

Financial Statements

**MIDDLESEX – LONDON EMERGENCY
MEDICAL SERVICES AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2023

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets:		
Cash	\$ 575	\$ 575
Accounts receivable	9,926,501	8,557,316
	9,927,076	8,557,891
Financial Liabilities:		
Accounts payable and accrued liabilities	7,219,777	6,408,103
Employee future benefits (note 2)	8,584,100	7,018,500
Payable to the County of Middlesex	2,758,413	2,311,836
Total liabilities	18,562,290	15,738,439
Net debt	(8,635,214)	(7,180,548)
Non-financial assets:		
Prepaid expenses	51,114	162,048
Commitments (note 4)		
Accumulated deficit	\$ (8,584,100)	\$ (7,018,500)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Operations

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

	Budget 2023	2023	2022
Revenues:			
Grants:			
Province of Ontario	\$ 26,426,622	\$ 31,058,977	\$ 28,847,173
City of London	29,595,302	29,502,186	23,996,368
County of Middlesex	5,746,126	5,838,907	4,738,033
	61,768,050	66,400,070	57,581,574
User charges:			
Fees and donations	–	635,614	762,474
	61,768,050	67,035,684	58,344,048
Expenditures:			
Salaries and benefits (note 5)	48,741,450	50,692,947	44,075,568
Contribution to the County of Middlesex	3,258,081	5,586,222	3,584,728
Supplies	2,592,360	3,424,334	3,133,948
Facilities	3,027,753	2,717,051	2,759,374
Contracted services	1,215,548	2,561,363	2,151,960
Vehicles and equipment	2,311,110	2,369,377	2,196,661
Insurance	1,263,022	1,249,990	1,009,209
	62,409,324	68,601,284	58,911,448
Annual deficit	(641,274)	(1,565,600)	(567,400)
Accumulated deficit, beginning of year	(7,018,500)	(7,018,500)	(6,451,100)
Accumulated deficit, end of year	\$ (7,659,774)	\$ (8,584,100)	\$ (7,018,500)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Changes in Net Debt

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

	Budget 2023	2023	2022
Annual deficit	\$ (641,274)	\$ (1,565,600)	\$ (567,400)
Prepaid expenses	–	110,934	(63,933)
Change in net debt	(641,274)	(1,454,666)	(631,333)
Net debt, beginning of year	(7,180,548)	(7,180,548)	(6,549,215)
Net debt, end of year	\$ (7,821,822)	\$ (8,635,214)	\$ (7,180,548)

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (1,565,600)	\$ (567,400)
Changes in non-cash operating working capital:		
Accounts receivable	(1,369,185)	(2,430,165)
Receivable from the County of Middlesex	-	925,101
Prepaid expenses	110,934	(63,933)
Accounts payable and accrued liabilities	811,674	(742,839)
Employee future benefits	1,565,600	567,400
Payable to the County of Middlesex	446,577	2,311,836
Increase in cash	-	-
Cash, beginning of year	575	575
Cash, end of year	\$ 575	\$ 575

See accompanying notes to financial statements.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements

December 31, 2023, with comparative information for 2022

1. Significant accounting policies:

The financial statements of the Middlesex – London Emergency Medical Services Authority (the "Authority") are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Basis of presentation:

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers are recognized in the financial statements 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.

(c) Employee future benefits:

The Authority has adopted the following policies for future benefits provided to both active and retired employees:

(i) Post-employment benefits:

The cost of termination benefits and compensated absences are recognized when the event that obligates the Authority occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of other employee benefits are determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees and expected health costs.

Employee future benefit costs are discounted using the Authority's cost of long-term borrowing. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(c) Employee future benefits (continued):

(ii) Pension benefits:

The Authority provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi - employer pension plan which operates as the Ontario Municipal Employees Retirement Fund, and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the Authority's books.

The employer's contributions to a multi-employer, defined benefit plan are expensed as the obligations arise.

(d) Use of estimates:

The preparation of 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 date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

(e) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

(f) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the funding model and generally accepted accounting principles for local governments established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(g) Future Accounting Pronouncement:

This standard and amendment was not yet effective for the year ended December 31, 2023, and has therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standard updates on the future consolidated financial statements

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(g) Future Accounting Pronouncement (continued):

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

2. Employee future benefits:

(a) Pension:

The Authority contributed \$2,820,229 (2022 - \$2,541,772) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Statement of Operations.

(b) Health, dental and life insurance:

The Authority provides certain employee benefits such as health, dental and life insurance to qualified retirees until they reach 65 years of age that will require funding in future periods. An actuarial valuation was undertaken as at December 31, 2023, it provided projected expense and liability disclosure information for the fiscal periods 2024 and 2025. The accrued benefit obligation calculated for these employees was \$1,473,000 (2022 - \$1,329,900).

The benefit obligation continuity is as follows:

	2023	2022
Accrued benefit obligation, January 1	\$ 1,369,200	\$ 1,208,300
Current period benefit cost	198,100	171,800
Post-employment benefit interest expenditure	48,000	39,300
Plan amendments	(75,800)	-
Benefits paid	(42,200)	(50,200)
Accrued benefit obligation, December 31	1,497,300	1,369,200
Unamortized actuarial loss	(24,300)	(39,300)
Liability for benefits	\$ 1,473,000	\$ 1,329,900

Post retirement and sick leave benefits expenses are as follow

Current period benefit cost	198,100	\$ 171,800
Amortization of actuarial loss (gain)	15,000	4,900
Plan amendments	(75,800)	-
Post-employment benefit interest expenditure	48,000	39,300
	\$ 185,300	\$ 216,000

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

2. Employee future benefits (continued):

(b) Health, dental and life insurance (continued):

The significant assumptions used in the actuarial valuation are as follows:

	2023	2022
Discount rate	4.3%	2.9%
Rate of compensation increase	3.0%	3.0%
Dental & other Extended Health Care cost increases	4.0%	4.0%
Extended Health Care cost increases	7.26% for 2023 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached	5.46% for 2022 then reducing by 0.13% per year until 2036 when the ultimate rate of 3.66% is reached

(c) Workplace Safety and Insurance Board:

The Authority has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The Authority became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$2,392,508 (2022 - \$1,151,021).

An actuarial valuation was undertaken as at December 31, 2023, it provided projected expense and liability disclosure information for the fiscal periods 2024 and 2025. The estimate of the future benefit cost for WSIB claims was \$7,111,100 (2022 - \$5,688,600).

The significant assumptions used in the actuarial valuation are as follows:

	2023	2022
Discount rate	4.3%	2.0%
Inflation rate	2.0%	2.0%
Future benefit indexing rate:		
Loss of earning benefits	2.0%	2.0%
Other income benefits	2.0%	2.0%
Health benefits	4.0%	4.0%

MIDDLESEX – LONDON EMERGENCY MEDICAL SERVICES AUTHORITY

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

3. Financial instruments:

The Authority's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, and accounts receivable/payable to the County of Middlesex. The fair values of these financial instruments approximate their carrying value due to the expected short-term maturity of these instruments. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

4. Commitments:

The Authority has entered into commitments for rent and leases expiring at various dates prior to 2049. The future minimum annual payments are estimated to be as follows:

2024	\$ 1,684,381
2025	1,785,883
2026	1,777,722
2027	1,778,266
2028	1,650,583
Thereafter	16,949,071
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	\$ 25,625,906

5. Economic Dependence:

The Authority is responsible for the provision of land ambulance services within the geographic boundaries of the County of Middlesex and the Corporation of the City of London. The County of Middlesex retains the power to finance the capital and operating costs for providing the services.