

OXFORD ELGIN ST. THOMAS HEALTH UNIT

Operating as

SOUTHWESTERN PUBLIC HEALTH

Financial Statements

December 31, 2023

SOUTHWESTERN PUBLIC HEALTH

Financial Statements

For the Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of the management of Southwestern Public Health and have been prepared in accordance with Canadian public sector accounting standards.

These financial statements include:

- Independent Auditors' report
- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Change in Net Financial Debt
- Statement of Remeasurement Gains and Losses
- Statement of Cash Flows
- Notes to the Financial Statements
- Schedule of Expenditures

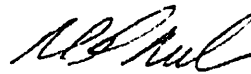
The Chief Executive Officer and the Chief Financial Officer are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the financial statements before they are submitted to the Board for approval.

The integrity and reliability of Southwestern Public Health reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The financial statements have been audited on behalf of the Board of Health, Inhabitants and Ratepayers of the participating municipalities of the County of Oxford, County of Elgin and City of St. Thomas by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.



Cynthia St. John
Chief Executive Officer



Monica Nusink
Chief Financial Officer

St. Thomas, Ontario
April 25, 2024



GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of **Southwestern Public Health**, which comprise the statement of financial position as at December 31, 2023, and the statement of operations and accumulated surplus, statement of changes in net debt, statement of remeasurement gains and losses, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and the results of its 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 responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

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

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

St. Thomas, Ontario

April 25, 2024

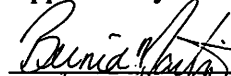
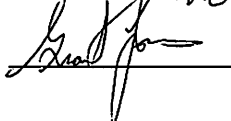
Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

SOUTHWESTERN PUBLIC HEALTH

Statement of Financial Position December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	3,991,551	8,167,225
Accounts receivable	424,800	302,365
Government remittance receivable	<u>117,509</u>	<u>126,255</u>
	<u>4,533,860</u>	<u>8,595,845</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,391,252	1,760,170
Deferred revenue (Note 5)	1,823,921	1,840,083
Due to Province of Ontario	836,517	4,752,223
Long-term debt (Note 7)	6,929,000	7,170,000
Derivative (Note 1 & 8)	<u>371,197</u>	<u>-</u>
	<u>11,351,887</u>	<u>15,522,476</u>
NET FINANCIAL DEBT (PAGE 6)	<u>(6,818,027)</u>	<u>(6,926,631)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	80,364	63,530
Tangible capital assets (Note 6)	<u>9,381,629</u>	<u>9,299,868</u>
	<u>9,461,993</u>	<u>9,363,398</u>
TOTAL NET ASSETS	<u>2,643,966</u>	<u>2,436,767</u>
TOTAL NET ASSETS IS COMPRISED OF THE FOLLOWING:		
ACCUMULATED SURPLUS (NOTE 4)	3,015,163	2,436,767
ACCUMULATED REMEASUREMENT GAINS AND LOSSES (PAGE 7) (NOTE 1)	<u>(371,197)</u>	<u>-</u>
	<u>2,643,966</u>	<u>2,436,767</u>

Approved by the Board:

Director

Director

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2023

	(Note 15) Budget 2023 \$	2023 \$	2022 \$
REVENUES			
Operating grants			
Municipal:			
County of Elgin	1,251,537	1,351,194	1,187,287
City of St. Thomas	1,032,821	1,115,063	922,650
County of Oxford	2,935,996	3,169,783	2,628,966
Province of Ontario (Note 9)	24,019,971	17,209,082	20,516,291
Public Health Agency of Canada (Note 10)	198,620	182,940	262,765
Locally Driven Collaborative Projects	38,744	4,894	-
Student Nutrition (Note 11)	<u>-</u>	<u>-</u>	<u>165,597</u>
Total operating grants	<u>29,477,689</u>	<u>23,032,956</u>	<u>25,683,556</u>
Other			
Other fees and recoveries	51,875	121,776	95,779
Clinics	30,000	23,880	28,916
Interest	<u>35,000</u>	<u>221,209</u>	<u>128,942</u>
Total other revenue	<u>116,875</u>	<u>366,865</u>	<u>253,637</u>
TOTAL REVENUES	29,594,564	23,399,821	25,937,193
EXPENDITURES - SCHEDULE (PAGE 24)	<u>29,594,564</u>	<u>22,821,425</u>	<u>25,986,487</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	578,396	(49,294)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,436,767</u>	<u>2,436,767</u>	<u>2,486,061</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 4)	<u><u>2,436,767</u></u>	<u><u>3,015,163</u></u>	<u><u>2,436,767</u></u>

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Change in Net Financial Debt For the Year Ended December 31, 2023

	(Note 15) Budget 2023 <u>\$</u>	2023 <u>\$</u>	2022 <u>\$</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	578,396	(49,294)
Amortization of tangible capital assets	-	604,734	754,397
Acquisition of tangible capital assets	-	(686,495)	(469,014)
Change in prepaid expenses	-	(16,834)	1,633
Remeasurement gains (loss)	<u>-</u>	<u>271,154</u>	<u>-</u>
DECREASE IN NET FINANCIAL DEBT	-	750,955	237,722
NET FINANCIAL DEBT, BEGINNING OF YEAR	(6,926,631)	(6,926,631)	(7,164,353)
ADOPTION OF PS3450 (NOTE 1)	<u>-</u>	<u>(642,351)</u>	<u>-</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(6,926,631)</u>	<u>(6,818,027)</u>	<u>(6,926,631)</u>

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Remeasurement Gains and Losses For the Year Ended December 31, 2023

	(Note 1) 2023 <u>\$</u>	2022 <u>\$</u>
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), BEGINNING OF YEAR	(642,351)	-
Unrealized gains attributable to derivatives	<u>271,154</u>	<u>-</u>
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), END OF YEAR	<u>(371,197)</u>	<u>-</u>

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

SOUTHWESTERN PUBLIC HEALTH

Statement of Cash Flows For the Year Ended December 31, 2023

	2023	2022
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	578,396	(49,294)
Items not involving cash:		
Amortization of tangible capital assets	604,734	754,397
Unrealized gain on derviative (Note 1)	<u>(371,197)</u>	<u>-</u>
	<u>233,537</u>	<u>754,397</u>
Change in non-cash working capital balances:		
Accounts receivable	(122,435)	(208,829)
Government remittances receivable	8,746	5,547
Prepaid expenses	(16,834)	1,633
Accounts payable and accrued liabilities	(368,918)	(117,858)
Deferred revenue	(16,162)	(176,817)
Due to Province of Ontario	(3,915,706)	4,191,979
Derivative (Note 1)	<u>371,197</u>	<u>-</u>
	<u>(3,248,179)</u>	<u>4,400,758</u>
CAPITAL ACTIVITIES		
Net acquisition of tangible capital assets	<u>(686,495)</u>	<u>(469,014)</u>
	<u>(686,495)</u>	<u>(469,014)</u>
FINANCING ACTIVITIES		
Repayment to long-term debt	<u>(241,000)</u>	<u>(232,000)</u>
	<u>(241,000)</u>	<u>(232,000)</u>
NET CHANGE IN CASH DURING THE YEAR	(4,175,674)	3,699,744
CASH, BEGINNING OF YEAR	<u>8,167,225</u>	<u>4,467,481</u>
CASH, END OF YEAR	<u><u>3,991,551</u></u>	<u><u>8,167,225</u></u>

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

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

PURPOSE OF ORGANIZATION

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

1. CHANGE IN ACCOUNTING POLICIES

On January 1, 2023 Southwestern Public Health adopted accounting policies to conform to new standards issued under Canadian public sector accounting standards. The organization adopted the following standards which had the following impact:

- PS 1201 - Financial Statement Presentation - resulting in presentation of a new statement of remeasurement gains and losses. This change has been applied retrospectively.
- PS 3280 - Asset Retirement Obligations - require reporting of any asset retirement obligations as tangible capital assets and their liabilities and associated policies. It is managements opinion that no asset retirement obligations exist as at December 31, 2023. This change has been applied retrospectively.
- PS 3450 - Financial Instruments - reporting new disclosures regarding financial instrument risks and the restatement of the opening accumulated surplus. This change has been applied prospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the organization are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the organization are as follows:

Basis of Accounting

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

Revenue Recognition

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

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

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

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

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

Useful lives of tangible capital assets
Employee benefit plans

Tangible Capital Assets

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

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

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

Deferred Revenue

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

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The organization's financial instruments consist of cash , accounts receivable, accounts payable and accrued liabilities, deferred revenues, due to Province, and long-term debt.

The organization's financial instruments are measured as follows:

- i. Cash at fair value;
- ii. Portfolio investments at fair value (if any);
- iii. Accounts receivable at amortized cost;
- iv. Accounts payable and accrued liabilities at amortized cost;
- v. Long-term debt at amortized cost;
- vi. Derivative at fair value.

The fair value is determined as follows:

- i. Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- ii. Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- iii. Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

For financial instruments measured using amortized cost the transaction costs and any other fees are expensed as incurred.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

The organization uses derivative financial instruments, including an interest rate swap agreement, in its management of exposures to fluctuations in interest rates. An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. Derivatives are recorded at fair value and in determining the fair value, the credit risk of both counterparts are considered.

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefit Plans

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

Asset retirement obligations

The organization may be exposed to obligations of remediation associated with their tangible capital assets. If a legal obligation exists of remediation for a tangible capital asset then the organization would be required to set up an estimated future cost and liability associated with these obligations. As at December 31, 2023 there were no tangible capital assets that organization has controlled, constructed, owned or used that would have a legal obligation of remediation.

3. RECONCILIATION FOR MINISTRY OF HEALTH SETTLEMENT PURPOSES

	2023 \$	2022 \$
Excess (Deficiency) of Revenues over Expenditures	578,396	(49,294)
Reconciling items:		
Principal portion of long-term debt	(241,000)	(232,000)
Vacation and compensating time change	25,506	(130,258)
Amortization	604,734	754,397
Eligible expenses transferred to tangible capital assets	<u>(686,495)</u>	<u>(374,498)</u>
Excess (Deficiency) of Revenues over Expenditures for Ministry of Health Purposes	<u>281,141</u>	<u>(31,653)</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

4. ACCUMULATED SURPLUS

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

	2023	2022
	<u>\$</u>	<u>\$</u>
SURPLUS		
General reserve	307,034	306,899
Levy to be returned to municipalities	255,500	-
Invested in tangible capital assets	<u>9,381,629</u>	<u>9,299,868</u>
	9,944,163	9,606,767
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(6,929,000)</u>	<u>(7,170,000)</u>
ACCUMULATED SURPLUS	<u><u>3,015,163</u></u>	<u><u>2,436,767</u></u>

5. DEFERRED REVENUE

	2023	2022
	<u>\$</u>	<u>\$</u>
Ontario Seniors Dental Care Program Capital:		
New Fixed Site (March 31, 2024)	1,540,000	-
Low German Needs Assessment	67,392	84,269
IPAC Hub Infection (March 31, 2024)	65,073	-
Locally Driven Collaborative Projects (March 31, 2024)	53,222	-
Healthy Babies Healthy Children (March 31, 2024)	41,503	-
Needle Syringe Program (March 31, 2024)	29,643	-
Sewage Inspection Program	17,175	17,175
Public Health Agency of Canada	9,067	9,067
Prenatal and Postnatal Nurse Practitioner (March 31, 2024)	846	-
Ontario Seniors Dental Care Program Capital:		
New Fixed Site (March 31, 2023)	-	1,155,004
Mobile Dental Clinic (March 31, 2023)	-	500,000
Healthy Babies Healthy Children (March 31, 2023)	-	57,529
Needle Syringe Program (March 31, 2023)	<u>-</u>	<u>17,039</u>
Total Deferred Revenue	<u><u>1,823,921</u></u>	<u><u>1,840,083</u></u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

6. TANGIBLE CAPITAL ASSETS

December 31, 2023

Cost	Opening \$	Additions \$	Disposals \$	Ending \$
Land	572,909	-	-	572,909
Land improvements	161,330	-	-	161,330
Building	7,971,153	13,560	-	7,984,713
Roof	157,000	-	-	157,000
Building component equipment	1,934,844	549,265	-	2,484,109
Computer equipment	<u>2,586,298</u>	<u>123,670</u>	<u>-</u>	<u>2,709,968</u>
	<u>13,383,534</u>	<u>686,495</u>	<u>-</u>	<u>14,070,029</u>
Accumulated Amortization	Opening \$	Amortization \$	Disposals \$	Ending \$
Land improvements	64,536	8,067	-	72,603
Building	1,511,069	199,279	-	1,710,348
Roof	62,800	7,850	-	70,650
Building component equipment	538,406	66,165	-	604,571
Computer equipment	<u>1,906,855</u>	<u>323,373</u>	<u>-</u>	<u>2,230,228</u>
	<u>4,083,666</u>	<u>604,734</u>	<u>-</u>	<u>4,688,400</u>
Net Book Value	Opening \$			Ending \$
Land	572,909			572,909
Land improvements	96,794			88,727
Building	6,460,084			6,274,365
Roof	94,200			86,350
Building component equipment	1,396,438			1,879,538
Computer equipment	<u>679,443</u>			<u>479,740</u>
	<u>9,299,868</u>			<u>9,381,629</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

6. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2022

Cost	Opening \$	Additions \$	Disposals \$	Ending \$
Land	572,909	-	-	572,909
Land improvements	161,330	-	-	161,330
Building	7,932,066	39,087	-	7,971,153
Roof	157,000	-	-	157,000
Building component equipment	1,644,296	290,548	-	1,934,844
Computer equipment	<u>2,446,919</u>	<u>139,379</u>	<u>-</u>	<u>2,586,298</u>
	<u>12,914,520</u>	<u>469,014</u>	<u>-</u>	<u>13,383,534</u>
Accumulated Amortization	Opening \$	Amortization \$	Disposals \$	Ending \$
Land improvements	56,469	8,067	-	64,536
Building	1,312,767	198,302	-	1,511,069
Roof	54,950	7,850	-	62,800
Building component equipment	473,260	65,146	-	538,406
Computer equipment	<u>1,431,823</u>	<u>475,032</u>	<u>-</u>	<u>1,906,855</u>
	<u>3,329,269</u>	<u>754,397</u>	<u>-</u>	<u>4,083,666</u>
Net Book Value	Opening \$			Ending \$
Land	572,909			572,909
Land improvements	104,861			96,794
Building	6,619,299			6,460,084
Roof	102,050			94,200
Building component equipment	1,171,036			1,396,438
Computer equipment	<u>1,015,096</u>			<u>679,443</u>
	<u>9,585,251</u>			<u>9,299,868</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

7. LONG-TERM DEBT

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

	2023	2022
	<u>\$</u>	<u>\$</u>
RBC bankers' acceptance to finance construction of new office building	7,300,197	7,170,000
Fair value of financial derivative (Note 1 & 8)	<u>371,197</u>	<u>-</u>
Long-term debt	<u><u>6,929,000</u></u>	<u><u>7,170,000</u></u>

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

2024	2025	2026	2027	2028	Thereafter	Total
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>248,000</u>	<u>257,000</u>	<u>265,000</u>	<u>274,000</u>	<u>283,000</u>	<u>5,973,197</u>	<u>7,300,197</u>

On January 2, 2014 the organization converted the short term construction loan into long-term financing. The organization was advanced \$9,000,000 in a 32 day banker acceptance notes at the CDOR rate of 1.22% plus a stamping fee of 0.40%. The organization at the same time entered into an interest rate swap contract to fix the interest rate on their long-term financing at 2.85% for a 30 year time frame. As a result of these transactions, the organization had fixed their rate on this debt obligation at 2.85% plus the stamping fee. The stamping fee is reviewed every fifteen years to determine if the risk assessment of the organization has changed from the last review at which point the rate could increase if additional risk is determined.

8. DERIVATIVES

The organization has entered into an interest rate swap agreement as a result of the debt disclosed in Note 7). As a result if the organization were to repay the long-term debt at December 31, 2023 an additional cost of \$371,197 would be incurred. The organization intends to carry the long-term debt to full maturity thereby eliminating the loss.

	2023	2022
	<u>\$</u>	<u>\$</u>
Fair value of Financial Derivatives Beginning of Year	642,351	-
Unrealized (Gain)/Losses	<u>(271,154)</u>	<u>-</u>
Fair Value of Financial Derivatives (Note 1)	<u><u>371,197</u></u>	<u><u>-</u></u>

Financial Derivatives are classified as Level 3

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

9. PROVINCE OF ONTARIO

	2023	2022
	<u>\$</u>	<u>\$</u>
COST SHARED PROGRAMS		
General Public Health Programs	12,667,878	12,557,250

OTHER PROGRAMS AND ONE TIME FUNDING

Ministry Programs - 100% Funding

Infection Prevention and Control Hub (March 31, 2022)	-	548,744
Infection Prevention and Control Hub (March 31, 2023)	24,787	660,213
Infection Prevention and Control Hub (March 31, 2024)	371,805	-
Medical Officer of Health Compensation Initiative	62,632	21,990
Merger Costs (March 31, 2022)	-	60,609
Mobile Dental Clinic (March 31, 2023)	453,910	-
Needle Syringe Program (March 31, 2022)	-	9,818
Needle Syringe Program (March 31, 2023)	25,099	10,336
Needle Syringe Program (March 31, 2024)	11,606	-
Ontario Seniors Dental Care Program	1,061,106	1,021,144
Public Health Inspector Practicum Program (March 31, 2023)	393	19,606
Public Health Inspector Practicum Program (March 31, 2024)	20,000	-
School-Focused Nurses Initiative (March 31, 2022)	-	204,492
School-Focused Nurses Initiative (March 31, 2023)	225,000	672,000
School-Focused Nurses Initiative (June 30, 2023)	225,000	-
COVID-19: Extraordinary Costs	-	2,818,925
COVID-19: Vaccine Program (December 31, 2023)	219,547	-
Temporary Retention Incentive for Nurses (March 31, 2022)	-	436,716
Vaccine Fridge (March 31, 2024)	<u>32,600</u>	<u>-</u>
Total Ministry Programs- 100% Funding	<u>2,733,485</u>	<u>6,484,593</u>

Other Programs

Prenatal and Postnatal Nurse Practitioner Services (March 31, 2023)	34,744	139,008
Prenatal and Postnatal Nurse Practitioner Services (March 31, 2024)	103,410	-
Healthy Babies Healthy Children (March 31, 2022)	-	152,820
Healthy Babies Healthy Children (March 31, 2023)	470,919	1,182,620
Healthy Babies Healthy Children (March 31, 2024)	<u>1,198,646</u>	<u>-</u>
Total other programs	<u>1,807,719</u>	<u>1,474,448</u>
Total Province of Ontario grants	<u>17,209,082</u>	<u>20,516,291</u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

10. PUBLIC HEALTH AGENCY OF CANADA

The organization receives funding from the Public Health Agency of Canada for funds to carry out the Smoking Cessation (previously Creating Connections) project. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	2023 <u>\$</u>	2022 <u>\$</u>
Revenue		
Revenue (March 31, 2022)	-	157,132
Revenue (March 31, 2023)	62,974	105,633
Revenue (March 31, 2024)	<u>119,966</u>	<u>-</u>
	<u>182,940</u>	<u>262,765</u>
Expenditure		
Purchased services (March 31, 2022)	-	56,352
Purchased services (March 31, 2023)	46,102	39,321
Purchased services (March 31, 2024)	52,132	-
Salaries (March 31, 2022)	-	6,066
Salaries (March 31, 2023)	14,952	58,322
Salaries (March 31, 2024)	55,643	-
Benefits (March 31, 2022)	-	198
Benefits (March 31, 2023)	1,792	7,677
Benefits (March 31, 2024)	12,012	-
Travel (March 31, 2023)	127	313
Travel (March 31, 2024)	<u>180</u>	<u>-</u>
	<u>182,940</u>	<u>168,249</u>
Capital expenditures (March 31, 2022)	<u>-</u>	<u>94,516</u>
Program excess of revenue over expenditures	<u><u>-</u></u>	<u><u>-</u></u>

11. STUDENT NUTRITION

The organization receives funding from a number of external agencies including the United Way and VON to provide healthy foods to participating schools in Oxford County. 2022 was the final year of the program, unspent funds at the year end have been included in the payables balance to the new organizer.

	2023 <u>\$</u>	2022 <u>\$</u>
Revenue	<u>-</u>	<u>165,597</u>
Expenditure		
Program supplies	<u>-</u>	<u>165,597</u>
Program excess of revenue over expenditures	<u><u>-</u></u>	<u><u>-</u></u>

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

12. CASH FLOW FROM THE PROVINCE OF ONTARIO MINISTRIES OF HEALTH AND CHILDREN, COMMUNITY AND SOCIAL SERVICES

The organization receives annual funding and one time funding ("OTF") from the Province of Ontario Ministry of Health ("MOH") and the Ministry of Children, Community and Social Services ("MCCSS") to carry out general public health programs and related health programs and services. Funding provided from the Ministry for the year ended December 31, 2023 is as follows:

	MOH \$	MCCSS \$
COVID - Extraordinary Costs (March 31, 2023)	137,497	-
General Public Health Programs	12,667,878	-
Infection Prevention and Control Hub (March 31, 2023)	171,244	-
Infection Prevention and Control Hub (March 31, 2024)	436,878	-
Medical Officer of Health Compensation Initiative	179,305	-
Needle Syringe Program - OTF (March 31, 2023)	9,125	-
Needle Syringe Program - OTF (March 31, 2024)	41,249	-
Ontario Senior Dental Care Program	1,061,106	-
Ontario Seniors Dental Care Program Capital:		
New Fixed Site - OTF (March 31, 2024)	384,996	-
Public Health Inspector Practicum Program OTF (March 31, 2023)	5,003	-
Public Health Inspector Practicum Program OTF (March 31, 2024)	14,998	-
School-Focused Nurses Initiative (March 31, 2023)	225,000	-
School-Focused Nurses Initiative (June 30, 2023)	225,000	-
Temporary Retention Incentive for Nurses (March 31, 2023)	96,506	-
Vaccine Fridge (March 31, 2024)	24,447	-
Healthy Babies Healthy Children (March 31, 2023)	-	413,382
Healthy Babies Healthy Children (March 31, 2024)	-	1,240,149
Prenatal and Postnatal Nurse Practitioner (March 31, 2023)	-	34,752
Prenatal and Postnatal Nurse Practitioner (March 31, 2024)	-	104,256
	<u>15,680,232</u>	<u>1,792,539</u>

13. PUBLIC SECTOR SALARY DISCLOSURE ACT 1996

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

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

14. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2023, and the results of this valuation disclosed actuarial liabilities of \$136.2 billion in respect of benefits accrued for service with actuarial assets at that date of \$132 billion leaving an actuarial deficit of \$4.2 billion.

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

The amount contributed to OMERS for the year ended December 31, 2023 was \$1,271,862. OMERS contribution rates for 2023 and 2022 depending on income level and retirement dates ranged from 9% to 15.8%.

15. BUDGET FIGURES

The operating budgets approved by the organization and the Province of Ontario for 2023 are reflected on the statement of operations and are presented for comparative purposes.

16. OPERATING LEASES

The organization leases two buildings from the County of Oxford at \$49,007 per month plus HST on an ongoing monthly basis to April 30, 2024. On an annual basis the landlord increases the annual rent by the percentage increase of the Consumer Price Index.

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

	<u>\$</u>
2024	621,218
2025	637,785
2026	212,595

Subsequent to year end the organization signed new lease agreements for the two buildings with the County of Oxford at \$53,149 per month plus HST on an ongoing monthly basis to April 30, 2026.

SOUTHWESTERN PUBLIC HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2023

17. FINANCIAL INSTRUMENTS

Risks and Concentrations

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

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization doesn't believe that liquidity risk is a significant risk as no financial liabilities of the organization were in default during the period and was no subject to any covenants during the period.

Credit Risk

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

At year end, the organization has no significant risk as the organization does not expect any issues with the collections of these balances.

Interest Rate Risk

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

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

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

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2023

	(Note 15) Budget 2023 <u>\$</u>	2023 <u>\$</u>	2022 <u>\$</u>
GENERAL PUBLIC HEALTH PROGRAMS			
SALARIES AND WAGES			
Management	3,641,085	3,775,666	3,425,822
Nursing	3,868,826	3,599,795	2,858,884
Inspection and environment	1,335,063	1,254,873	1,129,003
Clerical and support	1,105,594	937,653	808,059
Health promotion	841,083	825,097	609,941
COVID-19	<u>2,839,295</u>	<u>1,166,234</u>	<u>4,175,339</u>
	<u>13,630,946</u>	<u>11,559,318</u>	<u>13,007,048</u>
FRINGE BENEFITS			
Group pension	1,718,729	1,542,065	1,407,479
Canada pension plan	578,000	600,455	664,368
Extended health care	627,500	561,971	505,861
Long term disability	366,000	340,132	336,817
Employer health tax	263,500	268,282	310,418
Employment insurance	205,500	214,712	228,982
Dental plan	236,000	208,402	190,792
Workplace safety insurance	134,000	142,707	95,202
Part-time benefits	44,945	111,806	102,285
Group life insurance	64,500	60,220	56,233
Supplementary unemployment benefits	79,000	28,476	81,987
Employee assistance programs	8,900	8,226	7,858
Benefits to other programs	(1,005,119)	(1,055,002)	(1,594,411)
COVID-19	<u>809,973</u>	<u>141,192</u>	<u>876,706</u>
	<u>4,131,428</u>	<u>3,173,644</u>	<u>3,270,577</u>
FEES AND HONORARIA			
Labour relations	99,595	119,859	156,815
Audit and legal	106,000	42,691	45,528
Meeting expense	16,800	18,817	12,454
Honorarium	22,000	16,179	15,618
Services fees	<u>6,650</u>	<u>8,053</u>	<u>6,429</u>
	<u>251,045</u>	<u>205,599</u>	<u>236,844</u>
COVID-19 EXPENSES OTHER THAN PAYROLL	<u>2,137,251</u>	<u>69,108</u>	<u>646,660</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2023

	(Note 15) Budget 2023 \$	2023 \$	2022 \$
TRAVEL	<u>216,151</u>	<u>135,302</u>	<u>92,478</u>
EQUIPMENT	<u>797,987</u>	<u>635,865</u>	<u>645,736</u>
PROGRAM SUPPLIES	<u>460,824</u>	<u>544,407</u>	<u>457,339</u>
AMORTIZATION	<u>-</u>	<u>604,734</u>	<u>754,397</u>
RENT AND UTILITY SERVICES			
Building and facilities rental	1,205,608	833,519	774,814
Interest on long-term debt	<u>239,000</u>	<u>230,506</u>	<u>262,604</u>
	<u>1,444,608</u>	<u>1,064,025</u>	<u>1,037,418</u>
ADMINISTRATIVE			
Telephone	196,110	164,655	164,173
Insurance	154,450	132,719	112,296
Professional development	131,328	96,502	68,795
Fees and subscriptions	45,385	74,999	53,533
Public awareness, promotion and engagement strategies	178,105	73,788	61,291
Printing and postage	<u>39,125</u>	<u>24,880</u>	<u>24,398</u>
	<u>744,503</u>	<u>567,543</u>	<u>484,486</u>
TOTAL COST SHARED PROGRAM EXPENDITURES	<u>23,814,743</u>	<u>18,559,545</u>	<u>20,632,983</u>

SOUTHWESTERN PUBLIC HEALTH

Schedule of Expenditures For the Year Ended December 31, 2023

	(Note 15) Budget		
	2023	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>
OTHER PROGRAMS AND ONE TIME EXPENDITURES			
MINISTRY PROGRAMS - 100% FUNDED			
COVID Vaccine Program (March 31, 2024)	329,400	219,547	-
Infection Prevention and Control Hub (March 31, 2022)	-	-	548,745
Infection Prevention and Control Hub (March 31, 2023)	685,000	24,787	660,213
Infection Prevention and Control Hub (March 31, 2024)	436,875	371,805	-
Medical Officer of Health Compensation Initiative	156,043	62,632	21,990
Merger Costs (March 31, 2022)	-	-	60,610
Mobile Dental Clinic (March 31, 2023)	500,000	865	-
Needle Syringe Program Initiative (March 31, 2022)	-	-	9,818
Needle Syringe Program Initiative (March 31, 2023)	36,500	25,099	10,335
Needle Syringe Program Initiative (March 31, 2024)	55,000	11,605	-
Ontario Senior Dental Care Program	1,061,100	1,062,845	899,204
Public Health Inspector Practicum Program (March 31, 2022)	-	-	19,607
Public Health Inspector Practicum Program (March 31, 2023)	20,000	393	-
Public Health Inspector Practicum Program (March 31, 2024)	20,000	20,000	-
School-Focused Nurses Initiative (March 31, 2022)	-	-	204,492
School-Focused Nurses Initiative (March 31, 2023)	225,000	225,000	672,000
School-Focused Nurses Initiative (June 30, 2023)	225,000	225,000	-
Temporary Retention Incentive for Nurses (March 31, 2022)	<u>-</u>	<u>-</u>	<u>436,715</u>
Total Ministry Programs - 100% Funded	<u>3,749,918</u>	<u>2,249,578</u>	<u>3,543,729</u>
OTHER PROGRAMS			
Healthy Babies Healthy Children	1,653,539	1,669,436	1,335,575
Public Health Agency Canada	198,620	182,941	168,248
Prenatal and Postnatal Nurse Practitioner Services	139,000	138,154	139,000
Low German Partnership	-	16,877	1,355
Student Nutrition	-	-	165,597
Locally Driven Collaborative Projects (March 31, 2024)	<u>38,744</u>	<u>4,894</u>	<u>-</u>
Total other programs	<u>2,029,903</u>	<u>2,012,302</u>	<u>1,809,775</u>
TOTAL EXPENDITURES	<u><u>29,594,564</u></u>	<u><u>22,821,425</u></u>	<u><u>25,986,487</u></u>