

## Finance + Audit Committee Report BH.04.OCT0322.R10

October 3, 2022

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<b>Report to:</b>	Finance + Audit Committee, Board of Health
<b>Prepared by:</b>	Rob Cunnington, CPA, CA Chief Financial Officer
<b>Approved by:</b>	David Kingma, MBA, MA, CHRE Director of Administrative Services & CAO
<b>Submitted by:</b>	Dr. Nicola Mercer, MD, MBA, MPH, FRCPC, C. Dir. Medical Officer of Health & CEO
<b>Subject</b>	<b>2023 Draft Budget</b>

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## Recommendations

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That the Finance + Audit Committee makes recommendation to the Board of Health to receive and approve the 2023 Draft Budget, as presented.

## Background

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Wellington-Dufferin-Guelph Public Health (WDGPH) receives funding for its operating budget from multiple sources. These include: the Ministry of Health (“the Ministry”), the Ministry of Children, Community and Social Services (MCCSS), the City of Guelph, the County of Wellington, and the County of Dufferin.

The majority of WDGPH funding comes from the Ministry and is used to fund a range of public health programs that are cost-shared with the three municipalities that comprise WDGPH’s geographic territory (City of Guelph, County of Wellington, County of Dufferin). In addition, there are also a small number of 100% provincially funded programs.

Pandemic-related expenses for vaccination, case and outbreak management, and program recovery continue to be incurred in 2022 and are anticipated to continue into 2023 based on direction from the Ministry.

In 2022 the Ministry continued its COVID-19 reimbursement program for extraordinary pandemic costs which continues to cover nearly all pandemic-related costs exceeding the budget capabilities of all Ontario Public Health Units (PHU) – including WDGPH. As a result, COVID-19 expenses incurred above and beyond the Agency’s budget resources, will continue to be treated separately and reside outside of the operating budget for the remainder of 2022 and into 2023. Though not formally confirmed, the Ministry has signalled that the reimbursement program will continue into 2023 and has assured PHUs that support will continue to **be made** available until such time they deem it necessary.

This Report presents a consolidated budget of the Agency’s program funding that is provided by the Ministry and includes a breakdown of: (a) programs that are cost-shared with the three municipalities, and (b) programs that are funded 100% by the Ministry. Appendices 1, 2 and 3 present these budgets, grouped as follows:

- *Appendix “1”* – Cost-shared Budget;
- *Appendix “2”* – Ministry of Health 100% funded budgets: includes all sources of funding for specific initiatives that receive 100% provincial funding; and
- *Appendix “3”* – Consolidated Budget.

Each of the sub-budgets have been numbered, as follows, and these numbers will be used consistently throughout this Report when referring to a sub-budget component:

Report Reference Number	Budget Type	Appendix
(1)	Cost-Shared Programs (Mandatory)	Appendix “1”
(2)	100% Ministry of Health Funded Budgets	Appendix “2”
(3)	Consolidated Budget	Appendix “3”

## Public Health and/or Financial Implications

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The following assumptions have informed the 2023 budget:

### **Year over Year Revenue Highlights:**

- WDGPH received a 1% base budget increase from the Ministry of Health effective April 1, 2022. The result of this is an increase of \$36,975 or .2% for 2023. This brings the total base budget increase from the Ministry of Health to \$584,103 or 4% over the last 10 years.
- WDGPH is requesting that municipal funding be increased by 2.0% to support the overall cost-shared budget increases noted in this report.

**Note:** The municipal share of the 2.0% increase has been adjusted to reflect the updated 2021 population census data report.

### **Year over Year Expense Highlights:**

- Salaries & Wages – salary increase of 2% for all budgeted positions.
- Employee Benefits:
  - Statutory – increases to CPP 7.7% (7.9%) prior year, EI 8%, (3%) prior year and OMERS maximum 3%; (3%) prior year.
  - Non-statutory – increase (including Medical 2.1% (4%) prior year and, Dental – 3.4% (6%) prior year based on most current projections from benefit consultants (Mosey & Mosey). The actual benefit renewal received in December 2021 was lower than projected resulting in a lessor impact on the 2023 budget.
- Travel – reduced annual costs based continued remote/hybrid work operations.
- Professional and Purchased Services – expected increase in insurance premiums is offset by reductions in other fees for service areas.
- Program materials and supplies – decrease in travel vaccine purchases is offset by reduction in expenditure recoveries (travel vaccine sales).
- Building Occupancy – increase in land lease, security costs, custodial and other maintenance contracts.
- Expenditure Recoveries and Offset Revenues – Decrease in travel vaccine sales.
- HR – ERP Implementation – the amount decreased represents implementation costs for the new ERP (Finance and HR System). The Finance system went live in June 2021 and the HR System is expected to go live January 2023. Implementation costs to be incurred in 2022.

## (1) COST-SHARED PROGRAMS

Funding for Cost-Shared Programs is received as a global budget, meaning the Agency receives a lump sum of funding from the province used to fund program deliverables that are required by the Agency to ensure adherence to the Ontario Public Health Standards. The allocation of these funds is determined by the BOH based on Senior Management recommendations.

### **Cost-Shared Programs Included In This Funding Allocation:**

- Adverse Events Following Immunizations
- Childcare Inspections
- Chronic Diseases Prevention & Well Being
- Community Based Immunization Outreach
- Dental Clinic
- Effective Public Health Practice
- Emergency Management
- Food Safety
- Harm Reduction Program
- Health Equity
- Health Hazard Prevention and Management
- Healthy Smiles Ontario
- Immunization for Children in Schools & Licensed Child Care
- Immunization Monitoring & Surveillance
- Infection Control
- Infectious Diseases Prevention
- Menu Labelling
- Needle Exchange
- Oral Health Assessment and Surveillance
- Personal Services Inspections
- Population Health Assessment
- Rabies
- Safe Water
- School Health Promotion
- Sexual Health
- Small Drinking Water Systems
- Smoke Free Ontario
- Substance Use & Injury Prevention
- Tuberculosis Prevention and Management
- Vaccine Admin. - Clinical Services
- Vaccine Administration – Schools
- Vaccine Management
- Vector-Borne Diseases
- Vision Screening

## **(2) Ministry of Health's 100% Funded Budgets**

The Ministry also provides “dedicated funding”, at 100%, for specific positions, programs and enhancements to programs.

This funding is presented, in aggregate, in Appendix “2”, and includes the following for 2023:

- MOH/AMOH Compensation Initiative;
- Ontario Seniors Dental Care Program (OSDCP)

Unlike the cost-shared budget, this funding is allocated exclusively towards its intended program purpose as per Ministry direction.

## **(3) Consolidated Budget**

The Consolidated budget shows the Cost-Shared Program Budget and the Ministry's 100%-Funded programs combined. This can be viewed in Appendix “3”.

WDGPH programs that are not included in this draft budget are:

- Healthy Babies Healthy Children (HBHC) March 31<sup>st</sup> year-end – funding provided by the MCCSS;
- Other Community Grants – based on individual service contracts.

### Budget Objectives

The Senior Leadership Team's (SLT) objectives for the 2023 budget are:

- Ensuring the Agency is well-positioned to respond to further pandemic-related service requirements;
- Alignment with organizational vision and strategy, updated Ontario Public Health Standards, and Accountability Framework;
- Balanced budget;
- Value for money.

### Budget Process

The following process was undertaken for the preparation of the 2023 budget:

*To date:*

- Budget guidelines provided to management team;
- Salaries and benefits costs for 2023 calculated by Finance with support from the Agency's benefit provider;
- Preparation of program operating budgets and operational plans by Program Managers;
- Review of program operating budgets and operational plans by Directors;
- Finance compilation of Divisional Budgets;
- Finance meetings with Agency leadership to review budgets submitted;
- Senior Leadership Team (SLT) review of draft budget and preliminary discussion of one-time grant requests; and
- Preparation of report and presentation for Finance + Audit Committee based on SLT approved draft.

*To come:*

- Finance + Audit Committee review and recommendation to BOH for approval;
- BOH approval;
- Finalize list of one-time grants;
- Present final list of one-time grants to be submitted to BOH in February 2023
- Preparation of Annual Service Plan and Budget Submission;
- Submit Annual Service Plan and Budget Submission (February - March 2023); and
- Receive provincial funding approval from Ministry later in 2023 (Summer).

## **2023 Budget Information**

### **One-Time Grants**

One-time grants requests are currently being considered by the Agency's leadership and will be presented to the BOH at a later time.

### **Risk Analysis**

As of the writing of this report, the areas of risk and opportunity for the BOH related to the 2023 budget are:

- Possible discontinuation or a reduced version of the Ministry's reimbursement program for COVID-19 pandemic costs that exceed the Agency's budget resources;
- Possible future reductions in provincial funding; and
- Further impacts from the Province's Public Health Transformation/Amalgamation efforts.

## Appendices

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**Appendix “1”** – Cost-Shared Programs Budget (1)

**Appendix “2”** – Ministry of Health – 100% Funded Programs Budget (2)

**Appendix “3”** – Consolidated Budget (3)

**Appendix “4”** – Budget Notes

## References

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1. Wellington-Dufferin-Guelph Public Health. (2017). *Finance Committee Report – WDGPH Municipal Funding Split* (BH.04.SEP2017.R15)

## Appendix 1

### Wellington-Dufferin-Guelph Public Health 2023 Draft Budget – Cost Shared Programs Budget

	2022	2023			
	BOH Approved	Increase (Decrease)		Notes	Proposed Budget
		\$	%		
<b><u>Revenues</u></b>					
<b><u>Government Funding</u></b>					
Grant - Ministry of Health	14,892,425	36,975	0.2%	1	14,929,400
<b><u>Municipal Funding</u></b>					
Grant - City of Guelph	4,204,733	123,733			4,328,466
Grant - County of Wellington	2,902,462	26,979			2,929,441
Grant - County of Dufferin	1,964,191	30,716			1,994,907
Sub-total Municipal Funding	9,071,386	181,428	2.0%	2	9,252,814
<b>Total Funding</b>	<b>23,963,811</b>	<b>218,403</b>	<b>0.9%</b>		<b>24,182,214</b>
Interest revenue	22,187	7,578	34.2%	3	29,765
<b>Total Interest Income</b>	<b>22,187</b>	<b>7,578</b>	<b>34.2%</b>		<b>29,765</b>
<b>Total Revenues</b>	<b>23,985,998</b>	<b>225,981</b>	<b>0.9%</b>		<b>24,211,979</b>
<b><u>Expenses</u></b>					
<b><u>Employee Costs</u></b>					
Employee salaries & wages	13,738,098	268,802	2.0%	4	14,006,900
Employee benefits	4,578,027	207,511	4.5%	5	4,785,538
<b>Total Employee Costs</b>	<b>18,316,125</b>	<b>476,313</b>	<b>2.6%</b>		<b>18,792,438</b>
<b><u>Operating Costs</u></b>					
Travel	239,483	(23,500)	(9.8)%	6	215,983
Staff training	171,578	0	0.0%	7	171,578
Program supplies	571,726	(96,351)	(16.9)%	8	475,375
Professional & purchased services	770,065	(27,126)	(3.5)%	9	742,939
Equipment and furniture	7,868	150	1.9%		8,018
Board of Health	33,650	0	0.0%		33,650
Building occupancy	2,167,685	127,535	5.9%	10	2,295,220
Information,IT equipment and	952,356	(19,274)	(2.0)%	11	933,082
Office expenses, printing, postage	153,793	0	0.0%		153,793
Expenditure recoveries and offset	(243,048)	88,790	(36.5)%	12	(154,258)
Interest Expense	95,218	(39,631)	(41.6)%	13	55,587
Transfers to reserves	488,574	0	0.0%		488,574
ERP - HR Implementation	150,000	(150,000)	(100.0)%	14	0
<b>Total Operating Costs</b>	<b>5,558,948</b>	<b>(139,407)</b>	<b>(2.5)%</b>		<b>5,419,541</b>
<b>Total Expenses</b>	<b>23,875,073</b>	<b>336,906</b>	<b>1.4%</b>		<b>24,211,979</b>
<b>Net Surplus (Deficit)</b>	<b>110,925</b>	<b>(110,925)</b>			<b>0</b>



## Appendix 2

### Wellington-Dufferin-Guelph Public Health 2023 Draft Budget – 100% Funded Ministry of Health

	2022	2023		Notes	Proposed Budget
	BOH Approved	Increase (Decrease)			
		\$	%		
<b><u>Revenues</u></b>					
<b><u>Government Funding</u></b>					
Grant - Ministry of Health	2,032,125	(719,328)	(35.4)%	1	1,312,797
Grant - City of Guelph	0	0			0
Grant - County of Wellington	0	0			0
Grant - County of Dufferin	0	0			0
Transfers from reserve	0	0			0
<b>Total Funding</b>	<b>2,032,125</b>	<b>(719,328)</b>	<b>(35.4)%</b>		<b>1,312,797</b>
<b>Interest Income</b>					
Interest revenue	0	0			0
<b>Total Interest Income</b>	<b>0</b>	<b>0</b>			<b>0</b>
<b>Total Revenues</b>	<b>2,032,125</b>	<b>(719,328)</b>	<b>(35.4)%</b>		<b>1,312,797</b>
<b><u>Expenses</u></b>					
<b><u>Employee Costs</u></b>					
Employee salaries & wages	1,070,634	(536,970)	(50.2)%		533,664
Employee benefits	285,233	(121,748)	(42.7)%		163,485
<b>Total Employee Costs</b>	<b>1,355,867</b>	<b>(658,718)</b>	<b>(48.6)%</b>		<b>697,149</b>
<b><u>Operating Costs</u></b>					
Travel	5,000	10,000	200.0%		15,000
Staff training	2,250	0	0.0%		2,250
Program supplies	144,203	0	0.0%		144,203
Professional & purchased services	306,180	135,015	44.1%		441,195
Equipment and furniture	0	0			0
Board of Health	0	0			0
Building occupancy	10,000	0	0.0%		10,000
Information, IT equipment and	0	0			0
Office expenses, printing, postage	23,000	(20,000)	(87.0)%		3,000
Expenditure recoveries and offset		0			0
Transfers to reserves		0			0
ERP - HR Implementation		0			0
<b>Total Operating Costs</b>	<b>490,633</b>	<b>125,015</b>	<b>25.5%</b>		<b>615,648</b>
<b>Total Expenses</b>	<b>1,846,500</b>	<b>(533,703)</b>	<b>(28.9)%</b>		<b>1,312,797</b>
<b>Net Surplus (Deficit)</b>	<b>185,625</b>	<b>(185,625)</b>			<b>0</b>

## Appendix 2 (Continued)

### Wellington-Dufferin-Guelph Public Health 2023 Draft Budget – 100% Funded Ministry of Health

**Notes:**

**1. Details of 100%-funded Programs**

	2023			
Ontario Seniors Dental Care Program	1,054,725	101,875	9.7%	1,156,600
MOH/AMOH Compensation	165,400	(9,203)	(5.6)%	156,197
School Focused Nurses - COVID-19	812,000	(812,000)		0
<b>Total</b>	<b>2,032,125</b>	<b>(719,328)</b>	<b>(35.4)%</b>	<b>1,312,797</b>

2. Ontario Seniors Dental Care Program - a base funding increase of \$247,500 annually was received effective April 1, 2022. An additional \$40,000 will be requested in 2023 for denturist costs.
3. MOH/AMOH Compensation - funding adjusted as per revised Ministry salary grid.
4. Funding for the School Focused Nurses (COVID-19) is temporary and has currently been approved only until December 2022.

## Appendix 3

### Wellington-Dufferin-Guelph Public Health 2023 Draft Budget – Consolidated

	2022	2023			
	BOH Approved	Increase (Decrease)		Notes	Proposed Budget
		\$	%		
<b>Revenues</b>					
<b>Government Funding</b>					
Grant - Ministry of Health	16,924,550	(682,353)	(4.0)%		16,242,197
<b>Municipal Funding</b>					
Grant - City of Guelph	4,204,733	123,733			4,328,466
Grant - County of Wellington	2,902,462	26,979			2,929,441
Grant - County of Dufferin	1,964,191	30,716			1,994,907
Sub-total Municipal Funding	9,071,386	181,428	2.0%	1	9,252,814
<b>Total Funding</b>	<b>25,995,936</b>	<b>(500,925)</b>	<b>(1.9)%</b>		<b>25,495,011</b>
Interest revenue	22,187	7,578	34.2%		29,765
<b>Total Interest Income</b>	<b>22,187</b>	<b>7,578</b>	<b>34.2%</b>		<b>29,765</b>
<b>Total Revenues</b>	<b>26,018,123</b>	<b>(493,347)</b>	<b>(1.9)%</b>		<b>25,524,776</b>
<b>Expenses</b>					
<b>Employee Costs</b>					
Employee salaries & wages	14,808,732	(268,168)	(1.8)%		14,540,564
Employee benefits	4,863,260	85,763	1.8%		4,949,023
<b>Total Employee Costs</b>	<b>19,671,992</b>	<b>(182,405)</b>	<b>(0.9)%</b>		<b>19,489,587</b>
<b>Operating Costs</b>					
Travel	244,483	(13,500)	(5.5)%		230,983
Staff training	173,828	0	0.0%		173,828
Program supplies	715,929	(96,351)	(13.5)%		619,578
Professional & purchased services	1,076,245	107,889	10.0%		1,184,134
Equipment and furniture	7,868	150	1.9%		8,018
Board of Health	33,650	0	0.0%		33,650
Building occupancy	2,177,685	127,535	5.9%		2,305,220
Information, IT equipment and	952,356	(19,274)	(2.0)%		933,082
Office expenses, printing, postage	176,793	(20,000)	(11.3)%		156,793
Expenditure recoveries and offset	(243,048)	88,790	(36.5)%		(154,258)
Interest Expense	95,218	(39,631)	(41.6)%		55,587
Transfers to reserves	488,574	0	0.0%		488,574
ERP - HR Implementation	150,000	(150,000)	(100.0)%		0
<b>Total Operating Costs</b>	<b>6,049,581</b>	<b>(14,392)</b>	<b>(0.2)%</b>		<b>6,035,189</b>
<b>Total Expenses</b>	<b>25,721,573</b>	<b>(196,797)</b>	<b>(0.8)%</b>		<b>25,524,776</b>
<b>Net Surplus (Deficit)</b>	<b>296,550</b>	<b>(296,550)</b>			<b>0</b>

#### 1. Municipalities:

- Request for funding increase from municipalities is set at 2% overall.
- 2023 Municipal splits based on 2021 census data - City of Guelph 46.78% , County of Wellington 31.66%, County of Dufferin 21.56%.
- Every five years there is a correction to the municipal splits resulting in the following one-time adjustment for 2023; City of Guelph 2.9%, County of Wellington .9%, and County of Dufferin 1.6%.

## Appendix 4

### Wellington-Dufferin-Guelph Public Health 2023 Draft Budget – Budget Notes

1. Ministry of Health:
  - Base funding increase of 1% or \$153,209 annually was received effective April 1, 2022.
2. Municipalities:
  - Request for funding increase from municipalities is set at 2% overall.
  - 2023 Municipal splits based on 2021 census data - City of Guelph 46.78% , County of Wellington 31.66%, County of Dufferin 21.56%.
  - Every five years there is a correction to the municipal splits resulting in the following one-time adjustment for 2023; City of Guelph 2.9%, County of Wellington .9%, and County of Dufferin 1.6%.
  - As of 2023, combined municipal funding represents 38.2% of total government funding.
3. Interest Revenue:
  - Increase based on interest rate increases.
4. Employee Salaries and Wages
  - Staff salaries increase 2% for 2023.
5. Employee Benefits:
  - Statutory Benefits projected to increase (CPP 7.7%, EI 8%, OMERs Max 3%).
  - Non-Statutory Benefits increase April 1, 2023 (e.g. Medical 2.1%, Dental-3.4%, LTD 0%) based on projections provided by Mosey & Mosey.
6. Travel:
  - Decreased due to continued hybrid/remote operations.
7. Staff Training:
  - There has been a significant positive variance in staff training over the past two years due to the pandemic.
  - Staff training is expected to return to pre-pandemic levels in 2023.
8. Program Supplies:
  - Decrease in travel vaccine purchases, offset by decrease in expenditure recoveries (travel vaccine sales).
  - Decrease in material costs for discontinued programming in Healthy Growth in Development.
9. Professional and Purchased Services:
  - Expense category includes the following: advertising, agency insurance premiums, corporate legal fees, IT system operating fees, offsite file storage, annual audit fees, annual payroll processing, etc.
  - Expected increase in insurance premiums \$65,000 offset by other reductions.
10. Building Occupancy:
  - Increase of \$29,000 in Land Lease.
  - Increase of \$54,000 for IT Server storage (Ministry of Finance).
  - Increases to Security, Custodial, and other maintenance contracts.
  - Facility commitments relating to COVID-19 vaccination have been excluded and are expected to be covered by extraordinary funding in 2023.
11. Information, IT Equipment and Telecommunications:
  - Decrease in computer software upgrades for multiple systems that have been replaced by the new ERP.
12. Expenditure Recoveries:
  - Decrease in vaccine sales, travel vaccine program no longer being offered (offset by reduction in vaccine purchases).
13. Mortgage Interest Expense:
  - Adjusted as per amortization schedule for 2023.
14. ERP – HR Implementation:
  - Strategic Investments represents the cost of the new ERP (Finance + HR) system implementation.
  - It is expected that HR component will be implemented during 2022, with GO LIVE expected before beginning of 2023.
  - Costs should be incurred in 2022 with residual costs covered by existing Professional Services budgets.