Huron Perth Public Health

Financial Statements

For the year ended December 31, 2024

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Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Change in Net Financial Assets	4
Statement of Operations and Accumulated Surplus (Deficit)	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 15
Schedule of Other Programs	16

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Independent Auditor's Report

To the Board of Directors of Huron Perth Public Health

Opinion

We have audited the financial statements of Huron Perth Public Health ("the Health Unit"), which comprise the statement of financial position as at December 31, 2024, the statement of changes in net financial assets, statement of operations and accumulated surplus (deficit), and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2024, and its results of operations, change in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Health Unit in accordance with the ethical requirements that are relevant to the audit of financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Health Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Health Unit or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Health Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
April 16, 2025

Huron Perth Public Health
Statement of Financial Position

December 31,	2024	2023
Financial Assets		
Cash (Note 3)	$ 148,958	$ -
Short-term investments (Note 2)	298,853	290,137
Accounts receivable (Note 8)	788,099	2,088,807
Due from Ministry (Note 7)	534,854	47,746
	1,770,764	2,426,690
Liabilities		
Bank indebtedness (Note 3)	$ -	$ 151,117
Accounts payable	310,648	367,647
Deferred revenue (Note 5)	690,203	1,085,104
Post-employment non-pension benefits obligation (Note 12)	1,723,700	1,616,800
	2,724,551	3,220,668
Net Financial Debt	(953,787)	(793,978)
Non-financial Assets		
Prepaid expenses	149,517	273,922
Tangible capital assets (Note 4)	5,346,158	5,212,400
	5,495,675	5,486,322
Accumulated Surplus	$ 4,541,888	$ 4,692,344

On behalf of the Board:

____________________________ Director

____________________________ Director

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

Huron Perth Public Health
Statement of Change in Net Financial Assets

For the year ended December 31,	2024	2023
Annual surplus (deficit)	$ (150,453)	$ 139,116
Acquisition of tangible capital assets	(459,216)	(272,513)
Amortization of tangible capital assets	325,455	339,108
Prepayment of expenses	124,405	137,069
Change in net financial debt	(159,809)	342,780
Net financial debt, beginning of the year	(793,978)	(1,136,758)
Net financial debt, end of year	$ (953,787)	$ (793,978)

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

Huron Perth Public Health
Statement of Operations and Accumulated Surplus (Deficit)

For the year ended December 31,	Budget 2024	Mandatory Program	Other Programs (Schedule 1)	Total 2024	Total 2023
Revenue (Note 8)					
MHLTC - operating	$ 12,253,980	$ 11,654,247	$ 1,162,304	$12,816,551	$ 14,175,213
MCCSS	-	-	1,598,536	1,598,536	1,490,129
County of Huron	1,306,232	1,306,232	-	1,306,232	1,285,742
County of Perth	888,087	888,153	-	888,153	873,112
City of Stratford	705,718	705,718	-	705,718	701,485
MHLTC - one-time funding	-	441,889	-	441,889	387,890
Other	242,873	258,518	-	258,518	117,565
Town of St Marys	140,475	140,375	-	140,375	138,745
Health Canada	-	-	64,598	64,598	92,626
Interest	-	54,216	-	54,216	42,607
Municipal larvicide funding	-	5,098	-	5,098	4,921
	15,537,365	15,454,446	2,825,438	18,279,884	19,310,035
Expenses (Note 6)					
Salaries and wages	9,896,991	10,230,046	1,717,213	11,947,259	12,540,351
Benefits (Note 10)	2,800,240	2,943,075	491,932	3,435,007	2,866,745
Program expenses	1,172,026	296,189	685,258	981,447	1,229,151
Property expense and rent	473,564	467,650	-	467,650	611,104
Administrative expenses	615,372	441,431	-	441,431	541,112
Amortization of capital assets	-	325,455	-	325,455	339,108
Travel	213,712	203,984	53,709	257,693	279,575
Equipment	240,187	227,533	-	227,533	136,653
Fees for service	164,942	146,234	-	146,234	116,139
Post-retirement benefits (Note 11)	-	106,900	-	106,900	99,100
One-time programs	-	74,582	-	74,582	390,817
Other	-	19,140	-	19,140	21,064
	15,577,034	15,482,219	2,948,112	18,430,331	19,170,919
Annual surplus (deficit)	(39,669)	(27,773)	(122,674)	(150,453)	139,116
Accumulated surplus, beginning of year	4,692,344	4,859,193	(166,849)	4,692,344	4,553,228
Accumulated surplus (deficit), end of year	$ 4,652,675	$ 4,831,420	$ (289,523)	$ 4,541,888	$ 4,692,344

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

Huron Perth Public Health
Statement of Cash Flows

For the year ended December 31,	2024	2023
Cash flows from operating activities		
Annual (deficit) surplus for the year	$ (150,453)	$ 139,116
Amortization of capital assets	325,455	339,108
	175,002	478,224
Changes in non-cash working capital balances		
Accounts receivable	1,300,708	(1,686,984)
Prepaid expenses	124,403	137,069
Accounts payable	(56,997)	(546,664)
Due from Ministry	(487,108)	(928,725)
Deferred revenue	(394,901)	373,265
Post-employment benefit obligation	106,900	99,100
	768,007	(2,074,715)
Cash flows from investing activities		
Purchase of short-term investments	(8,716)	(2,924)
Cash flows from capital activities		
Purchase of capital assets	(459,216)	(272,513)
Cash flows from financing activities		
(Repayment to) advances from bank indebtedness	(151,117)	151,117
Increase (decrease) in cash	148,958	(2,199,035)
Cash, beginning of year	-	2,199,035
Cash, end of year	$ 148,958	$ -

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

1. Significant Accounting Policies

Purpose of Organization

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

Management Responsibility

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

Tangible Capital Assets

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

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

Segmented Information

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

1. Significant Accounting Policies (continued)

Revenue Recognition	Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured Interest revenue is recognized as revenue when earned.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Post-Employment Benefits	The Health Unit provides a defined retirement benefits to specified employee groups. These benefits include life insurance, medical, hospital and dental benefits. For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are classified into three categories: fair value,amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Fair value
Equities	Fair value
Ministry receivable	Fair value
Accounts receivable	Amortized cost
Temporary borrowing	Amortized cost
Accounts payable	Amortized cost
Long-term debt	Amortized cost

Fair Value
The health unit manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized Cost
Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate.

Cost
Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

2. Short-term Investments

	2024	2023
Market-linked Guaranteed Investment Certificate, minimum interest rate 4%, maturing April 2027	$ 114,470	$ 111,306
Guaranteed Investment Certificate, non-redeemable, with interest rate of 3.45% maturing August 2029	184,382	178,831
	$ 298,853	$ 290,137

The market value of investments was $298,853 (2023 - $290,137). The market-linked certificates are stated at a market rate and have a principal of $293,563 (2023 - $279,256). The return is based on certain market performance over the life of the certificate.

3. Bank Indebtedness

The Health Unit occasionally goes into overdraft depending on the timing of expenses and Ministry deposits. The Health Unit has an authorized operating line of credit to a limit of $250,000 (2023 - $250,000). At December 31, 2024 there is $250,000 (2023 - $98,884) credit available under this operating line. The Bank of Nova Scotia holds the Health Unit's investments as collateral. The Health Unit is charged a nominal fee based on the number of days the account is in an overdraft position bearing interest at prime plus 1.5%.

December 31, 2024

4. Tangible Capital Assets

Cost

	Balance December 31, 2023	Additions	Disposals	Balance December 31, 2024
Land	$ 460,000	$ -	$ -	$ 460,000
Buildings	5,751,273	411,983	-	6,163,256
Leasehold improvements	147,499	-	(140,813)	6,686
Furniture and equipment	330,808	23,393	(40,665)	313,536
Technological systems	508,507	23,840	(212,888)	319,459
	$ 7,198,087	$ 459,216	$ (394,366)	$ 7,262,937

Accumulated Amortization

	Balance December 31, 2023	Amortization	Disposals	Balance December 31, 2024
Buildings	$ 1,279,411	$ 149,960	$ -	$ 1,429,371
Leasehold improvements	145,270	2,229	(140,813)	6,686
Furniture and equipment	185,085	70,840	(40,665)	215,260
Technological systems	375,924	102,426	(212,888)	265,462
	$ 1,985,690	$ 325,455	$ (394,366)	$ 1,916,779

Net Book Value

	Balance December 31, 2024	Balance December 31, 2023
Land	$ 460,000	$ 460,000
Buildings	4,733,885	4,471,863
Leasehold improvements	-	2,230
Furniture and equipment	98,276	145,723
Technological systems	53,997	132,584
	$ 5,346,158	$ 5,212,400

5. Deferred Revenue

	December 31, 2023	Funds Received (Repaid)	Revenue Recognized	December 31, 2024
Other - deferred revenue	$ 702,803	$ 494,679	$ 558,835	$ 638,647
CPNP	10,363	74,129	64,597	19,895
MCCSS	34,832	1,583,206	1,598,487	19,161
One time PHI Practicum	10,006	12,494	10,000	12,500
One time Clinton HVAC	327,100	(152,321)	174,779	-
	$1,085,104	$2,012,187	$2,406,698	$690,203

6. Expenditures by Object

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

	Budget 2024	Actual 2024	Actual 2023
Salaries, wages and employee benefits	$ 12,697,231	$15,489,166	$ 15,506,196
Materials	1,412,213	1,302,702	1,777,685
Contracted services	994,026	845,358	936,826
Rents and financial expenses	473,564	467,650	611,104
Amortization	-	325,455	339,108
	$ 15,577,034	$18,430,331	$ 19,170,919

7. Due from (to) Ministry

The Due from Ministry relates to funding that has been recorded as revenue or deferred revenue that has not yet been received. The Due to Ministry relates to unspent funding, is due on demand, and non-interest bearing.

8. Economic Dependence

Approximately 81% (2023 - 83%) of revenue reported in the year relates to funding received from the Province of Ontario. As at year end, approximately 63% (2023 - 93%) of accounts receivables relates to the Province of Ontario.

9. Commitments

The Health Unit has obligations under long-term leases up to the year 2026. Future lease payments for the next two years are as follows:

2025	$ 107,647
2026	28,248
Total	$ 135,895

10. Pension Payments

The Huron Perth Public Health makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 168 (2023 - 148) members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay.

The amount contributed to OMERS for current services for the year ended December 31, 2024 was $1,238,929 (2023 - $1,190,772). This amount is included as an expenditure on the statement of financial activities and fund balances.

As at December 31, 2024, the OMERS plan was in a deficit position of $2.9 billion (2023 - $4.2 billion) and 98% (2023 - 97%) funded ratio, which will be addressed through various measures. The multiemployer plan is valued on a current market basis for all plan assets. The projected benefit method prorated on services was used for the actuarial valuation.

11. Post-Employment Benefits

The Health Unit's benefit plan provides non-pension defined benefits to existing Health Unit employees. The post-employment benefits obligation was actuarially determined to be $1,723,700 as at December 31, 2024.

Continuity of the accrued benefit obligation was as follows:

	2024	2023
Accrued benefits obligation:		
Balance, beginning of the year	$ 1,616,800	$ 1,517,700
Benefit cost	106,900	99,100
Balance, end of the year	$ 1,723,700	$ 1,616,800

12. Financial Instruments

The Health Unit is exposed to liquidity risk, interest rate risk, and credit risk from it's financial instruments. This note describes the Health Unit's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Liquidity risk

Liquidity risk is the risk that the Health Unit encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Health Unit will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The Health Unit is exposed to liquidity risk through it's due to Ministry and accounts payable.

The Health Unit manages it's liquidity risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise.

Interest rate risk

Interest rate risk represents the risk to the Health Unit's operations that arises from fluctuations in interest rates and the degree of volatility of these rates. The Health Unit is exposed to interest rate risk through it's temporary borrowings.

The Health Unit manages it's interest rate risk by monitoring the change in interest rates and using fixed interest rates when appropriate.

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 Health Unit is exposed to credit risk through it's accounts receivable.

The Health Unit manages it's credit risk through credit approval procedures and by holding cash at federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The Health Unit measures its expose to credit risk based on how long amount have been outstanding. An impairment allowance is set up based on the Health Unit's historical experience regarding collection. There are not amounts deemed impaired at year-end.

There have been no changes to the Health Unit's financial instrument risk exposure form the prior year.

Huron Perth Public Health
Schedule 1 - Schedule of Other Programs

For the year ended December 31, 2024

	MCCSS	CPNP	OSDCP	COVID-19	Total 2024	Total 2023
Revenue						
MHLTC - operating	$ -	$ -	$ 948,297	$ 214,007	$ 1,162,304	$ 2,943,373
MCCSS	1,598,536	-	-	-	1,598,536	1,490,129
Health Canada	-	64,598	-	-	64,598	92,626
Other	-	-	-	-	-	10,468
	1,598,536	64,598	948,297	214,007	2,825,438	4,536,596
Expenses						
Salaries and wages	1,277,394	43,846	238,139	157,834	1,717,213	3,223,830
Program expenses	20,308	237	646,479	18,234	685,258	856,917
Benefits	369,809	15,383	62,764	43,976	491,932	645,136
Travel	47,662	5,132	915	-	53,709	48,832
	1,715,173	64,598	948,297	220,044	2,948,112	4,774,715
Surplus (deficit)	$ (116,637)	$ -	$ -	$ (6,037)	$ (122,674)	$ (238,119)