

Financial Statements of

**WELLINGTON DUFFERIN
GUELPH PUBLIC HEALTH
UNIT**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Wellington Dufferin Guelph Public Health Unit

Opinion

We have audited the financial statements of Wellington Dufferin Guelph Public Health Unit (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes 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 Entity as at December 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 14, 2024

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	\$ 6,302,463	\$ 8,978,914
Accounts receivable	514,242	871,445
Due from Province of Ontario	512,526	-
	<u>7,329,231</u>	<u>9,850,359</u>
Liabilities:		
Accounts payable and accrued liabilities	1,374,709	2,696,996
Due to Province of Ontario	-	1,721,206
Employee benefits payable (note 3)	1,358,507	1,511,788
Deferred revenue	70,205	163,659
Long-term debt (note 4)	915,576	2,141,613
	<u>3,718,997</u>	<u>8,235,262</u>
Net financial assets	3,610,234	1,615,097
Non-financial assets:		
Tangible capital assets (note 2)	19,148,000	20,066,759
Prepaid expenses	49,325	56,110
Inventory	725	1,275
	<u>19,198,050</u>	<u>20,124,144</u>
Accumulated surplus (note 6)	<u>\$ 22,808,284</u>	<u>\$ 21,739,241</u>

See accompanying notes to financial statements.

Approved by the Board of Health:



Director

George Bridge, BOH Chair



Director

Chris White, BOH Secretary Treasurer

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Statement of Operations and Accumulated Surplus

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

	2023 Budget	2023 Actual	2022 Actual
Revenues:			
Ministry of Health Base Funding	\$ 16,483,275	\$ 16,600,613	\$ 15,970,956
Ministry of Health One-Time Funding	1,995,863	2,072,709	6,379,722
City of Guelph	4,680,575	4,680,575	4,657,242
County of Wellington	2,929,441	2,929,441	2,902,462
County of Dufferin	1,994,907	1,994,907	1,964,191
Other community grants	149,746	177,715	401,787
Ministry of Children, Community and Social Services	1,567,992	1,553,975	1,383,398
Public Health Agency of Canada	-	-	43,874
Interest income	29,765	337,866	130,662
	<u>29,831,564</u>	<u>30,347,801</u>	<u>33,834,294</u>
Expenses:			
Salaries and wages	17,256,514	17,311,995	19,301,711
Benefits	5,760,853	5,416,335	5,661,091
Building occupancy	2,947,357	1,198,944	1,335,872
Professional and purchased services	1,707,821	1,771,410	1,779,843
Information technology and systems	734,282	805,208	952,128
Program materials and supplies	756,182	722,473	794,442
Travel	313,297	320,548	356,334
Telecommunications	198,800	296,865	348,488
Office expenses, printing and postage	159,561	178,162	202,192
Staff training and recognition	186,978	215,202	161,493
Board of Health	33,650	12,772	4,066
Amortization of tangible capital assets	-	1,378,203	1,394,589
Interest and bank charges	55,587	55,587	95,214
Expense recoveries (note 7)	(279,318)	(404,946)	(349,548)
	<u>29,831,564</u>	<u>29,278,758</u>	<u>32,037,915</u>
Annual surplus			
	-	1,069,043	1,796,379
Accumulated surplus, beginning of year			
	21,739,241	21,739,241	19,942,862
Accumulated surplus, end of year			
	<u>\$ 21,739,241</u>	<u>\$ 22,808,284</u>	<u>\$ 21,739,241</u>

See accompanying notes to financial statements.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Statement of Changes in Net Financial Assets

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

	2023	2022
Annual surplus	\$ 1,069,043	\$ 1,796,379
Amortization of tangible capital assets	1,378,203	1,394,589
Change in prepaid expenses	6,785	(20,867)
Change in inventory	550	200
Acquisition of tangible capital assets	(459,444)	(798,135)
Increase in net financial assets	1,995,137	2,372,166
Net financial assets (debt), beginning of year	1,615,097	(757,069)
Net financial assets, end of year	\$ 3,610,234	\$ 1,615,097

See accompanying notes to financial statements.

WELLINGTON DUFFERIN GUELPH PUBLIC 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	\$ 1,069,043	\$ 1,796,379
Item not involving cash:		
Amortization of tangible capital assets	1,378,203	1,394,589
Change in accounts receivable	357,203	330,281
Change in inventory	550	200
Change in prepaid expenses	6,785	(20,867)
Change in accounts payable and accrued liabilities	(1,322,287)	730,990
Change in due to/from Province of Ontario	(2,233,732)	457,716
Change in due to programs	-	(581,996)
Change in employee benefits payable	(153,281)	(25,797)
Change in deferred revenue	(93,454)	163,659
Change in trust liabilities	-	(2,975)
	(990,970)	4,242,179
Cash flows from financing activities:		
Long-term debt repaid	(1,226,037)	(1,186,410)
Cash flows from investing activities:		
Acquisition of tangible capital assets	(459,444)	(798,135)
<hr/>		
Net (decrease) increase in cash	(2,676,451)	2,257,634
Cash, beginning of year	8,978,914	6,721,280
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Cash, end of year	\$ 6,302,463	\$ 8,978,914

See accompanying notes to financial statements.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements

Year ended December 31, 2023

Nature of operations:

Wellington Dufferin Guelph Public Health Unit ("WDGPH") has been created by statute under the Health Protection and Promotion Act ("HPPA") and is by statute an autonomous Board of Health. The Board of Health is comprised of municipal members representing each of the obligated municipalities of the County of Wellington (3), the County of Dufferin (2), and the City of Guelph (3) and seven Provincial appointees. As stated in WDGPH's Mission statement, WDGPH uses an innovative approach to deliver evidence-informed programs and services to meet the distinctive needs of our communities.

WDGPH operates programs in accordance with the Ontario Public Health Standards and Protocols as mandated by the Province of Ontario. The Province of Ontario mandates that WDGPH provide programs and services that prevent disease, protect health and promote the well-being of individuals. Additional initiatives are also delivered within Wellington, Dufferin, and Guelph in collaboration with many of our community partners.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"), and reflect the following policies:

(a) Basis of presentation:

Basis of accounting

- a) The operations reported on in the financial statements reflect the complete operations WDGPH.
- b) The operations of WDGPH general programs are funded by the Counties of Wellington and Dufferin, the City of Guelph, and the Ontario Ministry of Health. Each year the amount expenditure is based upon budgeted approvals and is funded accordingly. Funding amounts not received at year-end are recorded as receivable. Funding amounts in excess of actual expenditures incurred during the year are recorded as payable, or as deferred revenue depending on the terms of the funding agreement.

Revenue and expenses are reported on the accrual basis of accounting.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates used within these financial statements include accrued liabilities and employee benefits payable. Actual results may differ from these estimates.

(c) Revenue recognition:

WDGPH receives revenue in the form of government transfers from the Province of Ontario (Ministry of Health and Ministry of Children, Community and Social Services), the Corporation of the County of Wellington, the Corporation of the County of Dufferin, and the Corporation of the City of Guelph. Government transfers are recognized as revenue in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and/or stipulations have been met, and reasonable estimates of the amount can be made.

(d) Tangible capital assets:

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

Asset	Rate
Buildings	30 years
Leasehold improvements	Term of lease
Equipment	5 years
Technology and communication	3 years
Parking Lot	20 years
Furniture and fixtures	5 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
- (ii) The past transactions or events giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

Judgement may be required to determine if an asset retirement exists and if so, the asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. Assumptions used in the subsequent calculations are revised yearly.

(f) Financial instruments:

(i) Initial measurement:

WDGPH's financial instruments include cash, accounts receivable, due to/from Province of Ontario, accounts payable and accrued liabilities and long-term debt. The carrying value of cash, accounts receivable, due to/from Province of Ontario, accounts payable and accrued liabilities and long-term debt approximate their fair values due to the short-term nature of these financial assets and liabilities.

All financial instruments are measured at cost or amortized cost. There have been no re-measurement gains or losses. Therefore, the Statement of Remeasurement Gains (Losses) has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Tangible capital assets:

Cost	Balance, December 31, 2022	Additions	Dispositions	Balance, December 31, 2023
Land	\$ 1,021,784	\$ -	\$ -	\$ 1,021,784
Buildings	24,444,587	172,631	-	24,617,218
Leasehold improvements	285,118	7,053	-	292,171
Equipment	1,666,155	51,857	-	1,718,012
Technology and communication	6,808,167	163,572	-	6,971,739
Parking lot	318,220	36,823	-	355,043
Furniture and fixtures	2,171,924	27,508	-	2,199,432
	\$ 36,715,955	\$ 459,444	\$ -	\$ 37,175,399

Accumulated amortization	Balance, December 31, 2022	Amortization	Dispositions	Balance, December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Buildings	6,901,952	853,781	-	7,755,733
Leasehold improvements	101,633	21,404	-	123,037
Equipment	1,391,922	98,664	-	1,490,586
Technology and communication	6,029,239	376,349	-	6,405,588
Parking Lot	77,496	16,832	-	94,328
Furniture and fixtures	2,146,954	11,173	-	2,158,127
	\$ 16,649,196	\$ 1,378,203	\$ -	\$ 18,027,399

Net book value	2023	2022
Land	\$ 1,021,784	\$ 1,021,784
Buildings	16,861,485	17,542,635
Leasehold improvements	169,134	183,485
Equipment	227,426	274,233
Technology and communication	566,151	778,928
Parking lot	260,715	240,724
Furniture and fixtures	41,305	24,970
	\$ 19,148,000	\$ 20,066,759

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Employee benefits payable:

	2023	2022
Vacation time payable	\$ 1,297,699	\$ 1,463,452
Compensation time payable	46,808	38,997
Sick leave payable	14,000	9,339
	\$ 1,358,507	\$ 1,511,788

Vacation time payable

The provisions of the employee's vacation plan allows for the accumulation of vacation credits for use in future periods. The approximate value of the credits as at December 31, 2023 is \$1,297,699 (2022 - \$1,463,452).

4. Long-term debt:

On December 19, 2012, WDGPH entered into a Financial Agreement with the County of Wellington, the County of Dufferin, and the City of Guelph to finance the cost of building the two new facilities at Chancellors Way, Guelph, and Broadway, Orangeville. The Financial Agreement allowed for quarterly advances of capital by the obligated municipalities to WDGPH beginning in January 2013, until the completion of the new facilities. The total amount of the advances was not to exceed \$24,400,000. Interest is calculated annually, commencing on the 1st day of the month following the date of substantial completion of both facilities. The interest rate is 3.34% per annum, and the term and amortization of the loans is twenty years. Repayment of these loans commenced thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time or times without penalty or bonus.

The total amount borrowed under the loan agreement was \$18,481,487. The amount outstanding as of December 31, 2023 is \$915,576. Future principal and interest payments under this loan agreement are projected to be:

2024	\$ 930,467
Less: Interest portion	14,891
Long-term debt	\$ 915,576

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Long-term debt (continued):

The total interest paid on long-term debt in 2023 was \$55,587 (2022 - \$95,214).

5. COVID-19 related expenses:

These amounts reflect costs incurred as a result of the COVID-19 pandemic response and are included within the expense captions on the face of the Statement of Operations and Accumulated Surplus.

	2023	2022
Salaries and wages	\$ 419,113	\$ 2,868,035
Benefits	98,766	487,467
Building occupancy	48,422	330,128
Professional and purchased services	163,066	395,346
Program materials and supplies	73,428	243,673
Information technology and systems	9,046	8,850
Travel	57,158	196,124
Telecommunications	29	152,562
Office expenses, printing, and postage	16,856	52,685
Staff training and recognition	122	8,212
Total expenses	886,006	4,743,082
Less: Ministry of Health revenue	886,006	4,372,821
Net COVID-19 expenses funded through the municipal portion of the Cost Shared Mandatory program	\$ -	\$ 370,261

Amounts that have been reimbursed by the Ministry of Health are included in Ministry of Health One-Time Funding on the Statement of Operations and Accumulated Surplus.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Accumulated surplus and reserves:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2023	2022
Tangible capital assets (note 2)	\$ 19,148,000	\$ 20,066,759
Reserves	4,575,860	3,814,095
Long-term debt	(915,576)	(2,141,613)
	\$ 22,808,284	\$ 21,739,241

	2023	2022
Balance, beginning of year	\$ 3,814,095	\$ 2,607,672
Interest earned on reserve	219,073	67,853
Transfer to reserves	542,692	1,138,570
Balance, end of year	\$ 4,575,860	\$ 3,814,095

Reserves consist of the following:

	2023	2022
Contingency Reserve	\$ 856,484	\$ 814,641
Technology Reserve	1,185,059	1,075,693
Orangeville Facilities Reserve	839,991	646,610
Guelph Facilities Reserve	1,640,795	1,226,236
Fluoride Varnish Program Reserve	53,531	50,915
Balance, end of year	\$ 4,575,860	\$ 3,814,095

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Expense recoveries:

	Budget		
	2023	2023	2022
Sales, tests and course fees	\$ 2,500	\$ 10,129	\$ 1,671
Vaccines and immunizations	111,000	212,850	179,006
File searches	2,000	-	-
Rental Income	38,758	38,758	38,251
Staffing recoveries	125,060	115,239	116,210
Other miscellaneous	-	27,970	14,410
	\$ 279,318	\$ 404,946	\$ 349,548

8. Municipal split:

WDGPH receives funding for Cost Shared Mandatory and Related programs from the three obligated municipalities under the Health Protection and Promotion Act. The percentage of total municipal funding provided by each of the three obligated municipalities is based on the population of each municipality relative to the total population of Wellington-Dufferin-Guelph, based on the most recent Census. In 2023, the split is based on the 2021 Census (2022 - 2016 Census).

	Population	2021 Census
County of Wellington	97,286	31.7 %
County of Dufferin	66,257	21.6
City of Guelph	143,740	46.7
	307,283	100.0 %

9. Credit facility:

At December 31, 2023 WDGPH had an unsecured line of credit of \$3,000,000 (2022 - \$3,000,000) bearing interest at the bank prime rate of 7.2% (2022 - 6.45%), of which all has remained unused at year-end.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Pension agreements:

WDGPH makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of approximately 240 (2022 - 204) members of its staff.

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, WDGPH does not recognize any share of the OMERS pension surplus or deficit. At December 31, 2023, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit).

The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employee based upon length of service and rates of pay.

The amount contributed to OMERS for 2023 was \$1,761,450 (2022 - \$1,554,801).

11. Budget figures:

The budgeted figures, which are presented for comparison purposes, are prepared on a cash basis.

12. Commitments and contingencies:

WDGPH leases office and clinic space. In addition, land has been leased under a long-term operating lease which expires on April 30, 2062. WDGPH also has a small number of long-term commitments under contract. Minimum lease payments and other long-term commitments under contract over the next five years are as follows:

2024	\$	353,484
2025		343,817
2026		343,817
2027		343,817
2028		343,817
	\$	1,728,752

In the normal course of business, WDGPH is involved in various claims. Though the outcome of these various pending claims as at December 31, 2023 cannot be determined with certainty, WDGPH believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Financial instruments:

(a) Fair value measurement hierarchy:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- i) Level 1 – Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets and liabilities.
- ii) Level 2 – Financial instruments are considered Level 2 when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- iii) Level 3 – Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

At December 31, 2023, all financial instruments were classified as Level 2.

(b) Risk management:

WDGPH has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (foreign currency risk, interest rate risk, and other price risk).

The Board of Directors is responsible for ensuring that the organization has identified its major risks and ensures management monitors and controls them. WDGPH has experienced no change in its risk exposure and has not made any changes to its risk management policies and procedures.

(c) Credit risk:

Credit risk is the risk of a financial loss to the organization if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by WDGPH consisting of cash, accounts receivables, and due from Province of Ontario.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Financial instruments: (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they become due. The WDGPH's objective is to have sufficient liquidity to meet these liabilities when due. WDGPH monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities, Due to Province of Ontario and long-term debt. None of its accounts payable and accrued liabilities are considered past due.

WDGPH's long-term debt has remaining undiscounted contractual cash flows of \$930,467 as at December 31, 2023 and is repayable in the next fiscal year.

(e) Cash:

The organization's exposure to credit risk associated with cash is assessed as low because WDGPHs cash deposits are held by a Canadian Schedule 1 Chartered bank.

(f) Accounts receivable:

WDGPH's exposure to credit risk associated with accounts receivable is assessed as low because it is due largely from governments.

Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. All accounts receivable are considered for impairment based on the nature of the receivable and historical repayment information. WDGPH did not have any allowance for doubtful accounts at December 31, 2023 (2022 - \$nil).

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Financial instruments: (continued):

(g) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the organization's net results of operations or the fair value of its holdings of financial instruments.

i. Foreign Currency Risk:

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates.

WDGPH is not exposed to any significant currency risk.

ii. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

WDGPH is not exposed to any significant interest rate risk.

14. Adoption of New Accounting Standards:

(a) PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation:

On January 1, 2023, WDGPH adopted Public Sector Accounting Standards PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization's accounting policy choices (see Note 1 – Significant Accounting Policies).

No significant changes were required as a result of implementing these new standards.

WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

14. Adoption of New Accounting Standards: (continued):

(b) PS 3280 - Asset Retirement Obligations:

On January 1, 2023, WDGPH adopted Public Sector Accounting Standard 3280 Asset Retirement Obligations (ARO). The standard establishes the accounting and reporting requirements for legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings controlled by public sector entities. An ARO liability can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on prospective basis.

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded.

No significant changes were required as a result of implementing these new standards.

Schedule of Revenues and Expense Recoveries - Schedule 1
Cost Shared Mandatory and 100% Ministry of Health Funded Related Programs
For the Year Ended December 31, 2023

	100% Funded					MOH Compensation	Total 2023	Total 2022
	Cost-Shared Programs	School Focused Nurses	Ontario Seniors Dental Care Program	Provincial COVID	Provincial One Time Grants ₁			
Revenue								
Provincial								
Ministry of Health Base Funding	15,041,378	-	1,388,475	-	-	170,760	16,600,613	15,970,956
Ministry of Health One-time Funding	-	601,195	-	886,006	585,508	-	2,072,709	6,379,722
Sub-total provincial funding	15,041,378	601,195	1,388,475	886,006	585,508	170,760	18,673,322	22,350,677
Municipal								
City of Guelph	4,328,466	-	-	-	-	-	4,328,466	4,204,733
County of Wellington	2,929,441	-	-	-	-	-	2,929,441	2,902,462
County of Dufferin	1,994,907	-	-	-	-	-	1,994,907	1,964,191
Sub-total municipal funding	9,252,814	-	-	-	-	-	9,252,814	9,071,386
Total Funding	24,294,192	601,195	1,388,475	886,006	585,508	170,760	27,926,136	31,422,063
Interest Income	337,866	-	-	-	-	-	337,866	130,662
Total Revenue	24,632,058	601,195	1,388,475	886,006	585,508	170,760	28,264,002	31,552,725
Expenses								
Employee Costs								
Salaries and wages	14,021,840	466,376	437,875	419,113	340,142	141,592	15,826,938	17,744,307
Benefits	4,460,867	134,819	143,032	98,766	98,883	29,168	4,965,535	5,153,190
Total salaries, wages and benefits	18,482,707	601,195	580,907	517,879	439,025	170,760	20,792,473	22,897,497
Operating Costs								
Building occupancy	1,148,130	-	584	48,422	561	-	1,197,697	1,334,625
Professional and purchased services	814,453	-	581,694	163,066	1,308	-	1,560,521	1,473,814
Information technology and systems	788,565	-	7,597	9,046	-	-	805,208	952,088
Program materials and supplies	479,976	-	160,889	73,428	583	-	714,876	782,483
Travel	214,588	-	7,945	57,158	14,577	-	294,268	352,279
Telecommunications	296,836	-	-	29	-	-	296,865	348,488
Office expenses, printing and postage	151,231	-	6,518	16,856	132	-	174,737	200,469
Staff training and recognition	205,287	-	919	122	160	-	206,488	154,069
Board of Health	12,772	-	-	-	-	-	12,772	4,066
Amortization of tangible capital assets	1,378,203	-	-	-	-	-	1,378,203	1,394,589
Interest and bank charges	55,587	-	-	-	-	-	55,587	95,214
Total operating costs	5,545,628	-	766,146	368,127	17,321	-	6,697,222	7,092,184
Total expenses	24,028,335	601,195	1,347,053	886,006	456,346	170,760	27,489,695	29,989,680
Expense recoveries	-294,736	-	-	-	-	-	-294,736	-233,334
Total net expenses after expense recoveries	23,733,599	601,195	1,347,053	886,006	456,346	170,760	27,194,959	29,756,347
Annual surplus	898,459	-	41,422	-	129,162	-	1,069,043	1,796,379

Note 1:

Provincial One-Time Grants include the PHI Practicum, OSDCP Clinic Construction, OSDCP Reprocessing Space and IPAC Hub.

**Wellington-Dufferin-Guelph Public Health
Schedule of One-Time Funds - Schedule 2
For the Year Ended December 31, 2023**

	Funding Period	Provincial Funding Approved	2022 Expenses	2023 Expenses	Funding Available for 2024	Payable to Ministry of Health
		\$	\$	\$	\$	\$
<u>One-time funding</u>						
Needle Exchange Program	Apr 1 2022 to Mar 31 2023	\$ 19,000	\$ 19,000	\$ -	\$ -	\$ -
Public Health Inspector Practicum Program	Apr 1 2022 to Mar 31 2023	67,500	67,500	-	-	-
Public Health Inspector Practicum Program	Apr 1 2023 to Mar 31 2024	50,000	-	50,000	-	-
COVID-19 General Program	Jan 1 2023 to Dec 31 2023	82,400	-	109,336	-	-
COVID-19 Vaccine Program	Jan 1 2023 to Dec 31 2023	507,700	-	776,669	-	-
Ontario Seniors Dental Care Program						
Clinic Construction	Apr 1 2022 to Mar 31 2023	35,000	7,043	27,957	-	-
Ontario Seniors Dental Care Program Reprocessing Space - Guelph Dental Clinic	Apr 1 2022 to Mar 31 2023	212,600	110,251	102,349	-	-
Infection Prevention and Control Hubs (IPAC Hub)	Apr 1 2023 to Mar 31 2024	582,200	-	405,202	176,998	-
School-Focused Nurses Initiative	Jan 1 2023 to Mar 31 2023	350,000	-	350,000	-	-
School-Focused Nurses Initiative	Apr 1 2023 to Jun 30 2023	350,000	-	251,195	-	98,805
Temporary Retention Incentive for Nurses	Apr 1 2022 to Mar 31 2023	265,300	200,676	-	-	64,624