



Board of Health Finance Standing Committee Meeting

Thursday, June 4, 2020

10:30 a.m.

via Skype

APPOINTMENT OF BOARD OF HEALTH FINANCE STANDING COMMITTEE CHAIR

MOTION:

**THAT the Board of Health Finance Standing Committee appoint _____
as the Board of Health Finance Standing Committee Chair for 2020.**



**AGENDA
BOARD OF HEALTH FINANCE STANDING COMMITTEE**

**THURSDAY, JUNE 4, 2020
10:30 A.M. UNTIL NOON
Via Skype**

MEMBERS: Carolyn Thain René Lapierre Randy Hazlett
Mark Signoretti

STAFF: France Quirion Rachel Quesnel Dr. Penny Sutcliffe

GUESTS: Derek Dangelo, KPMG

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. ELECTION OF BOARD OF HEALTH FINANCE STANDING COMMITTEE CHAIR FOR 2020**

APPOINTMENT OF BOARD OF HEALTH FINANCE STANDING COMMITTEE CHAIR

MOTION:

THAT the Board of Health Finance Standing Committee appoint _____ as the Board of Health Finance Standing Committee Chair for 2020.

- 4. REVIEW OF AGENDA / DECLARATION OF CONFLICT OF INTEREST**
- 5. APPROVAL OF BOARD OF HEALTH FINANCE STANDING COMMITTEE MEETING NOTES**
 - 5.1 Board of Health Finance Standing Committee Notes dated October 30, 2019 *

APPROVAL OF MEETING NOTES

MOTION:

THAT the meeting notes of the Board of Health Finance Standing Committee meeting of October 30, 2019, be approved as distributed.

6. NEW BUSINESS

- 6.1 2019 Audited Financial Statements
 - a) Briefing Note from the Medical Officer of Health and Chief Executive Officer on the 2019 Financial Statements *
 - b) Review of the 2019 Audit Findings Report and Audited Financial Statements *
 - Derek Dangelo, KPMG
 - C. Barrette, Manager, Accounting Services
 - F. Quirion, Director, Corporate Services

2019 AUDITED FINANCIAL STATEMENTS

MOTION:

THAT the Board of Health Finance Standing Committee recommend to the Board of Health for the Sudbury and District Health Unit the adoption of the 2019 audited financial statements.

- 6.2 Year to Date Financial Statements
 - a) March 2020 Financial Statements *

7. ADJOURNMENT

ADJOURNMENT

MOTION:

That we do now adjourn. Time: _____

* Attachment

MINUTES
BOARD OF HEALTH FINANCE STANDING COMMITTEE
PUBLIC HEALTH SUDBURY & DISTRICTS, BOARDROOM, SECOND FLOOR
WEDNESDAY, OCTOBER 30, 2019 – 9:30 A.M.
BOARDROOM, SECOND FLOOR

BOARD MEMBERS PRESENT

Randy Hazlett	Mark Signoretti
René Lapierre	Carolyn Thain

STAFF MEMBERS PRESENT

Colette Barrette	France Quirion
Rachel Quesnel	Dr. Penny Sutcliffe

C. THAIN PRESIDING

1. CALL TO ORDER

The meeting was called to order at 9:35 a.m.

2. ROLL CALL

3. REVIEW OF AGENDA/DECLARATIONS OF CONFLICTS OF INTEREST

There were no declarations of conflict of interest.

4. APPROVAL OF BOARD OF HEALTH FINANCE STANDING COMMITTEE

4.1 Board of Health Finance Standing Committee Minutes dated May 3, 2019

04-19 APPROVAL OF MEETING NOTES

MOVED BY SIGNORETTI – LAPIERRE: THAT the meeting notes of the Board of Health Finance Standing Committee meeting of May 3, 2019, be approved as distributed.

CARRIED

The Chair inquired about the appointment of the auditor following 2019 as this is the third and last year of the City of Greater Sudbury's three-year contract with KPMG. We have contacted the City of Greater Sudbury to inquire about the status of the renewal or selection of a new auditor.

5. NEW BUSINESS

5.1 Year-to-Date Financial Statements

a) September 2019 Financial Statements

F. Quirion reviewed the year-to-date financial statements ending September 30, 2019. The total variance of \$1,494,375 is higher than last year at this time which is expected given the hiring freeze and spending restrictions implemented in response to the April 2019 provincial budget announcement of retroactive funding cuts to boards of health. With subsequent announcements, these restrictions have been lifted. Preliminary projections for the 2019 year-end are slightly higher than that of our 2018 year-end position, however, we are working to catch up on programming as much as possible to year end.

Question and comments were entertained. The importance of being transparent and communicating regularly with staff was highlighted in the context of many unknowns. Discussion ensued regarding the projected surplus for 2019 resulting from circumstances out of our control. As it relates to the funding formula changing to 70:30, Dr. Sutcliffe clarified that, unless specified, all 100% provincially-funded programs will be rolling into cost-shared funding. The Ministry has not yet provided implementation details for the 100% programs. It was requested that note be made in the Board materials about which 100% programs will be transferred to the 70:30 funding formula and that information on our reserves is included.

5.2 2020 Operating Budget

a) Briefing Note: Context and Assumptions

Dr. Sutcliffe recapped Ministry of Health announcements since the release of the provincial budget on April 11, 2019, regarding massive changes to Ontario's public health system that included budget cuts across the local public health system and funding formula changes.

It has been a rapidly evolving context for the modernization of public health this year. A. Blair has been appointed as Executive Lead for Public Health Modernization and J. Pine appointed Special Advisor on Public Health and Emergency Health Services. The Ministry of Health has not yet scheduled the consultation sessions. Given the many unknowns relating to the modernization of public health, assumptions have had to be included in the 2020 base budget being proposed today that include:

- effective January 1, 2020, the Ministry of Health will implement a 70:30 funding formula, including:
 - Mandatory cost-shared programs historically funded at up to 75%

- Other related programs historically funded at 100% and excluding:
 - Unorganized territories
 - MOH/AMOH compensation initiative
 - Ontario senior dental care program
- the Ministry of Health will calculate the 2020 grant on the basis of projections made in the Board's 2018 third quarter reporting for both cost-shared and 100% funded programs;
- requirements of boards of health remain the same, as prescribed by legislation, regulation, and the Ontario Public Health Standards and related protocols and guidelines;
- Public Health Sudbury & Districts will continue to operate as an autonomous entity for the entire 2020 calendar year; and
- per Ministry verbal communication with Public Health Sudbury & Districts staff in May and Ministry August announcement (10% cap on municipal increases), one-time Ministry mitigation funding in the amount of \$600,000 will be allocated to Public Health Sudbury & Districts to offset 2020 operating expenses.

Dr. Sutcliffe noted that this is management's best advice for go forward based on dialogue with government colleagues. Questions and comments were entertained. It was clarified that it is unclear as to why the Ministry would be using Q3 2018 projections; however, Ministry staff have indicated that they are working hard to maintain current financial investment in public health.

b) 2020 Summary of Budget Pressures

F. Quirion reviewed the summary of the recommended 2020 budget reflecting the impact of the 70:30 funding formula on our bottom line. Per the Ministry of Health's communication, the 2020 figures are based on the 2018 third quarter year end projections for both cost shared and 100% funded programs. Applying a 70% provincial funding formula to these figures results in an overall reduction in provincial revenue of \$1,169,560. Going into the budget deliberations, the projected budget shortfall for 2020 is therefore \$1,931,441.

A one-time provincial mitigation fund of \$600,000 has been included in the recommended budget and, after applying the municipal levy increase capped at 10%, the remaining budget shortfall is \$596,879.

Discussion ensued regarding interpretation and purpose of the one-time mitigation funds and the 10% cap on municipal levy increases. It was agreed that a

communication plan with key messages on background and context will be important. Clear messaging to constituent municipalities will also be important and additional information will be on the Municipal Levy table to provide further clarification for the November Board agenda package.

It was pointed out that senior management has been diligent in assessing the impacts of the funding formula change and have been strategic in planning for the future needs of the organization. The structural changes previously shared have assisted the organization in finding efficiencies resulting in cost savings of \$487,409. In addition, interest is projected to grow in 2020.

With these efficiencies, there will be unfunded budget pressures amounting to \$74,470 which are expected to be addressed through in-year gapped salaries.

c) 3-Year Financial Projections

The three-year projections to 2022 depict the impact of the changes to the funding of public health. Assumptions in the three-year scenario were reviewed. In 2021, the projected financial position, if funding remains at the same level as 2020, is a deficit of \$1.2M, growing to \$1.8M deficit in 2022. The impacts of the regionalization through the public health modernization, including short-term and long-term financial implications, are unknown.

d) 2020 Recommended Operating Budget

An overview of the recommended 2020 budget totaling \$26,623,396 was provided. The 2020 recommended budget shows a net increase over 2019 of \$200,002.

Revenues for 2020 include all programs, include the previous 100% cost-shared programs now referenced as other related programs.

The bulk of the budget increase in the expenditures by category relates to the staff development \$129,883. It was noted that significant variances will be highlighted in the budget briefing note that goes to the Board.

On December 1, 2019, Public Health Sudbury & District will be seeing the end of a two-year rate freeze for the extended health and dental benefits resulting in a 12.1% overall increase for the provision of these benefits. F. Quirion noted that it is common to see larger than average increase after a period of rate freeze to premiums.

There are ongoing increases to fixed costs including heat, hydro, physical infrastructure and system infrastructure maintenance costs continue to rise.

Questions and comments were entertained relating to purchased services, telephone expenses, reserves, as well as the 10% cap on municipal levy increases. It was clarified that the municipal levies are based on the most recent MPAC population base and that although not the most up to date data, the levies are proportional. Dr. Sutcliffe reviewed the Board of Health's legislative responsibilities adding that there are channels to advocate to the government such as through alPHa and AMO for a balanced approach between the provincial and municipal fiscal responsibilities. Dr. Sutcliffe acknowledged the work of F. Quirion, C. Barrette and team for the development of the recommended 2020 budget.

IN CAMERA

05-19 IN CAMERA

MOVED BY HAZLETT – LAPIERRE: THAT this Board of Health Finance Standing Committee goes in camera for personal matters involving one or more identifiable individuals, including employees or prospective employees. Time: 11:05 a.m.

CARRIED

RISE AND REPORT

06-19 RISE AND REPORT

MOVED BY LAPIERRE – SIGNORETTI: THAT this Board of Health Finance Standing Committee rises and reports. Time: 11:18 a.m.

CARRIED

It was reported that one agenda item relating to for personal matters involving one or more identifiable individuals, including employees or prospective employees was discussed for which the following motion emanated:

07-19 APPROVAL OF MEETING NOTES

MOVED BY LAPIERRE – SIGNORETTI: THAT this Board of Health approve the meeting notes of the October 29, 2018, Board in camera meeting and that these remain confidential and restricted from public disclosure in accordance with exemptions provided in the Municipal Freedom of Information and Protection of Privacy Act.

CARRIED

6. ADJOURNMENT

08-19 ADJOURNMENT

MOVED BY SIGNORETTI – LAPIERRE: THAT we do now adjourn. Time: 11:19 a.m.

CARRIED

(Chair)

(Secretary)

APPROVAL OF MEETING NOTES

MOTION:

THAT the meeting notes of the Board of Health Finance Standing Committee meeting of October 30, 2019, be approved as distributed.

To: Chair, Board of Health Finance Standing Committee
From: Dr. Penny Sutcliffe, Medical Officer of Health/Chief Executive Officer
Date: May 29, 2020
Re: 2019 Audited Financial Statement presented in draft

For Information

For Discussion

For a Decision

Issue:

KPMG completed the audit of the 2019 Financial Statements of the Board of Health for the Sudbury and District Health Unit operating as Public Health Sudbury & Districts which include the Independent Auditor's Report.

Recommended Action:

That the Board of Health Finance Standing Committee recommend the Audited Financial Statements for Board of Health approval at the Board's June 18, 2020 meeting.

Background:

The Ministry of Health requires each health unit to have their financial records audited by an external auditing firm annually.

The 2019 audit was completed by KPMG. This is KPMG's first year of the two-year extension to the three year service agreement. The three-year service agreement provided an option to extend audit services for an additional two years.

Public Health Sudbury & Districts is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards.

The auditor's responsibility is to express an opinion on these financial statements based on their audit. The audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures include the assessment of the risks of material misstatements of the financial statements. The auditors consider internal controls relevant to the organization's preparation and fair presentation of the financial statements. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Based on the auditor's report, the financial statements present fairly, in all material respects,

2018–2022 Strategic Priorities:

1. Equitable Opportunities
2. Meaningful Relationships
3. Practice Excellence
4. Organizational Commitment

O: October 19, 2001
R: January 2017

the financial position of Public Health Sudbury & Districts as at December 31, 2019 and its results of operations and accumulated surplus, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

There were no recommendations received as a result of the 2019 annual audit completed by KPMG.

Financial Implications:

Audit charges as per the Audit service agreement.

Ontario Public Health Standard:

Effective Public Health Practice – Good governance

Strategic Priority:

Organizational Commitment

Contact:

France Quirion, Director, Corporate Services

1. Equitable Opportunities
2. Meaningful Relationships
3. Practice Excellence
4. Organizational Commitment

Financial Statements of

**BOARD OF HEALTH FOR THE
SUDBURY & DISTRICT
HEALTH UNIT**

**(OPERATING AS PUBLIC HEALTH SUDBURY
& DISTRICTS)**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP
Claridge Executive Centre
144 Pine Street
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INDEPENDENT AUDITORS' REPORT

To the Board Members of the Board of Health for the Sudbury & District Health Unit (operating as Public Health Sudbury & Districts), Members of Council, Inhabitants and Ratepayers of the Participating Municipalities of the Board of Health for the Sudbury & District Health Unit

Opinion

We have audited the accompanying financial statements of The Board of Health for the Sudbury & District Health Unit operating as Public Health Sudbury & Districts (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- 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, 2019, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 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.

Auditors' Responsibility 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

Date

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 16,710,305	\$ 14,762,030
Accounts receivable	358,227	532,377
Receivable from the Province of Ontario	286,617	176,059
	<u>17,355,149</u>	<u>15,470,466</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,807,946	1,325,291
Deferred revenue	362,121	314,736
Payable to the Province of Ontario	532,065	496,461
Employee benefit obligations (note 2)	2,956,463	2,905,078
	<u>5,658,595</u>	<u>5,041,566</u>
Net financial assets	11,696,554	10,428,900
Non-financial assets:		
Tangible capital assets (note 3)	5,097,476	5,241,436
Prepaid expenses	325,038	312,561
	<u>5,422,514</u>	<u>5,553,997</u>
Commitments and contingencies (note 4)		
Subsequent event (note 11)		
Accumulated surplus (note 5)	\$ 17,119,068	\$ 15,982,897

See accompanying notes to financial statements.

On behalf of the Board:

_____ Board Member

_____ Board Member

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget	Total	Total
	2019	2019	2018
	(unaudited)		
Revenue (note 9):			
Provincial grants	\$ 21,218,505	\$ 20,934,817	\$ 21,129,320
Per capita revenue from municipalities (note 7)	7,345,618	7,345,618	7,133,674
Other:			
Plumbing inspections and licenses	317,000	290,514	302,316
Interest	105,000	300,985	216,090
Other	1,095,489	883,397	819,733
	30,081,612	29,755,331	29,601,133
Expenses (note 9):			
Salaries and wages	19,785,169	18,295,647	18,230,108
Benefits (note 6)	5,414,309	5,041,211	5,140,502
Administration (note 8)	2,290,327	2,287,486	2,016,169
Supplies and materials	1,602,073	1,532,008	1,637,528
Amortization of tangible capital assets (note 3)	-	691,091	627,567
Small operational equipment	603,910	464,669	454,933
Transportation	385,824	307,048	309,907
	30,081,612	28,619,160	28,416,714
Annual surplus	-	1,136,171	1,184,419
Accumulated surplus, beginning of year	15,982,897	15,982,897	14,798,478
Accumulated surplus, end of year	\$ 15,982,897	\$ 17,119,068	\$ 15,982,897

See accompanying notes to financial statements.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	\$ 1,136,171	\$ 1,184,419
Purchase of tangible capital assets	(547,131)	(494,391)
Amortization of tangible capital assets	691,091	627,567
Change in prepaid expenses	(12,477)	123,472
Change in net financial assets	1,267,654	1,441,067
Net financial assets, beginning of year	10,428,900	8,987,833
Net financial assets, end of year	\$ 11,696,554	\$ 10,428,900

See accompanying notes to financial statements.

DRAFT

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Cash flows from operating activities:		
Annual surplus	\$ 1,136,171	\$ 1,184,419
Adjustments for:		
Amortization of tangible capital assets	691,091	627,567
Employee benefit obligations	51,385	148,799
	<u>1,878,647</u>	<u>1,960,785</u>
Changes in non-cash working capital:		
Decrease in accounts receivable	174,150	256,307
Increase (decrease) in receivable from the Province of Ontario	(110,558)	188,976
Increase in accounts payable and accrued liabilities	482,655	35,595
Increase (decrease) in deferred revenue	47,385	(53,628)
Increase (decrease) in payable to the Province of Ontario	35,604	(197,538)
Increase (decrease) in prepaid expenses	(12,477)	123,472
	<u>2,495,406</u>	<u>2,313,969</u>
Cash flows from investing activity:		
Purchase of tangible capital assets	(547,131)	(494,391)
	<u>1,948,275</u>	<u>1,819,578</u>
Increase in cash	1,948,275	1,819,578
Cash and cash equivalents, beginning of year	14,762,030	12,942,452
Cash and cash equivalents, end of year	<u>\$ 16,710,305</u>	<u>\$ 14,762,030</u>

See accompanying notes to financial statements.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

The Board of Health for the Sudbury & District Health Unit, (operating as Public Health Sudbury & Districts), (the "Health Unit") was established in 1956, and is a progressive, accredited public health agency committed to improving health and reducing social inequities in health through evidence informed practice. The Health Unit is funded through a combination of Ministry grants and through levies that are paid by the municipalities to whom the Health Unit provides public health services. The Health Unit works locally with individuals, families and community and partner agencies to promote and protect health and to prevent disease. Public health programs and services are geared toward people of all ages and delivered in a variety of settings including workplaces, daycare and educational settings, homes, health-care settings and community spaces.

The Health Unit is a not-for-profit public health agency and is therefore exempt from income taxes under the Income Tax Act (Canada).

1. Summary of significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board. The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they are earned. Expenses 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) Cash and cash equivalents:

Cash and cash equivalents include guaranteed investment certificates that are readily convertible into known amounts of cash and subject to insignificant risk of change in value.

Guaranteed investment certificates generally have a maturity of one year or less at acquisition and are held for the purpose of meeting future cash commitments.

Guaranteed investment certificates amounted to \$2,303,303 as at December 31, 2019 (2018 - \$2,258,052) and these can be redeemed for cash on demand.

(c) Employee benefit obligations:

The Health Unit accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation and other compensated absence entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Health Unit's employ.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

1. Summary of significant accounting policies (continued):

(c) Employee benefit obligations (continued):

Other post-employment benefits are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined with reference to the Health Unit's cost of borrowing at the measurement date taking into account cash flows that match the timing and amount of expected benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experiences and from changes in actuarial assumptions used to determine the accrued benefit obligation. These gains (losses) are amortized over the average remaining service period of active employees.

(d) Non-financial assets:

Tangible capital assets and prepaid expenses are accounted for as non-financial assets by the Health Unit. Non-financial assets are not available to discharge 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.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost, and include amounts that are directly related to the acquisition of the assets. The Health Unit provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization periods are as follows:

Asset	Basis	Rate
Building	Straight-line	2.5%
Land improvements	Straight-line	10%
Computer hardware	Straight-line	30%
Leasehold improvements	Straight-line	10%
Website design	Straight-line	20%
Vehicles and equipment	Straight-line	10%
Equipment – vaccine refrigerators	Straight-line	20%
Computer software	Straight-line	100%

(f) Prepaid expenses:

Prepaid expenses are charged to expenses over the periods expected to benefit from them.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

1. Summary of significant accounting policies (continued):

(g) Accumulated surplus:

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

The accumulated surplus consists of the following surplus accounts:

- Invested in tangible capital assets:

This represents the net book value of the tangible capital assets the Health Unit has on hand.

- Unfunded employee benefit obligations:

This represents the unfunded future employee benefit obligations comprised of the accumulated sick leave benefits, other post-employment benefits and vacation pay and other compensated absences.

The accumulated surplus consists of the following reserves:

- Working capital reserve:

This reserve is not restricted and is utilized for the operating activities of the Health Unit.

- Public health initiatives:

This reserve is restricted and can only be used for public health initiatives.

- Corporate contingencies:

This reserve is restricted and can only be used for corporate contingencies.

- Facility and equipment repairs and maintenance:

This reserve is restricted and can only be used for facility and equipment repairs and maintenance.

- Sick leave and vacation:

This reserve is restricted and can only be used for future sick leave and vacation obligations.

- Research and development:

This reserve is restricted and can only be used for research and development activities.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

1. Summary of significant accounting policies (continued):

(h) Revenue recognition:

Revenue from government grants and from municipalities is recognized in the period in which the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government; and the amount can reasonably be estimated. Funding received under a funding arrangement, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes, is reflected as deferred revenue in the year of receipt and is recognized as revenue in the period in which all the recognition criteria have been met.

Other revenues including certain user fees, rents and interest are recorded on the accrual basis, when earned and when the amounts can be reasonably estimated and collection is reasonably assured.

(i) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors. The budget figures are unaudited.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are estimated amounts for uncollectible accounts receivable, employee benefit obligations and the estimated useful lives and residual values of tangible capital assets.

BOARD OF HEALTH FOR THE SADBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SADBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

2. Employee benefit obligations:

An actuarial estimate of future liabilities has been completed using the most recent actuarial valuation dated December 31, 2017 and forms the basis for the estimated liability reported in these financial statements. The next full valuation of the plan will be as of December 31, 2020.

	2019	2018
Accumulated sick leave benefits	\$ 710,365	\$ 753,705
Other post-employment benefits	1,348,868	1,234,500
	2,059,233	1,988,205
Vacation pay and other compensated absence	897,230	916,873
	\$ 2,956,463	\$ 2,905,078

The significant actuarial assumptions adopted in measuring the Health Unit's accumulated sick leave benefits and other post-employment benefits are as follows:

	2019	2018
Discount	4.00%	4.00%
Health-care trend rate:		
Initial	6.42%	6.42%
Ultimate	3.75%	3.75%
Salary escalation factor	2.75%	2.75%

The Health Unit has established reserves in the amount of \$675,447 (2018 - \$675,447) to mitigate the future impact of these obligations. The accrued benefit obligations as at December 31, 2019 are \$2,112,718 (2018 - \$2,035,409).

	2019	2018
Benefit plan expenses:		
Current service costs	\$ 169,489	\$ 162,089
Interest	81,336	78,323
Amortization of actuarial loss	(6,282)	(4,819)
	\$ 244,543	\$ 235,593

Benefits paid during the year were \$173,515 (2018 - \$164,052). The net unamortized actuarial loss of \$53,485 (2018 - \$47,203) will be amortized over the expected average remaining service period.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

3. Tangible capital assets:

Cost:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	2019 Total
Balance, January 1, 2019	\$ 26,939	7,068,782	396,739	2,363,856	374,825	69,845	2,486,251	242,596	13,029,833
Additions	-	85,053	-	322,585	35,777	-	93,966	9,750	547,131
Balance, December 31, 2019	\$ 26,939	7,153,835	396,739	2,686,441	410,602	69,845	2,580,217	252,346	13,576,964

Accumulated amortization:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
Balance, January 1, 2019	\$ -	2,932,343	396,739	1,788,440	374,825	69,845	2,099,775	126,430	7,788,397
Amortization	-	176,720	-	334,391	35,777	-	119,943	24,260	691,091
Balance, December 31, 2019	\$ -	3,109,063	396,739	2,122,831	410,602	69,845	2,219,718	150,690	8,479,488

Net book value

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
At December 31, 2018	\$ 26,939	4,136,439	-	575,416	-	-	386,476	116,166	5,241,436
At December 31, 2019	26,939	4,044,772	-	563,610	-	-	360,499	101,656	5,097,476

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

3. Tangible capital assets (continued):

Cost:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	2018 Total
Balance, January 1, 2018	\$ 26,939	7,068,782	396,739	1,993,435	357,579	69,845	2,379,527	242,596	12,535,442
Additions	-	-	-	370,421	17,246	-	106,724	-	494,391
Balance, December 31, 2018	\$ 26,939	7,068,782	396,739	2,363,856	374,825	69,845	2,486,251	242,596	13,029,833

Accumulated amortization:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
Balance, January 1, 2018	\$ -	2,755,623	394,660	1,497,616	357,579	62,861	1,990,321	102,170	7,160,830
Amortization	-	176,720	2,079	290,824	17,246	6,984	109,454	24,260	627,567
Balance, December 31, 2018	\$ -	2,932,343	396,739	1,788,440	374,825	69,845	2,099,775	126,430	7,788,397

Net book value

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
At December 31, 2017	\$ 26,939	4,313,159	2,079	495,819	-	6,984	389,206	140,426	5,374,612
At December 31, 2018	26,939	4,136,439	-	575,416	-	-	386,476	116,166	5,241,436

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

4. Commitments and contingencies:

(a) Line of credit:

The Health Unit has available an operating line of credit of \$500,000 (2018 - \$500,000). There is \$Nil balance outstanding on the line of credit at year end (2018 - \$Nil).

(b) Lease commitments:

The Health Unit enters into operating leases in the ordinary course of business, primarily for lease of premises and equipment. Payments for these leases are contractual obligations as scheduled per each agreement. Commitments for minimum lease payments in relation to non-cancellable operating leases at December 31, 2019 are as follows:

No later than one year	\$	231,301
Later than one year and no later than 5 years		403,556
Later than five years		505,680
	\$	1,140,537

(c) Contingencies:

The Health Unit is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

5. Accumulated surplus:

	Balance, Beginning of year	Annual Surplus (Deficit)	Purchase of Tangible Capital Assets	Transfer to (from) Reserves	Balance, end of year
Invested in tangible capital assets	\$ 5,241,434	(691,089)	547,131	–	\$ 5,097,476
Unfunded employee benefit obligation	(2,905,078)	(51,385)	–	–	(2,956,463)
Working capital reserve	8,032,668	1,878,645	(547,131)	(3,618,434)	5,745,748
Public health initiatives	1,521,119	–	–	978,881	2,500,000
Corporate contingencies	500,000	–	–	–	500,000
Facility and equipment repairs and maintenance	2,860,447	–	–	2,639,553	5,500,000
Sick leave and vacation	675,447	–	–	–	675,447
Research and development	56,860	–	–	–	56,860
	<u>\$ 15,982,897</u>	<u>1,136,171</u>	<u>–</u>	<u>–</u>	<u>\$ 17,119,068</u>

6. Pension agreements:

The Health Unit makes contributions to OMERS, which is a multi-employer plan, on behalf of its members. The plan is a defined contribution plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2019 was \$1,766,045 (2018 - \$1,771,788) for current service and is included within benefits expense on the statement of operations and accumulated surplus.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

7. Per capita revenue from municipalities:

	2019	2018
City of Greater Sudbury	\$ 6,317,974	\$ 6,135,677
Township of Espanola	195,030	189,406
Township of Sables and Spanish River	119,811	116,354
Municipality of French River	106,148	103,085
Municipality of Markstay-Warren	104,091	101,088
Township of Northeastern Manitoulin & The Islands	95,203	92,456
Township of Chapleau	85,654	83,182
Township of Central Manitoulin	76,545	74,337
Municipality of St. Charles	51,717	50,225
Township of Assiginack	33,720	32,747
Town of Gore Bay	33,059	32,105
Township of Baldwin	22,555	21,904
Township of Billings (and part of Allan)	22,408	21,762
Township of Gordon (and part of Allan)	20,057	19,479
Township of Nairn & Hyman	17,707	17,196
Township of Tehkummah	16,238	15,769
Municipality of Killarney	15,503	15,056
Township of Burpee	12,198	11,846
	\$ 7,345,618	7,133,674

8. Administration expenses:

	Budget 2019 (unaudited)	2019	2018
Professional fees	\$ 746,543	\$ 527,202	\$ 346,853
Building maintenance	366,785	525,514	426,730
Rent	259,105	262,925	262,386
Advertising	140,695	231,679	161,676
Telephone	198,936	188,322	192,055
Utilities	214,325	181,854	190,190
Staff education	130,226	167,605	224,873
Liability insurance	115,636	109,903	99,833
Postage	69,322	59,469	64,635
Memberships and subscriptions	44,754	32,980	42,607
Strategic planning	4,000	33	4,331
	\$ 2,290,327	\$ 2,287,486	\$ 2,016,169

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

9. Revenues and expenses by funding sources:

	OLHA	UIIP	Men C	HPV	Unorganized Territories	NFVP	Enhanced Safe Water	Ontario Sr. Dental Care Program	Nursing Initiatives	Diabetes Prevention	SFO	Enhanced Safe Food	Harm Reduction Enhancement	HSO	Indigenous Communities Indigenous Partnership	Sub-Total
Revenue:																
Provincial grants	\$ 15,298,700	18,572	15,657	28,271	-	145,447	16,200	90,598	392,100	155,770	790,997	36,500	129,322	557,442	47,182	17,722,758
Provincial grants - one-time	-	-	-	-	-	8,796	-	-	-	-	-	-	-	-	-	8,796
Unorganized territories	-	-	-	-	826,000	-	-	-	-	-	-	-	-	-	-	826,000
Municipalities	7,345,618	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,345,618
Plumbing and inspections	290,514	-	-	-	-	-	-	-	-	-	-	-	-	-	-	290,514
Interest	300,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300,985
Other	497,323	-	-	-	-	-	-	-	-	-	-	-	-	-	-	497,323
	23,733,140	18,572	15,657	28,271	826,000	154,243	16,200	90,598	392,100	155,770	790,997	36,500	129,322	557,442	47,182	26,991,994
Expenses:																
Salaries and wages	14,296,372	16,065	13,709	24,454	501,053	77,153	12,150	36,148	312,400	79,068	465,608	9,146	81,816	405,929	36,845	16,367,916
Benefits	4,023,480	1,596	1,370	2,437	133,368	19,306	4,050	9,795	79,700	21,691	133,698	2,561	25,293	115,252	9,971	4,583,568
Transportation	103,942	-	-	-	118,259	413	-	-	-	2,345	26,785	-	4	2,524	366	254,638
Administration (note 8)	2,104,088	-	-	-	-	392	-	(1,555)	-	34,684	16,054	583	21,440	397	-	2,176,083
Supplies and materials	943,342	911	578	1,380	73,320	56,979	-	40,995	-	17,982	148,852	24,210	769	33,340	-	1,342,658
Small operational equipment	434,654	-	-	-	-	-	-	5,215	-	-	-	-	-	-	-	439,869
Amortization of tangible capital assets	691,091	-	-	-	-	-	-	-	-	-	-	-	-	-	-	691,091
	22,596,969	18,572	15,657	28,271	826,000	154,243	16,200	90,598	392,100	155,770	790,997	36,500	129,322	557,442	47,182	25,855,823
Annual surplus	\$ 1,136,171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,136,171

OLHA - MOH Mandatory Cost-Shared

UIIP - Universal Influenza Immunization Program

Men C - Meningococcal Vaccine Program

HPV - Human Papilloma Virus

Nursing Initiatives - Chief Nursing Officer, Infection Prevention and Control Nurses, Social Determinants of Health PHN

HSO - Healthy Smiles Ontario

MOH/AMOH - Ministry of Health/Associate Medical Officer of Health

MCCSS - Ministry of Children, Community and Social Services: Health Babies Healthy Children/Prenatal Postnatal Nurse Practitioner

SFO - Smoke Free Ontario

NFVP - Northern Fruit and Vegetable Program

Non-Ministry - Non-Ministry Funded Initiatives

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

9. Revenues and expenses by funding sources (continued):

	2018-19 One-time Funding								
	Infectious Diseases Control	MOH/AMOH	Needle Exchange	MCCSS: HBHC & PPNP	HIV-Aids Anonymous Testing	Mandatory Built Environment	Needle Exchange Program	Vaccine Fridge	Sub-Total
Revenue:									
Provincial grants	\$ 389,000	110,681	87,100	1,593,529	60,198	-	-	-	2,240,508
Provincial grants - one-time	-	-	-	-	-	11,984	37,282	24,800	74,066
Unorganized territories	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Plumbing and inspections	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
	389,000	110,681	87,100	1,593,529	60,198	11,984	37,282	24,800	2,314,574
Expenses:									
Salaries and wages	303,296	94,978	-	1,227,166	49,133	10,903	-	-	1,685,476
Benefits	81,860	15,703	-	308,317	10,537	1,081	-	-	417,498
Transportation	352	-	-	51,294	-	-	-	-	51,646
Administration (note 8)	488	-	-	1,772	28	-	-	-	2,288
Supplies and materials	3,004	-	87,100	4,980	500	-	37,282	-	132,866
Small operational equipment	-	-	-	-	-	-	-	24,800	24,800
Amortization of tangible capital assets	-	-	-	-	-	-	-	-	-
	389,000	110,681	87,100	1,593,529	60,198	11,984	37,282	24,800	2,314,574
Annual surplus	\$ -	-	-	-	-	-	-	-	-

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BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

9. Revenues and expenses by funding sources (continued):

	2018-19 One-time Funding						Total
	Mandatory Disclosure	Mandatory Effective Public Health Practice	Healthy Menu Choices: Enforcement	Indigenous Communities	PHI Practicum	Non-Ministry	
Revenue:							
Provincial grants	\$ -	-	-	-	-	-	19,963,266
Provincial grants - one-time	533	24,959	411	33,218	3,568	-	145,551
Unorganized territories	-	-	-	-	-	-	826,000
Municipalities	-	-	-	-	-	-	7,345,618
Plumbing and inspections	-	-	-	-	-	-	290,514
Interest	-	-	-	-	-	-	300,985
Other	-	-	-	-	-	386,074	883,397
	533	24,959	411	33,218	3,568	386,074	29,755,331
Expenses:							
Salaries and wages	485	22,290	374	26,803	3,261	189,042	18,295,647
Benefits	48	2,669	37	4,107	307	32,977	5,041,211
Transportation	-	-	-	117	-	647	307,048
Administration (note 8)	-	-	-	1,493	-	107,622	2,287,486
Supplies and materials	-	-	-	698	-	55,786	1,532,008
Small operational equipment	-	-	-	-	-	-	464,669
Amortization of tangible capital assets	-	-	-	-	-	-	691,091
	533	24,959	411	33,218	3,568	386,074	28,619,160
Annual surplus	\$ -	-	-	-	-	-	1,136,171

OLHA - MOH Mandatory Cost-Shared

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Non-Ministry - Non-Ministry Funded Initiatives

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2019

10. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year surplus.

11. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Health Unit is not known at this time.

DRAFT

2019 AUDITED FINANCIAL STATEMENTS

MOTION:

THAT the Board of Health Finance Standing Committee recommend to the Board of Health for the Sudbury and District Health Unit the adoption of the 2019 audited financial statements.

Public Health Sudbury & Districts

STATEMENT OF REVENUE & EXPENDITURES

Summary by Department

For The 3 Periods Ending March 31, 2020

Cost Shared Programs

	Annual Budget	Budget YTD	Current Expenditures YTD	Variance YTD (over)/under	Balance Available
Revenue:					
MOH - General Program	14,983,563	3,745,891	3,745,891	(0)	11,237,672
MOH - Other Related Program	1,993,653	498,413	498,413	0	1,495,240
MOH - One Time Revenue	600,000	0	0	0	600,000
MOH - Unorganized Territory	826,000	206,500	206,500	0	619,500
Municipal Levies	8,080,180	2,020,045	2,020,048	(3)	6,060,132
Interest Earned	140,000	68,106	68,106	(0)	71,894
Total Revenues:	\$26,623,396	\$6,538,955	\$6,538,958	\$(3)	\$20,084,438
Expenditures:					
Corporate Services:					
Corporate Services	4,199,077	1,198,991	1,204,480	(5,489)	2,994,597
Office Admin.	115,350	20,087	19,132	956	96,218
Espanola	117,509	28,051	26,792	1,259	90,717
Manitoulin	127,187	30,027	26,914	3,113	100,273
Chapleau	104,631	25,477	24,198	1,279	80,433
Sudbury East	17,940	4,485	4,570	(85)	13,370
Intake	337,278	77,833	85,144	(7,311)	252,134
Facilities Management	574,599	143,650	101,394	42,256	473,205
Volunteer Resources	3,850	962	203	760	3,648
Total Corporate Services:	\$5,597,421	\$1,529,564	\$1,492,827	\$36,737	\$4,104,595
Health Protection:					
Environmental Health - General	1,254,612	281,789	275,092	6,698	979,520
Enviromental	2,626,013	643,648	603,982	39,666	2,022,031
Vector Borne Disease (VBD)	87,545	21,074	5,358	15,716	82,187
Small Drinking Water Systems	178,774	41,255	42,708	(1,452)	136,066
CID	1,266,024	306,404	360,119	(53,716)	905,904
Infectious Diseases Contol Initiatives	479,100	111,403	111,340	63	367,760
Districts - Clinical	223,123	51,160	50,967	193	172,156
Risk Reduction	185,942	17,066	17,002	64	168,940
Sexual Health	1,231,693	276,416	260,155	16,261	971,538
MOHLTC - Influenza	0	0	(0)	0	0
MOHLTC - Meningittis	0	0	1	(1)	(1)
SFO: E-Cigarettes Protection and Enforcement	36,700	8,705	4,008	4,697	32,692
SFO: Protection and Enforcement	259,800	61,614	47,437	14,177	212,364
Food Safety: Haines Funding	36,500	9,125	0	9,125	36,500
Total Health Protection:	\$7,865,826	\$1,829,660	\$1,778,167	\$51,493	\$6,087,659
Health Promotion:					
Health Promotion - General	1,433,003	319,927	296,611	23,316	1,136,392
School	1,459,229	337,186	349,064	(11,879)	1,110,165
Northern Fruit and Vegetables Program	176,100	42,005	78,347	(36,343)	97,753
Districts - Espanola / Manitoulin	336,364	77,978	77,330	648	259,034
Nutrition & Physical Activity	1,043,077	241,777	175,767	66,010	867,310
Districts - Chapleau / Sudbury East	402,549	93,087	90,776	2,311	311,773
Dental	452,214	105,315	100,896	4,419	351,317
Healthy Smiles Ontario	612,200	142,448	134,956	7,492	477,244
Injury Prevention	524,894	121,665	96,561	25,104	428,333
Tobacco, Vaping, Cannabis & Alcohol	488,047	118,449	97,166	21,284	390,881
Family Health	635,138	146,678	125,141	21,537	509,997
Healthy Growth and Development	1,093,858	250,914	147,502	103,412	946,356
Vision Health	68,977	1,458	689	769	68,288
Substance Misuse Prevention	19,600	275	272	3	19,328
SFO: TCAN Prevention	97,200	24,300	3,287	21,013	93,913
SFO: TCAN Coordination	285,800	66,567	27,416	39,151	258,384
SFO: Tobacco Control Coordination	100,000	22,990	22,990	(0)	77,010
SFO: Youth Tobacco Use Prevention	80,000	18,569	17,529	1,040	62,471
Harm Reduction Program Enhancement	150,000	34,766	33,628	1,138	116,372
Mental Health and Addictions	624,320	144,623	134,008	10,614	490,311
Diabetes Prevention	175,000	41,700	23,194	18,507	151,806
Total Health Promotion:	\$10,257,570	\$2,352,678	\$2,033,131	\$319,547	\$8,224,439
Knowledge and Strategic Services:					
Knowledge and Strategic Services	2,673,900	632,277	467,147	165,130	2,206,754
Workplace Capacity Development	23,507	5,877	2,001	3,875	21,506
Health Equity Office	14,440	3,610	3,314	296	11,126
Social Determinants of Health Nurses Initiatives	180,500	40,785	40,785	(0)	139,715
Strategic Engagement	10,232	2,558	112,813	(110,255)	(102,581)
Total Knowledge and Strategic Services:	\$2,902,579	\$685,107	\$626,061	\$59,046	\$2,276,519
Total Expenditures:	\$26,623,396	\$6,397,008	\$5,930,185	\$466,824	\$20,693,211
Net Surplus/(Deficit) before COVID-19 Pandemic Response	\$0	\$141,947	\$608,773	\$466,826	
COVID-19 Pandemic Response				(294,682)	
Net Surplus/(Deficit) net of COVID-19 Pandemic Response				\$172,144	

Public Health Sudbury & Districts

Cost Shared Programs

STATEMENT OF REVENUE & EXPENDITURES
 Summary By Expenditure Category
 For The 3 Periods Ending March 31, 2020

	BOH Annual Budget	Budget YTD	Current Expenditures YTD	COVID-19 Expenditures YTD	Variance YTD (over) /under	Budget Available
Revenues & Expenditure Recoveries:						
Funding	26,681,234	6,596,793	6,633,070	-	(36,277)	20,048,164
Other Revenue/Transfers	704,618	115,595	171,005	-	(55,410)	533,613
Total Revenues & Expenditure Recoveries:	27,385,852	6,712,388	6,804,075	-	(91,687)	20,581,777
Expenditures:						
Salaries	17,855,814	4,162,712	3,926,888	186,994	48,830	13,741,932
Benefits	5,118,330	1,176,001	1,152,657	51,327	(27,983)	3,914,346
Travel	307,412	55,935	26,579		29,356	280,833
Program Expenses	1,141,111	275,949	264,173	10,388	1,389	866,550
Office Supplies	67,459	17,080	13,466		3,615	53,993
Postage & Courier Services	64,972	14,133	12,735	1,171	227	51,066
Photocopy Expenses	31,367	5,467	7,184		(1,717)	24,183
Telephone Expenses	65,266	15,016	15,086		(70)	50,180
Building Maintenance	372,135	92,784	54,553	20,961	17,270	296,621
Utilities	219,249	54,812	47,117		7,696	172,133
Rent	323,584	80,895	80,979		(84)	242,605
Insurance	117,849	114,099	115,712		(1,613)	2,137
Employee Assistance Program (EAP)	35,000	8,750	11,944		(3,194)	23,056
Memberships	29,889	10,289	12,300		(2,011)	17,589
Staff Development	247,099	25,769	14,649		11,120	232,450
Books & Subscriptions	9,345	2,464	2,072		392	7,273
Media & Advertising	131,950	31,085	19,051	12,130	(96)	100,769
Professional Fees	433,953	103,691	80,384		23,307	353,569
Translation	50,240	12,193	9,792	1,804	597	38,644
Furniture & Equipment	21,270	5,107	8,280		(3,174)	12,990
Information Technology	742,560	306,215	319,705	9,907	(23,398)	412,948
Total Expenditures	27,385,854	6,570,446	6,195,307	294,682	80,457	20,895,865
Net Surplus (Deficit) before COVID-19 Pandemic Response	0	(141,942)	608,768	(294,682)	172,144	

Sudbury & District Health Unit
SUMMARY OF REVENUE & EXPENDITURES
For the Period Ended March 31, 2020

Program	Annual Budget	Current YTD	Balance Available	% YTD	Program Year End
100% Funded Programs					
Pre/Postnatal Nurse Practitioner	139,000	139,000	0	100.0%	<i>Mar 31/2020</i>
OTF - Getting Ahead and Circles	112,271	23,162	89,109	20.6%	<i>Mar 31/2020</i>
CGS - Local Poverty Reduction Evaluation	67,771	7,398	60,373	10.9%	<i>Mar. 31/2021</i>
WOKE Age: Youth Driven Racial Equity	-	30,153	(30,153)		<i>Mar 31/2021</i>
LHIN - Falls Prevention Project & LHIN Screen	-	(0)	0		<i>Mar 31/20</i>
Triple P Co-Ordination	59,663	10,148	49,515	17.0%	<i>Dec 31</i>
Supervised Consumption Study	-	80	(80)		<i>Dec 31</i>
Healthy Babies Healthy Children	1,476,897	1,476,897	-	100.0%	<i>Mar 31/20</i>
Anonymous Testing	61,193	61,193	-	100.0%	<i>Mar 31/20</i>
Ontario Senior Dental Care Program	810,200	58,089	752,111	7.2%	<i>Dec 31</i>
Total	2,726,995	1,806,120	920,875		

Board of Health for the Sudbury & District Health Unit (operating as Public Health Sudbury & Districts)

Audit Findings Report
for the year ended
December 31, 2019

June 4, 2020

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KPMG contacts

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Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of the finance committee, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2019.

Finalizing the Audit

As of June 4, 2020, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the finance committee
- Obtaining evidence of the approval of the financial statements
- Obtaining the signed management representation letter

We will update the finance committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Uncorrected differences

We did not identify differences that remain uncorrected.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

¹ This Audit Findings Report should not be used for any other purpose or by anyone other than the finance committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit risks and results

Relevant factor affecting our risk assessment

Estimate



We highlight our significant findings in respect of significant financial reporting risks as identified below.

Significant financial reporting risk	Why is it significant?
Key management estimates	The Health Unit's financial statements include a number of assets and liabilities subject to estimates such as employee future benefits.

Our response and significant findings

- Assessed the reasonability of the underlying assumptions supporting the management estimate, including the accuracy of data used in the development of the estimate
- Reviewed the management estimate developed in the past in comparison to actual results
- No indicators of management bias noted, and retrospective review noted management's approach to the estimate was the same as in the prior year
- Used actuarial reports to verify calculations, estimates and disclosures

Audit risks and results (continued)

Significant financial reporting risk

Revenue recognition

Why is it significant?

The Health Unit is in receipt of funding that may be restricted in terms of use based on the amount of expenditures incurred or other considerations.

Our response and significant findings

- Reviewed funding agreements and other documentation to determine if criteria for revenue recognition was met
- Compared revenue recognized to expenditures incurred to assess the reasonability of revenue recognized
- Recognition of revenue was in accordance with the accounting policies disclosed in the notes to the financial statements

Audit risks and results (continued)

Significant findings from the audit regarding other areas of focus are as follows:

Other area of focus	Why are we focusing here?
Capital expenditures	Expenditures may be inappropriately classified depending on whether they meet the test of a betterment.

Our response and significant findings
<ul style="list-style-type: none">- Tested capital additions in order to ensure that they were recorded in accordance with the relevant accounting standards and the Health Unit's capital asset policies- No issues were noted

Audit risks and results (continued)

Significant findings from the audit regarding other areas of focus are as follows:

Other area of focus	Why are we focusing here?
Fraud risk relating to revenue recognition and management override of controls	This is a presumed fraud risk. Management may attempt to achieve certain financial results by overstating revenues.

Our response and significant findings
<ul style="list-style-type: none">- As this risk is not rebuttable, our audit methodology incorporates the required procedures as per professional standards in order to address this risk, which include, testing of journal entries, performing retrospective revenues of management estimates and evaluating the business rationale of significant unusual transactions- Journal entries tested were deemed to have appropriate approval and business rationale, no issues were noted

Uncorrected differences and Corrected Adjustments

Differences and adjustments include disclosure differences and adjustments.

Professional standards require that we request of management and the finance committee that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Appendices

Content

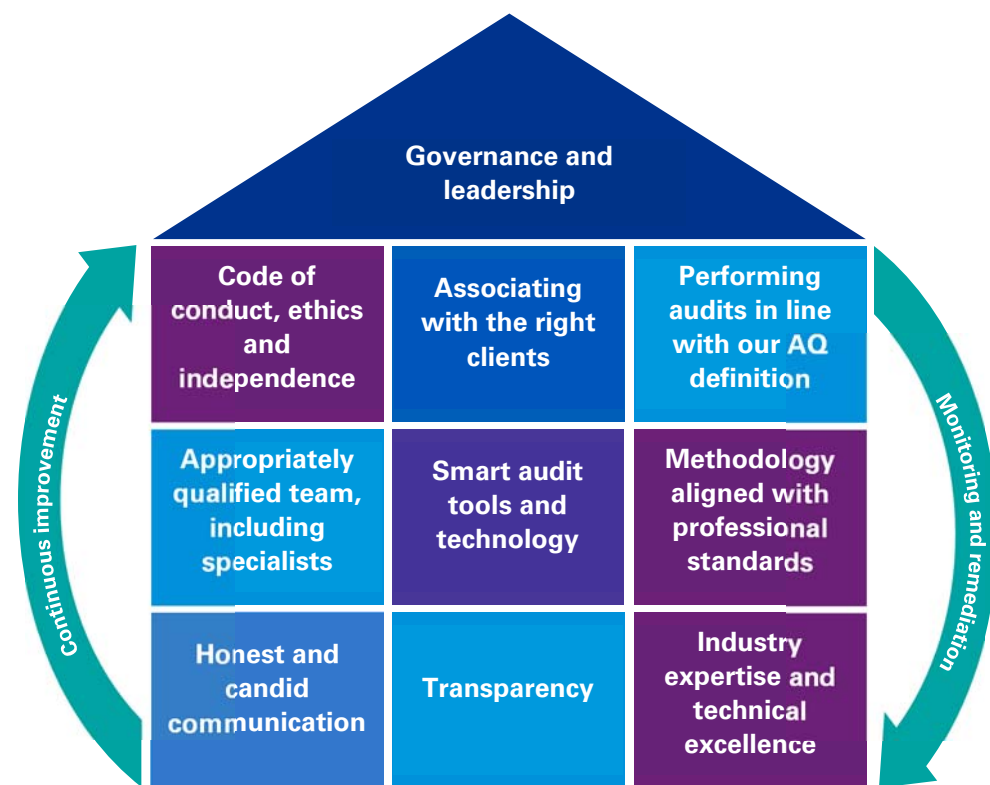
Appendix 1: Audit Quality and Risk Management



Appendix 1: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity.**

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).



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ADJOURNMENT

MOTION: THAT we do now adjourn. Time: _____ p.m.