,761	178,078	298,055	-	-	-	6,501	13,962,221
Security	55,230	-	-	-	-	-	-	-	-	-	55,230
Taxes and insurance	289,286	-	-	-	-	-	-	-	-	-	289,286
Telephone	92,413	-	-	-	-	-	-	-	-	-	92,413
Travel	8,040	421	1,832	-	-	-	-	-	-	-	10,293
Utilities	145,890	-	-	-	-	-	-	-	-	-	145,890
Vehicle expenses	880	-	-	-	-	-	-	-	-	-	880
	\$ 18,340,894	\$ 1,514,001	\$ 636,700	\$ 452,680	\$ 227,809	\$ 374,253	\$ 50,373	\$ 24,306	\$ 63,000	\$ 6,501	\$ 21,690,517

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements

Year ended December 31, 2020

The Windsor-Essex County Health Unit (“Health Unit”) was established under the Health Protection and Promotion Act, R.S.O. 1990. The Health Unit is funded through grants from the Province of Ontario and required contributions from the municipalities of the Corporation of the City of Windsor (“City”), the Corporation of the County of Essex (“County”) and the Corporation of the Township of Pelee (“Pelee”). The Health Unit provides public health programs to keep the communities of Windsor-Essex County and Pelee healthy by promoting improved health, preventing disease and injury, controlling threats to human life and function and facilitating social conditions to ensure equal opportunity in attaining health for all.

1. Significant accounting policies:

The financial statements of the Windsor-Essex County Health Unit are prepared by management in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Health Unit are as follows:

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenses of the Health Unit. The Health Unit is comprised of all programs funded by the Province of Ontario, through the Ministry of Health, the City, County and Pelee. It also includes other programs that the Health Unit may offer from time to time with special grants and other sources of funding.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting and reflected in the statement of operations and accumulated deficit.

The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of services and the creation of a legal obligation to pay.

The Health Unit is funded by government transfers (grants and required contributions) from the Province of Ontario, the City, County and Pelee. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as accounts receivable due from the related funding organization in the statement of financial position.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

Funding amounts in excess of actual expenditures incurred during the year are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.

(c) Cash and short-term investments:

Cash comprises cash on hand and balances with the financial institution with maturities of three months or less. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Amortization is calculated on a straight-line basis over an asset's expected useful life for all classes. Residual values are assumed to be zero. Amortization will be taken at half rates in the year of acquisition.

Asset classification	Useful life (years)
Computer hardware	3
Furniture and fixtures	5
Telephone and security	5
Medical equipment	5
Vehicle	10
Leasehold improvements	term of lease

Assets under construction are not amortized until the asset is available for productive use.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Employee future benefits:

(i) Pension plan:

The Health Unit sponsors a pension plan for all employees who retire through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Health Unit to account for the plan as a defined benefit plan. As such, OMERS is accounted for as a defined contribution pension plan. Obligations for contributions to this defined contribution pension plans are recorded as benefits expense in the statement of operations and accumulated deficit.

(ii) Employee future benefits, other than pension:

The Health Unit sponsors a defined benefit plan for certain health, dental and life insurance benefits on behalf all employees who retire from active service with unreduced OMERS pension. The Health Unit accrues its obligations under the defined benefit plans as employees render their services necessary to earn these benefits. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimates with respect to mortality, termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

Actuarial gains (losses) on the accrued benefit obligation arise from the differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess actuarial gains (losses) are amortized over the average remaining service period of active employees, which is 14.3 years.

Gains and losses determined upon a plan settlement or curtailment are accounted for in the period of the settlement or curtailment in the statement of operations and accumulated deficit.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Employee future benefits (continued):

(ii) Employee future benefits, other than pension (continued):

Expenses associated with the defined benefits plan have been recognized as part of benefits expense on the statement of operations and accumulated deficit and the associated liability has been recognized as part of employee future benefit liabilities on the statement of financial position.

(iii) Accrued sick leave:

The Health Unit accrues its liability for unused sick leave which is payable to employees in accordance with their collective bargaining agreements. The cost of accrued sick leave is actuarially determined using the projected benefit method similar to employee future benefits, other than pension. Costs associated with unused sick leave are recognized as part of salaries on the statement of operations and accumulated deficit and the associated liability is recognized as part of employee future benefit liabilities on the statement of financial position.

(iv) Accrued vacation entitlements:

The Health Unit accrues its liability for accrued vacation entitlements as employees renders their services necessary to earn these benefits.

(f) Liability for contaminated sites:

The Health Unit recognizes a liability associated with the remediation of contaminated sites when a contamination exceeds an environmental standard, the Health Unit has direct or has accepted responsibility for the remediation and a reasonable estimate can be made of the costs to remediate.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the year. Significant assumptions include the valuation of accounts receivable, the valuation of employee future benefit obligations and certain other payroll related accruals. Actual results could differ from those estimates.

(h) Future accounting changes:

Effective for fiscal periods beginning on or after April 1, 2021, all governments will be required to adopt PSAS 2601, *Foreign Currency Translation* and PSAS 3450, *Financial Instruments*. PSAS 2601 establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. PSAS 3450 establishes standards on how to account for and report all types of financial instruments including derivatives.

Effective for fiscal periods beginning on or after April 1, 2021, all governments will be required to adopt PSAS 2041, *Portfolio Investments*. PSAS 2041 establishes standards on how to account for and report portfolio investments in government financial statements.

Effective for fiscal periods beginning on or after April 1, 2022, all governments will be required to adopt PSAS 3400, *Revenue*. PSAS 3400 establishes standards on how to account for and report revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The Health Unit is currently in the process of evaluating the potential impact of adopting these standards.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Cash and short-term investments:

Cash and short-term investments recognized on the statement of financial position are comprised of the following:

	2020	2019
Non-restricted funds	\$ 7,005,506	\$ 4,151,427
Restricted funds:		
Employee benefits	184,688	184,149
Held in trust – prepaid leave program	80,570	36,783
	\$ 7,270,764	\$ 4,372,359

3. Accounts receivable:

Accounts receivable recognized on the statement of financial position are comprised of the following:

	2020	2019
Province of Ontario	\$ 301,183	\$ 241,652
Commodity taxes receivable	125,207	146,246
Other	133,852	43,579
	560,242	431,477
Less allowance for doubtful accounts	-	-
	\$ 560,242	\$ 431,477

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Due to the Province of Ontario:

The amount due to the Province of Ontario recognized on the statement of financial position resulting from the annual settlement process is comprised of the following:

	2020	2019
Current year settlement	\$ 713,664	\$ 604,275
Prior year settlements	731,997	213,423
	<u>\$ 1,445,661</u>	<u>\$ 817,698</u>

During the period January 1, 2021 to March 31, 2021, cash flows of \$709,664 were clawed back, reducing the settlement for 2020 to \$62,049. Details of the amounts clawed back are as follows:

- Temporary Pandemic Pay Initiative - \$152,032
- Ontario Seniors Dental Care Program - \$499,583

5. Due to Municipalities:

The amount due to the participating municipalities, namely the City, County and Pelee, recognized on the statement of financial position, is comprised of the following:

	2020	2019
City of Windsor:		
Current year settlement	\$ 869,804	\$ 700,902
Prior year settlements	1,219,548	901,729
Repayment of prior year's settlements	-	(383,083)
	<u>2,089,352</u>	<u>1,219,548</u>
County of Essex:		
Current year settlement	727,260	585,828
Prior year settlements	1,019,323	756,322
Repayment of prior year's settlements	-	(322,827)
	<u>1,746,583</u>	<u>1,019,323</u>
Township of Pelee:		
Current year settlement	(3,291)	(936)
Prior year settlements	(936)	(2,355)
Repayment of prior year's settlements	-	2,355
	<u>(4,227)</u>	<u>(936)</u>
	<u>\$ 3,831,708</u>	<u>\$ 2,237,935</u>

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

6. Amounts held in trust:

Certain employees of the Health Unit participate in a prepaid leave program. These programs are funded by the participating employees allowing the employee to spread four years' salary over a five-year period. This enables employees to take one year leave of absence following the four years of salary deferral. Amounts held in trust at December 31, 2020, of \$80,570 (2019 - \$36,786) are recognized as a liability on the statement of financial position.

7. Deferred revenue:

The Health Unit receives funding from external parties to administer programs. The Health Unit also receives funding from the Province of Ontario for specified purposes. The excess of funding over expenses is recognized as deferred revenue on the statement of financial position until such time as those funds and related expenses are settled.

Deferred revenue is comprised of the following:

	2020	2019
Programs funded by external parties	\$ 183,119	\$ 154,690
Funding for specified purposes	77,817	27,867
Deferred revenue, end of year	\$ 260,936	\$ 182,557

A summary of the year's activity relating to those programs is as follows:

	2020	2019
Deferred revenue, beginning of year	\$ 182,557	\$ 264,775
Funds received during the year	845,057	289,860
Expenses incurred in the year	(766,678)	(372,078)
Deferred revenue, end of year	\$ 260,936	\$ 182,557

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Employee future benefits:

(a) Pension agreements:

The Health Unit makes contributions to OMERS on behalf of members of its staff. The plan is a multi-employer 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. The multi-employer plan is valued on a current market basis for all plan assets. The amount contributed to OMERS for current service for 2020 was \$1,212,680 (2019 - \$1,137,695) and is included in benefits expense on the statement of operations and accumulated deficit.

(b) Employee future benefits liabilities:

Employee future benefit liabilities recognized on the statement of financial position, are future liabilities of the Health Unit to its employees and retirees for benefits earned but not taken as at December 31, 2020. The employee future benefits liabilities consist of the following:

	2020	2019
Accrued vacation entitlements	\$ 574,475	\$ 294,545
Post-retirement benefits	976,806	940,785
Sick leave entitlements	1,137,750	1,165,563
	<u>\$ 2,689,031</u>	<u>\$ 2,400,893</u>

(i) Accrued vacation entitlements:

Accrued vacation entitlements consists of vacation entitlements that accumulate and employees would be entitled to cash payments equal to the value of their unused entitlement if they were to terminate their employment with the Health Unit. Carryforward of vacation entitlements from prior years is limited to 10 days and is consistent with the terms of the collective bargaining agreements. Total accrued vacation entitlements at December 31, 2020 are \$574,475 (2019 - \$294,545) and are included in employee future benefits liabilities on the statement of financial position.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(ii) Post-retirement benefits:

The post-retirement benefit liability is based on an actuarial valuation performed by the Health Unit's actuaries. The date of the most recent actuarial valuation for the other post-retirement benefit plan is December 31, 2020. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate	3.10% (2019 - 3.10%)
Health Care Trend Rate	6.65% (2019 - 6.65%) in 2022; decreasing by 0.45% per annum to 3.5%
Dental Care Trend Rate	3.5% (2019 - 3.5%)

Information about the Health Unit's future obligations with respect to these costs is as follows:

	2020	2019
Accrued benefit liability, beginning of year	\$ 940,785	\$ 917,965
Current service cost	73,297	64,494
Interest cost	38,851	42,041
Benefits paid	(98,872)	(102,515)
Amortization of actuarial losses	22,745	18,800
Accrued benefit liability, end of year	976,806	940,785
Unamortized net actuarial losses	371,677	325,259
Accrued benefit obligations, end of year	\$ 1,348,483	\$ 1,266,044

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(ii) Post retirement benefits (continued):

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

	2020	2019
Current service cost	\$ 73,297	\$ 64,494
Interest cost	38,851	42,041
Amortization of actuarial losses	22,745	18,800
Benefit expense	\$ 134,893	\$ 125,335

The approximate effect on the accrued benefit obligation if the health care and dental trend rate assumption was increased or decreased by 1% is as follows:

1% increase in trend rate	\$ 172,000
1% decrease in trend rate	(145,000)

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

1% increase in trend rate	\$ (164,000)
1% decrease in trend rate	200,000

(iii) Sick leave entitlements:

Included in employee future benefits liability on the statement of financial position is the liability for sick leave entitlements of \$1,137,750 (2019 - \$1,165,563). The Health Unit is bound by two collective bargaining agreements. The Canadian Union of Public Employees, Local 543.3 ("CUPE"), representing certain non-management employees and the Ontario Nurses Association ("ONA"), representing non-management nurses.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Sick leave entitlements (continued):

As it relates to the ONA sick leave plan, effective January 1, 2013, full-time employees are credited 12 sick days. These sick days do not accumulate from year-to-year. Upon separation from the Health Unit, ONA members will be entitled to be paid in cash one-half of the accumulated sick leave credit at their current wage rate up to a maximum of six months' salary. ONA member sick leave banks were frozen prior to January 1, 2013.

On January 1st annually, CUPE members are credited 15 sick leave days. Unused days can be carried forward from year-to-year. In the latter part of 2015, the Health Unit negotiated changes to the sick leave plan for CUPE employees. Under the terms of the new collective bargaining agreement, the sick leave bank is capped at 150 days. One half of the bank was frozen at September 30, 2015 wage rates. The remaining one-half has no commuted cash value, and will remain in the members' sick bank for future use, if required. Of that frozen portion, one-half or \$382,214 was paid out in November of 2015 with the remainder to be paid out upon separation of those members from the Health Unit.

The sick leave liability is based on an actuarial valuation performed by the Health Unit's actuaries. The date of the most recent actuarial valuation for the sick leave liability is December 31, 2018, with results extrapolated to December 31, 2020. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate 2.95% (2019 - 2.95%)

Information about the Health Unit's future obligations with respect to these costs is as follows:

	2020	2019
Accrued benefit liability, beginning of year	\$ 1,165,563	\$ 1,197,022
Current service cost	66,454	60,753
Interest cost	23,119	26,699
Benefits paid	(88,409)	(84,253)
Amortization of actuarial gains	(28,977)	(34,658)
Accrued benefit liability, end of year	1,137,750	1,165,563
Unamortized net actuarial gains	(272,912)	(370,906)
Accrued benefit obligations, end of year	\$ 864,838	\$ 794,657

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Sick leave entitlements (continued):

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

	2020	2019
Current service cost	\$ 66,454	\$ 60,753
Interest cost	23,119	26,699
Amortization of actuarial losses (gains)	(28,977)	(34,658)
Benefit expense	\$ 60,596	\$ 52,794

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

1% increase in discount rate	\$ (59,600)
1% decrease in discount rate	68,900

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 908,848	\$ 210,924	\$ 27,318	\$ 1,092,454
Furniture and fixtures	625,137	2,130	-	627,267
Telephone and security	261,178	12,857	-	274,035
Medical equipment	774,917	53,230	-	828,147
Leasehold improvements	1,266,998	-	-	1,266,998
Vehicle	20,351	-	-	20,351
Total	\$ 3,857,429	\$ 279,141	\$ 27,318	\$ 4,109,252

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 765,422	\$ 27,318	\$ 107,329	\$ 845,433
Furniture and fixtures	511,702	-	59,723	571,425
Telephone and security	235,177	-	18,897	254,074
Medical equipment	518,700	-	78,338	597,038
Leasehold improvements	955,049	-	25,622	980,671
Vehicle	8,140	-	2,035	10,175
Total	\$ 2,994,190	\$ 27,318	\$ 291,944	\$ 3,258,816

Net book value	Balance at December 31, 2019		Balance at December 31, 2020
Computer hardware	\$ 143,426	\$	247,021
Furniture and fixtures	113,435		55,842
Telephone and security	26,001		19,961
Medical equipment	256,217		231,109
Leasehold improvements	311,949		286,327
Vehicle	12,211		10,176
Total	\$ 863,239	\$	850,436

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Computer hardware	\$ 826,832	\$ 126,581	\$ 44,565	\$ 908,848
Furniture and fixtures	602,026	26,371	3,260	625,137
Telephone and security	271,337	-	10,159	261,178
Medical equipment	654,753	138,881	18,717	774,917
Leasehold improvements	1,243,253	23,745	-	1,266,998
Vehicle	20,351	-	-	20,351
Total	\$ 3,618,552	\$ 315,578	\$ 76,701	\$ 3,857,429

Accumulated amortization	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Computer hardware	\$ 719,555	\$ 44,565	\$ 90,432	\$ 765,422
Furniture and fixtures	447,480	3,260	67,482	511,702
Telephone and security	221,044	10,159	24,292	235,177
Medical equipment	473,411	18,717	64,006	518,700
Leasehold improvements	933,385	-	21,664	955,049
Vehicle	6,105	-	2,035	8,140
Total	\$ 2,800,980	\$ 76,701	\$ 269,911	\$ 2,994,190

Net book value	Balance at December 31, 2018	Balance at December 31, 2019
Computer hardware	\$ 107,277	\$ 143,426
Furniture and fixtures	154,546	113,435
Telephone and security	50,293	26,001
Medical equipment	181,342	256,217
Leasehold improvements	309,868	311,949
Vehicle	14,246	12,211
Total	\$ 817,572	\$ 863,239

Amortization expense for 2020 was \$279,141 (2019 - \$269,911) is presented as amortization expense on the statement of operations and accumulated deficit as part of general program expenses. Total additions by funding source are as follows:

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Tangible capital assets (continued):

	2020	2019
Mandatory program	\$ 191,380	\$ 119,095
Healthy Smiles Ontario	14,274	15,700
Enhanced Food Safety	-	1,633
Enhanced Safe Water	-	5,909
Ontario Seniors Dental Care Program	61,721	57,120
Smoke-Free Ontario	11,766	-
One-time funding:		
Vaccine Storage and Handling	-	10,521
Ontario Seniors Dental Care Program	-	95,416
Enhanced Mosquito Surveillance	-	10,184
	\$ 279,141	\$ 315,578

10. Accumulated deficit:

Accumulated deficit consists of individual fund balances and reserves as follows:

	2020	2019
Deficit:		
Invested in tangible capital assets	\$ 850,436	\$ 863,239
Other	195,923	153,794
Amounts to be recovered in future years:		
Employee future benefit liabilities	(2,689,031)	(2,400,893)
Total deficit	(1,642,672)	(1,383,860)
Reserves:		
Employee benefits	184,687	184,149
Septic	55,976	54,339
Total reserves	240,663	238,488
	\$ (1,402,009)	\$ (1,145,372)

11. Operating line of credit:

The Health Unit has available an operating line of credit of \$750,000 with TD Canada Trust. The line of credit bears interest at the bank's prime rate and is unsecured. No amount is outstanding at December 31, 2020 (2019 - \$nil).

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Commitments:

The future minimum lease payments for operating leases on equipment over the next four years are as follows:

Years	Annual payments
2021	\$ 48,818
2022	30,069
2023	15,873
2024	299

The Health Unit entered into a lease agreement for its building located at 1005 Ouellette Avenue, Windsor, Ontario, over a period of twenty-six years commencing January 1, 1993. During 2016, the Health Unit entered into a lease extension for an additional five-year period commencing January 1, 2019 to December 31, 2023 with the option to terminate the lease during that time with a six-month notice period. The annual lease payments over the remaining term of the lease on a calendar year basis are as follows:

Years	Annual payment
2021 to 2023	\$ 533,312

Total lease payments for the remaining term amount to \$1,599,936. In addition, the Health Unit is responsible for insurance premiums, routine maintenance, property taxes and utilities in connection with the leased premises.

In November of 2015, the Health Unit entered into an operating lease for space at 33 Princess Street, Leamington, Ontario. The commencement date of this lease is April 1, 2016. The term of the lease is for a twenty-year period and will mature on March 31, 2036, or earlier, in the event certain early termination clauses are exercised. Lease payments over the life of the lease on a calendar year basis are as follows:

Years	Annual payment	Total payment
2021	\$ 94,241	\$ 94,241
2022 to 2026	106,021	530,105
2027 to 2031	117,801	589,005
2032 to 2036	129,581	647,905
		\$ 1,861,256

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Commitments (continued):

The Health Unit has an operating lease agreement for space located on the first floor of the Essex Civic and Education Centre ("Civic Centre") at 360 Fairview West, Essex, Ontario. The commencement date of the lease is December 1, 2017. The term of the lease is for six-year period and will mature on December 31, 2023. On October 20, 2020, the Health Unit advised, by way of a Notice of Termination, that they would terminate the lease effective November 1, 2021. On May 3, 2021, the Health Unit and County of Essex agreed to terminate the lease effective July 31, 2021. Lease payments remaining are as follows:

Years	Annual payment
2021	\$ 52,918

The Health Unit leases parking lot space near the main office on a renewable annual term with annual lease payments as follows:

Years	Annual payment
2021	\$ 36,408
2022	36,408
2023	36,408

13. Contingencies:

The Health Unit is periodically subject to claims or grievances. In the opinion of management, the ultimate resolution of any current claims or grievances would not have a material effect on the financial position or results of operations of the Health Unit.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2020

14. Health Unit expenses:

The statement of operations and accumulated deficit presents expenses for the Health Unit by function. The following is a summary of expenses by object.

	2020	2019
Salaries and benefits	\$ 21,316,595	\$ 17,791,381
Amortization	291,944	269,911
Financial expenses	11,345	20,263
Purchased services	778,116	553,902
Rental	93,070	118,648
Supplies and other	1,548,590	1,805,613
Occupancy costs	1,556,811	1,553,917
	<hr/>	<hr/>
	\$ 25,596,471	\$ 22,113,635
