

Financial Statements of

**WINDSOR-ESSEX COUNTY
HEALTH UNIT**

And Independent Auditor's Report thereon

Year ended December 31, 2023

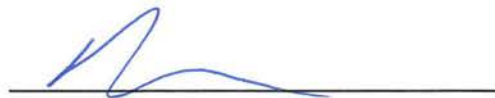
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.



Dr. Ken Blanchette
Chief Executive Officer



Michael Horrobin
Director of Corporate Services

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted auditing 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Health Unit's to cease to continue as a going concern.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Financial assets:		
Cash and short-term investments (note 2)	\$ 3,872,384	\$ 2,506,112
Accounts receivable (note 3)	3,358,225	3,255,714
	<u>\$ 7,230,609</u>	<u>\$ 5,761,826</u>

Financial liabilities

Financial liabilities:		
Due to Province of Ontario (note 4)	\$ 2,343,608	\$ 2,125,488
Due to Municipalities (note 5)	1,183,298	1,083,990
Due to community programs	480,775	1,050,957
Amounts held in trust (note 6)	91,844	145,487
Trade accounts payable	868,508	296,633
Accrued payroll and deductions	1,743,256	555,352
Deferred revenue (note 7)	442,223	229,091
Employee future benefit liabilities (note 8)	2,525,686	2,575,371
	<u>9,679,198</u>	<u>8,062,369</u>
Net debt	(2,448,589)	(2,300,542)

Non-financial assets

Non-financial assets:		
Tangible capital assets (note 9)	1,541,496	3,999,455
Prepaid and other expenses	344,872	134,531
	<u>1,886,368</u>	<u>4,133,986</u>

Commitments and contingencies (notes 11, 12 and 14)

Accumulated surplus (deficit) (note 10)	\$ (562,221)	\$ 1,833,443
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See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

- 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.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

(date)

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Operations and Accumulated Surplus (Deficit)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue		
Municipalities:		
City of Windsor	\$ 3,226,011	\$ 3,211,902
County of Essex	2,713,579	2,684,571
Township of Pelee	3,179	3,475
	5,942,769	5,899,948
Province of Ontario:		
Mandatory Health Programs	16,290,825	16,101,525
Ontario Seniors Dental Care Program	2,631,233	1,936,350
One-time funding (schedule 2)	5,310,628	8,708,181
	24,232,686	26,746,056
Other:		
Interest	102,622	76,008
Miscellaneous	47,118	179,673
Ontario Seniors Dental Care Program user fees	7,045	6,851
Ontario Seniors Dental Care Building Occupancy	129,624	-
Other grants (schedule 4)	224,634	667,406
Seasonal housing inspection fees	94,845	70,752
Septic	10,866	4,771
Urgent Care Public Health Needs Site	379,243	-
Vaccine reimbursement	116,234	137,787
	1,112,231	1,143,248
Total revenue	31,287,686	33,789,252
Expenses		
General programs (schedule 3)	27,001,925	25,463,125
Ontario Seniors Dental Care Program (schedule 1)	2,607,688	1,932,263
One-time funding (schedule 2)	1,613,676	2,500,837
Other grants (schedule 4)	224,634	667,406
Loss on disposal (Note 13)	2,234,365	-
Septic	1,062	16,864
Total expenses	33,683,350	30,580,495
Annual surplus (deficit)	(2,395,664)	3,208,757
Accumulated surplus (deficit), beginning of year	1,833,443	(1,375,314)
Accumulated surplus (deficit), end of year	\$ (562,221)	\$ 1,833,443

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Changes in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus (deficit)	\$ (2,395,664)	\$ 3,208,756
Acquisition of tangible capital assets	(92,407)	(3,442,533)
Amortization of tangible capital assets	316,001	281,754
Loss on disposal	2,234,365	-
Use of prepaid and other expenses	134,531	210,784
Acquisition of prepaid and other expenses	(344,872)	(134,531)
Change in net debt	(148,046)	124,230
Net debt, beginning of year	(2,300,543)	(2,424,774)
Net debt, end of year	\$ (2,448,589)	\$ (2,300,543)

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (2,395,664)	\$ 3,208,757
Items not involving cash:		
Amortization	316,001	281,754
Change in employee future benefit liabilities	(49,685)	(85,270)
Loss on disposal	2,234,365	-
Change in non-cash assets and liabilities:		
Accounts receivable	(102,511)	(2,546,835)
Prepaid and other expenses	(210,341)	76,253
Due to Municipalities	99,308	(1,798,243)
Due to Province of Ontario	218,120	(2,676,659)
Due to community programs	(570,182)	(54,276)
Amounts held in trust	(53,643)	(3,946)
Trade accounts payable	571,875	(215,336)
Accrued payroll and deductions	1,187,904	(228,521)
Deferred revenue	213,132	(441,844)
Net change in cash from operating activities	1,458,679	(4,484,166)
Capital activities:		
Cash used to acquire tangible capital assets	(92,407)	(3,442,533)
Net change in cash	1,366,272	(7,926,699)
Cash and short-term investments, beginning of year	2,506,112	10,432,811
Cash and short-term investments, end of year	\$ 3,872,384	\$ 2,506,112

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements

Year ended December 31, 2023

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.

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.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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.

(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.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Employee future benefits (continued):

(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 14.7 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.

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) Asset retirement obligation:

On January 1, 2023, the Health Unit adopted Canadian public sector accounting standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Asset retirement obligations (continued):

As at December 31, 2023, the Health Unit determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

(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, 2023, 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 the adoption of this standard.

2. Cash and short-term investments:

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

	2023	2022
Non-restricted funds	\$ 3,586,387	\$ 2,174,016
Restricted funds:		
Employee benefits	194,153	186,609
Held in trust – prepaid leave program	91,844	145,487
	\$ 3,872,384	\$ 2,506,112

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Accounts receivable:

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

	2023	2022
Province of Ontario	\$ 2,575,382	\$ 2,282,591
Commodity taxes receivable	177,009	215,865
Other	605,834	757,258
	3,358,225	3,255,714
Less allowance for doubtful accounts	—	—
	\$ 3,358,225	\$ 3,255,714

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:

	2023	2022
Current year settlement	\$ 1,100,359	\$ 1,646,473
Prior year settlements	1,243,249	479,015
	\$ 2,343,608	\$ 2,125,488

During the period January 1, 2024 to March 31, 2024, cash flows of \$112,345 were clawed back, reducing the settlement for 2023 to \$882,238. Details of the amounts clawed back are as follows:

- Ontario Senior Dental Care funding \$112,345

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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:

	2023	2022
City of Windsor:		
Current year settlement	\$ 644,181	\$ 591,373
Prior year settlements	591,373	1,570,706
Repayment of prior year's settlements	(591,373)	(1,570,706)
	644,181	591,373
County of Essex:		
Current year settlement	538,420	494,281
Prior year settlements	800,190	1,313,088
Repayment of prior year's settlements	(800,190)	(1,313,088)
	538,420	494,281
Township of Pelee:		
Current year settlement	697	640
Prior year settlements	640	(1,561)
Receipt against prior year's settlements	(640)	(743)
	697	(1,664)
	\$ 1,183,298	\$ 1,083,990

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, 2023, of \$91,844 (2022 - \$145,487) are recognized as a liability on the statement of financial position.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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:

	2023	2022
Programs funded by external parties	\$ 414,978	\$ 186,946
Funding for specified purposes	27,145	42,145
Deferred revenue, end of year	\$ 442,223	\$ 229,091

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

	2023	2022
Deferred revenue, beginning of year	\$ 229,091	\$ 670,936
Funds received during the year	2,014,348	1,472,143
Expenses incurred in the year	(1,801,216)	(1,913,988)
Deferred revenue, end of year	\$ 442,223	\$ 229,091

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 2023 was \$1,823,313 (2022 - \$1,586,606) and is included in benefits expense on the statement of operations and accumulated deficit.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Employee future benefits (continued):

(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, 2023. The employee future benefits liabilities consist of the following:

	2023	2022
Accrued vacation entitlements	\$ 374,402	\$ 405,639
Post-retirement benefits	1,112,610	1,092,328
Sick leave entitlements	1,038,674	1,077,404
	<u>\$ 2,525,686</u>	<u>\$ 2,575,371</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, 2023 are \$374,402 (2022 - \$405,639) and are included in employee future benefits liabilities on the statement of financial position.

(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, 2023. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate	4.65% (2022 - 5.05%)
Health Care Trend Rate	5.5% (2022 - 6.65%) in 2025; decreasing over 15 years to an ultimate rate 4.0%
Dental Care Trend Rate	4.0% (2022 - 3.50%)

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Employee future benefits (continued):

(ii) Post-retirement benefits (continued):

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

	2023	2022
Accrued benefit liability, beginning of year	\$ 1,092,328	\$ 1,040,919
Current service cost	55,103	78,328
Interest cost	49,575	37,706
Benefits paid	(77,655)	(79,307)
Amortization of actuarial (gains) losses	(6,741)	14,682
Accrued benefit liability, end of year	1,112,610	1,092,328
Unamortized net actuarial (gains) losses	80,982	(99,370)
Accrued benefit obligations, end of year	\$ 1,193,592	\$ 992,958

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

	2023	2022
Current service cost	\$ 55,103	\$ 78,328
Interest cost	49,575	37,706
Amortization of actuarial (gains) losses	(6,741)	14,682
Benefit expense	\$ 97,937	\$ 130,716

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:

	2023	2022
1% increase in trend rate	\$ 134,000	\$ 126,000
1% decrease in trend rate	(225,000)	(107,000)

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

	2023	2022
1% increase in trend rate	\$ (127,800)	\$ (120,700)
1% decrease in trend rate	153,700	147,300

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Employee future benefits (continued):

(iii) Sick leave entitlements:

Included in employee future benefits liability on the statement of financial position is the liability for sick leave entitlements of \$1,038,674 (2022 - \$1,077,404). 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.

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, 2021, with results to December 31, 2023. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate 4.60% (2022 - 2.65%)

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

	2023	2022
Accrued benefit liability, beginning of year	\$ 1,077,404	\$ 1,122,608
Current service cost	41,488	48,509
Interest cost	24,712	15,412
Benefits paid	(55,258)	(63,526)
Amortization of actuarial gains	(49,672)	(45,599)
Accrued benefit liability, end of year	1,038,674	1,077,404
Unamortized net actuarial gains	(516,041)	(581,167)
Accrued benefit obligations, end of year	\$ 522,633	\$ 496,237

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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:

	2023	2022
Current service cost	\$ 41,488	\$ 48,509
Interest cost	24,712	15,412
Amortization of actuarial gains	(49,672)	(45,599)
Benefit expense	\$ 16,258	\$ 18,322

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

	2023	2022
1% increase in discount rate	\$ (33,300)	\$ (42,200)
1% decrease in discount rate	37,300	48,000

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Computer hardware	\$ 1,148,297	\$ 324,066	\$ 75,874	\$ 1,396,489
Furniture and fixtures	687,757	31,640	37,929	681,468
Telephone and security	274,519	39,452	16,104	297,867
Medical equipment	875,133	105,611	25,162	955,582
Leasehold improvements	1,314,154	657,454	-	1,971,608
Vehicle	20,351	-	-	20,351
Assets in progress	3,299,116		3,299,116	-
Total	\$ 7,619,327	\$ 1,158,223	\$ 3,454,185	\$ 5,323,365

Accumulated amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Computer hardware	\$ 976,541	\$ 75,874	\$ 167,883	\$ 1,068,550
Furniture and fixtures	605,520	36,864	27,195	595,851
Telephone and security	259,391	16,104	8,653	251,940
Medical equipment	738,054	25,162	66,984	779,876
Leasehold improvements	1,026,119	-	43,252	1,069,371
Vehicle	14,247		2,034	16,281
Total	\$ 3,619,872	\$ 154,004	\$ 316,001	\$ 3,781,869

Net book value	Balance at December 31, 2022		Balance at December 31, 2023
Computer hardware	\$ 171,756		\$ 327,939
Furniture and fixtures	82,237		85,617
Telephone and security	15,128		45,927
Medical equipment	137,079		175,706
Leasehold improvements	288,035		902,237
Vehicle	6,104		4,070
Assets in progress	3,299,116		-
Total	\$ 3,999,455	\$	\$ 1,541,496

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Computer hardware	\$ 1,229,055	\$ 51,193	\$ 131,951	\$ 1,148,297
Furniture and fixtures	634,140	56,319	2,702	687,757
Telephone and security	268,405	6,114	-	274,519
Medical equipment	847,058	29,791	1,716	875,133
Leasehold improvements	1,314,154	-	-	1,314,154
Vehicle	20,351	-	-	20,351
Assets in progress	-	3,299,116	-	3,299,116
Total	\$ 4,313,163	\$ 3,442,533	\$ 136,369	\$ 7,619,327

Accumulated amortization	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Computer hardware	\$ 946,900	\$ 131,951	\$ 161,592	\$ 976,541
Furniture and fixtures	584,968	2,702	23,254	605,520
Telephone and security	255,295	-	4,096	259,391
Medical equipment	674,286	1,716	65,484	738,054
Leasehold improvements	1,000,826	-	2,305	14,247
Vehicle	12,212	-	-	-
Total	\$ 3,474,487	\$ 136,396	\$ 281,754	\$ 3,619,872

Net book value	Balance at December 31, 2021	Balance at December 31, 2022
Computer hardware	\$ 282,155	\$ 171,756
Furniture and fixtures	49,172	82,237
Telephone and security	13,110	15,128
Medical equipment	172,772	137,079
Leasehold improvements	313,328	288,035
Vehicle	8,139	6,104
Assets in progress	-	3,299,116
Total	\$ 838,676	\$ 3,999,455

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Tangible capital assets (continued):

Amortization expense for 2023 was \$316,001 (2022 - \$281,754) 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:

	2023	2022
Mandatory program	\$ 364,478	\$ 3,417,840
Healthy Smiles Ontario	21,756	13,755
Ontario Seniors Dental Care Program	30,591	10,938
SafePoint	741,398	-
	<u>\$ 1,158,223</u>	<u>\$ 3,442,533</u>

10. Accumulated surplus (deficit):

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

	2023	2022
Surplus (deficit):		
Invested in tangible capital assets	\$ 1,541,496	\$ 3,999,455
Other	182,213	179,407
Amounts to be recovered in future years:		
Employee future benefit liabilities	(2,525,686)	(2,575,371)
Total surplus (deficit)	(801,977)	1,603,491
Reserves:		
Employee benefits	184,687	184,687
Septic	55,069	45,265
Total reserves	239,756	229,952
	<u>\$ (562,221)</u>	<u>\$ 1,833,443</u>

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, 2023 (2022 - \$nil).

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Commitments:

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

Years	Annual payments
2024	\$ 13,942
2025	7,245

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 2024, the Health Unit entered into a lease extension for an additional three-year period commencing January 1, 2025 to December 31, 2027 with an option to exercise an extension for a five-year renewal term ending December 31, 2026 and a second five-year renewal term exercised anytime on or before December 31, 2031. The annual lease payments over the remaining term of the lease, including the first five-year renewal extension, on a calendar year basis are as follows:

Years	Annual payment
2024	\$ 559,977
2025	576,777
2026	594,080
2027	611,902
2028 to 2032	3,346,132

Total lease payments for the remaining term amount to \$5,688,868. 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
2024	\$ 97,390	\$ 97,390
2025 to 2026	97,390	194,780
2027 to 2031	108,211	541,055
2032 to 2036	119,032	595,160
		\$ 1,428,385

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Commitments (continued):

In November of 2022, the Health Unit entered into an operating lease for space at 101 Wyandotte Street East, Windsor Ontario. The commencement date of this lease is May 1, 2022. The term of the lease is for a three-year period and will mature on April 30, 2025, or earlier, in the event certain early termination clauses are exercised. This site is currently on pause waiting for funding. Lease payments over the life of the lease on a calendar year basis are as follows:

Years	Annual payment
2024	\$ 60,000
2025	20,000

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
2024	\$ 77,788
2025	78,935
2026	40,557
2027	41,773
2028 to 2032	228,433

The Health Unit leases parking lot space near the 101 Wyandotte Street East on a renewable annual term with annual lease payments as follows:

Years	Annual payment
2024	\$ 6,000
2025	2,000

13. Loss on disposal:

In the prior year, the Health Unit entered into an agreement to relocate its main offices. the terms of the agreement indicated that it could be terminated should the projected construction costs exceed a specified amount. The anticipated budget construction costs were exceeded and the agreement was terminated.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Loss on disposal (continued):

Costs Incurred

Leasehold Improvements	\$	1,336,161
Professional services		1,071,451
Total Costs	\$	2,407,612
Less One Time Ministry Funding		(173,247)
Total Loss On disposal	\$	2,234,365

14. 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.

15. Health Unit expenses:

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

	2023	2022
Salaries and benefits	\$ 25,508,687	\$ 24,677,018
Amortization	316,001	281,754
Financial expenses	6,653	6,967
Purchased services	1,549,656	1,875,355
Rental	75,359	66,945
Supplies and other	1,942,010	1,751,558
Occupancy costs	2,049,554	1,920,898
Loss on disposal	2,234,365	-
Loss on disposal (Schedule 3)	1,065	-
	\$ 33,683,350	\$ 30,580,495

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Ontario Seniors Dental Care Program Expenses

Schedule 1

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Salaries	\$ 1,231,003	\$ 986,575
Benefits	351,076	250,514
Mileage	17,014	8,628
Professional development	3,084	479
Memberships	839	2,600
Office supplies	495	1,736
Program supplies	152,652	207,540
Purchased services	712,026	342,752
Bank charges	440	440
Security	9,435	10,369
Building occupancy costs	129,624	120,630
	\$ 2,607,688	1,932,263

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of One-time funding

Schedule 2

Year ended December 31, 2023

	Mitigation	COVID-19: Vaccine Program*	COVID-19: Case and Contact Management Capacity	COVID-19: School- Focused Nurses Initiative	IPAC Hub Funding	Needle Exchange	Respiratory Syncytial Virus	Vaccine Fridge	Mandatory Program: Public Health Inspector Practicum	New Windsor Office Location - Leasehold Improvements	2023 Total
Revenue	\$ 1,260,800	\$ 1,647,774	\$ 788,378	\$ 950,000	\$ 363,233	\$ 19,000	\$ 32,468	\$ 35,728	\$ 40,000	\$ 173,247	\$ 5,310,628
Expenses											
Salaries and benefits	-	-	-	950,000	358,733	-	32,181	-	40,000	-	1,380,914
Mileage	-	-	-	-	4,500	-	-	-	-	-	4,500
Program supplies	-	-	-	-	-	-	287	35,728	-	-	36,015
Purchased services	-	-	-	-	-	19,000	-	-	-	173,247	192,247
	-	-	-	950,000	363,233	19,000	32,468	35,728	40,000	173,247	1,613,676
Tangible capital assets	-	-	-	-	-	-	-	-	-	-	-

* Expenses for this program are included on Schedule 3.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of One-time funding

Schedule 2

Year ended December 31, 2022

	Mitigation	COVID-19: Vaccine Program*	COVID-19: General Program*	COVID-19: School- Focused Nurses Initiative	Temporary Retention Incentive for Nurses	Mandatory Program: Public Health Inspector Practicum	2022 Total
Revenue	\$ 1,260,800	\$ 4,051,134	\$ 895,410	\$ 1,857,824	\$ 603,013	\$ 40,000	\$ 8,708,181
Expenses							
Salaries and benefits	-	-	-	1,857,824	603,013	40,000	2,500,837
Mileage	-	-	-	-	-	-	-
Program supplies	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-
	-	-	-	1,857,824	603,013	40,000	2,500,837
Tangible capital assets	-	-	-	-	-	-	-

* Expenses for this program are included on Schedule 3.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related

Schedule 3

Year ended December 31, 2023

	Mandatory Program	COVID-19 Vaccine Costs	COVID-19 Extraordinary Costs	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensation Initiative	Urgent Care Public Health Needs Site	2023
Advertising, publications and subscriptions	\$ 608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	608
Amortization (note 9)	316,001	-	-	-	-	-	-	-	-	-	316,001
Loss on Sale of Asset	1,065	-	-	-	-	-	-	-	-	-	1,065
Bank charges	6,213	-	-	-	-	-	-	-	-	-	6,213
Benefits	3,915,633	323,579	289,548	-	-	-	-	-	-	96,000	4,624,760
Directors' fees	7,745	-	-	-	-	-	-	-	-	-	7,745
Legal, audit and consulting	371,911	-	49,409	-	15,415	-	-	-	-	-	436,735
Maintenance	173,337	-	-	-	-	-	-	-	-	35,226	208,563
Memberships	35,036	-	-	985	-	-	-	-	-	-	36,021
Mileage	201,433	13,383	4,860	8,237	24,096	-	-	-	-	-	252,009
Office equipment rentals (note 14)	74,946	-	-	413	-	-	-	-	-	-	75,359
Office supplies	30,103	-	-	-	-	-	-	-	-	-	30,103
Parking	64,971	-	-	-	-	-	-	-	-	-	64,971
Postage and freight	28,065	-	-	-	-	-	-	-	-	-	28,065
Professional development	38,748	-	908	454	440	-	-	-	-	-	40,550
Program supplies	932,958	47,376	7,596	65,566	78,499	54,501	29,415	68,250	-	-	1,284,181
Purchased services	122,613	55,543	3,813	9,014	7,729	-	-	-	-	-	198,712
Rent (note 12)	684,899	10,227	-	-	-	-	-	-	-	62,048	757,174
Salaries	14,142,217	1,162,270	1,087,524	622,472	303,597	-	-	-	28,200	279,677	17,715,957
Security	8,904	20,505	-	9,435	-	-	-	-	-	-	38,844
Taxes and insurance	615,930	-	-	-	-	-	-	-	-	7,711	623,641
Telephone	98,707	2,621	1,304	-	-	-	-	-	-	-	102,632
Travel	26,820	-	-	-	-	-	-	-	-	-	26,820
Utilities	122,395	-	-	-	-	-	-	-	-	1,710	124,105
Vehicle expenses	1,091	-	-	-	-	-	-	-	-	-	1,091
	\$ 22,022,349	\$ 1,635,504	1,444,962	716,596	\$ 519,776	\$ 54,501	\$ 29,415	\$ 68,250	\$ 28,200	\$ 482,372	\$ 27,001,925

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related

Schedule 3

Year ended December 31, 2022

	Mandatory Program	COVID-19 Vaccine Costs	COVID-19 Extraordinary Costs	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensation Initiative	2022
Advertising, publications and subscriptions	4,149 \$	-	- \$	- \$	- \$	- \$	- \$	- \$	- \$	4,149
Amortization (note 9)	281,754	-	-	-	-	-	-	-	-	281,754
Bank charges	6,527	-	-	-	-	-	-	-	-	6,527
Benefits	3,042,172	774,795	538,703	-	-	-	-	-	-	4,355,670
Directors' fees	4,239	-	-	-	-	-	-	-	-	4,239
Legal, audit and consulting	756,233	11,781	63,805	-	5,167	-	-	-	-	836,986
Maintenance	199,896	-	-	-	-	-	-	-	-	199,896
Memberships	28,717	-	642	385	-	-	-	-	-	29,744
Mileage	156,592	74,187	13,993	10,286	19,622	-	-	-	-	274,680
Office equipment rentals (note 12)	66,945	-	-	-	-	-	-	-	-	66,945
Office supplies	33,453	-	-	573	-	-	-	-	-	34,026
Parking	36,408	-	-	-	-	-	-	-	-	36,408
Postage and freight	51,942	-	-	-	-	-	-	-	-	51,942
Professional development	87,916	-	218	-	-	-	-	-	-	88,134
Program supplies	848,250	67,571	17,117	56,052	43,916	37,246	22,508	63,000	-	1,155,660
Purchased services	176,092	168,428	168,930	20,470	10,398	-	-	-	-	545,318
Rent (note 12)	753,216	61,171	-	-	-	-	-	-	-	814,387
Salaries	9,968,684	2,812,669	1,890,894	873,588	380,126	-	-	-	-	15,925,961
Security	4,726	62,199	-	10,369	-	-	-	-	-	77,294
Taxes and insurance	394,239	-	-	-	-	-	-	-	-	394,239
Telephone	118,040	10,492	5,046	-	-	-	-	-	-	133,578
Travel	1,156	6,841	-	-	-	-	-	-	-	7,997
Utilities	134,097	-	-	-	-	-	-	-	-	134,097
Vehicle expenses	3,494	-	-	-	-	-	-	-	-	3,494
	\$ 17,158,937	\$ 4,051,134	\$ 2,699,348	\$ 971,723	\$ 459,229	\$ 37,246	\$ 22,508	\$ 63,000	\$ -	\$ 25,463,125

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other grants

Schedule 4

Year ended December 31, 2023

	IPAC Hub Funding		Ontario Active Transportation Grant		Community Safety and Police Granting Program		2023 Total
Revenue	\$	102,701	\$	17,136	\$	104,797	\$ 224,634
Expenses							
Salaries and benefits		101,398		-		103,018	204,416
Mileage		1,303		-		1,779	3,082
Program supplies		-		17,136		-	17,136
Purchased services		-		-		-	-
		102,701		17,136		104,797	224,634
Tangible capital assets		-		-		-	-

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other grants

Schedule 4

Year ended December 31, 2022

	IPAC Hub Funding	Ontario Active Transportation Grant	Infectious Disease and Climate Change Program	Community Safety and Police Granting Program	2022 Total
Revenue	\$ 607,639	\$ 15,305	\$ 19,083	\$ 25,379	\$ 667,406
Expenses					
Salaries and benefits	603,379	5,380	18,230	25,347	652,336
Mileage	4,260	-	853	32	5,145
Program supplies	-	9,844	-	-	9,844
Purchased services	-	81	-	-	81
	607,639	15,305	19,083	25,379	667,406
Tangible capital assets	-	-	-	-	-

