



# Board of Health Finance Standing Committee Meeting

Tuesday, June 7, 2022

10 a.m.

Virtual Meeting

Updated June 4, 2022

**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 2022.**



**AGENDA  
BOARD OF HEALTH FINANCE STANDING COMMITTEE**

**TUESDAY, JUNE 7, 2022  
10 A.M. TO 11:30 A.M.  
Virtual Meeting**

**MEMBERS:** Carolyn Thain René Lapierre Ken Noland  
Mark Signoretti

**EX-OFFICIO STAFF:** Rachel Quesnel France Quirion Dr. Penny Sutcliffe

**INVITED STAFF:** Keeley O’Neill

**GUESTS:** Derek D’Angelo, KPMG  
Wenting Zhou, KPMG

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. ELECTION OF BOARD OF HEALTH FINANCE STANDING COMMITTEE CHAIR FOR 2022**

**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 2022.**

- 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 November 2, 2021 \*

**APPROVAL OF MEETING NOTES**  
**MOTION:**  
**THAT the meeting notes of the Board of Health Finance Standing Committee meeting of November 2, 2021, be approved as distributed.**

- 6. NEW BUSINESS**
  - 6.1 2021 Audited Financial Statements
    - a) Briefing Note from the Medical Officer of Health and Chief Executive Officer dated May 31, 2022\*

- b) Review of the 2021 Audit Findings Report and Audited Financial Statements \*
  - F. Quirion, Director, Corporate Services
  - K. O’Neill, Manager, Accounting Services
  - Derek D’Angelo and Wenting Zhou, KPMG

## **2021 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 2021 audited financial statements.**

- 6.2 Year to Date Financial Statements
  - a) April 2022 Financial Statements \*

## **7. ADJOURNMENT**

### **ADJOURNMENT**

#### **MOTION:**

**That we do now adjourn. Time: \_\_\_\_\_**

\* Attachment



**MINUTES**  
**BOARD OF HEALTH FINANCE STANDING COMMITTEE**  
**TUESDAY, NOVEMBER 2, 2021 – 1 P.M.**  
**VIRTUAL MEETING – TEAMS**

**BOARD MEMBERS PRESENT**

Carolyn Thain  
Mark Signoretti

Randy Hazlett

René Lapierre

**STAFF MEMBERS PRESENT**

France Quirion

Rachel Quesnel, Recorder

Dr. Penny Sutcliffe

**GUESTS PRESENT**

Lora Barazzuol, Budget and Reporting Officer  
Keeley O'Neil, Accounting Manager

**C. THAIN PRESIDING**

**1. CALL TO ORDER**

The meeting was called to order at 1:02 p.m. Recently recruited finance team members were introduced: Manager of Accounting, Keeley O'Neil, and Lora Barazzuol, Budget and Reporting Officer. Retired Manager, Colette Barrette was acknowledged for her longstanding commitment to the organization, including a careful handover to the new team.

**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 MINUTES**

**4.1 Board of Health Finance Standing Committee Notes dated June 7, and June 10, 2021**

**06-21 APPROVAL OF MEETING NOTES**

***MOVED BY LAPIERRE – SIGNORETTI: THAT the meeting notes of the Board of Health Finance Standing Committee meetings of June 7 and June 10, 2021, be approved as distributed.***

**CARRIED**

**5. NEW BUSINESS**

**5.1 2020 YEAR-TO-DATE FINANCIAL STATEMENTS**

**a) September 2021 Financial Statements**

The financial statements ending September 30, 2021, show a positive variance of \$2,317,235, before considering COVID-19 extraordinary costs. The statements recognize the \$11.2M received from the Ministry of Health in COVID-19 extraordinary funding, however, partner expenses are not yet recognized. Additional funding is expected to be based on our quarterly reports that are based on actual and projected expenditures. Some boards of health are experiencing significant cash flow challenges and so funding announcements should be forthcoming. F. Quirion reminded the Committee that only those COVID-19 expenditures that cannot be managed within the Board-approved budget are eligible for reimbursement from the COVID-19 extraordinary fund.

The current variance for the 100% provincially funded Ontario Senior's Dental Care Program at September 30, 2021, were outlined as well as for the IPAC Hub and LHIN Falls Prevention programs.

**5.2 2022 Operating Budget**

**a) Briefing Note: Context and Assumptions**

The proposed 2022 operating budget considers the ongoing requirement for Public Health Sudbury & Districts to respond to the COVID-19 pandemic as well as the increasing pressure to reinstate programs and services that were reduced or suspended as a result of staff redeployment (75% of base staffing resources) to support the COVID-19 response.

To deliver the COVID-19 vaccine and CCM programs, PHSD recruited temporary staff (projected at over \$4.2M) and significant overtime for permanent staff (projected at over \$4.1 million). The COVID-19 response and intensity of the work have had a significant burden on staff and their wellbeing and the Board has been apprised that a more sustainable balance is being pursued to reduce overtime and manage the COVID-19 response on the go forward. There is growing urgency to address the backlog in public health programs and services caused by staff redeployment to COVID-19 work and the impacts of the pandemic on community health.

It is expected that public health will be required to continue with its robust COVID-19 response and vaccination program into 2022, such as for those aged 5-11, and expect more cases with more complexities. Also, the transformation of the Ontario public health system work stopped abruptly in 2020 due to COVID-19; however, it is widely assumed that it will be revisited post-provincial election and post-pandemic.

Dr. Sutcliffe reviewed the financial context as described in the briefing note, including the understanding that boards of health will be eligible for reimbursement for COVID-19 costs through 2022.

Given the volatility and uncertainties posed by the pandemic, assumptions are required in order to plan for 2022. The assumptions made for the proposed 2022 budget, as summarized in the briefing note, were reviewed.

Questions and comments were entertained. With indicators such as resignations, leaves, and retirements, the Committee members voiced concerns regarding the impact COVID-19 response on PHSD workforce and supported to continue to, formally and informally, acknowledge the work of staff. Dr. Sutcliffe noted that close attention is being paid to this by PHSD and the public health sector across the province. PHSD has offered staff development workshops related to resiliency and selfcare through October and November for all staff. PHSD continues to maintain excellent relationships with all staff groups.

Dr. Sutcliffe noted the rise in fixed costs and inflation rates that are expected to climb, in addition to the rising costs of benefits. In response to an inquiring about long-term budgeting, Dr. Sutcliffe noted that there are many unknowns and not enough data to do robust budget planning for 2023 or 2024. At this point of the budget planning, we have used data available/known to us and outlined many assumptions to meet our responsibilities for 2022.

R. Hazlett raised concerns about projections for future significant funding shortfalls if the provincial mitigation grant ceases beyond 2022. He added that PHSD should be proactive in its planning to identify where efficiencies can come from including re-examining required programs and services versus assuming ongoing municipal funding to cover these costs. Dr. Sutcliffe acknowledged that the provincial legislation puts the responsibility for funding local public health on municipalities and that boards are required to provide legislated programs and services. Having no increase in provincial funding base for many years, even without the change in provincial funding policy, means an erosion of capacity. This has been managed over the years with careful analysis for efficiencies and reductions, but that otherwise is mitigated by municipal funding. She noted that there are many unique challenges at this time due to COVID-19 pressures and unknown provincial direction regarding the public health system

transformation. The Medical Officer of Health and senior management team review the financial situation on an ongoing basis to anticipate and manage challenges. It was noted that challenges faced locally will be faced by the entire system.

b) 2022 Summary of Budget Pressures

The 2021 BOH approved budget column reflects the 2021 ministry's funding announcement which resulted in an increase of \$47,016 (Smoke Free Ontario), which was a return to the 2019 approved funding level for all cost-shared programs. The draft 2022 budget is reflected at this adjusted funding level.

The Ministry has again committed to provide the one-time mitigation funding of \$1,179,500, the same level as 2020 and 2021. This one-time funding has been included in our recommended 2022 budget.

For 2022, interest revenue has been decreased by \$40,000 to better reflect current interest rates.

Total operating expenses are expecting to increase by only \$128,149 and total salaries and benefits are expecting to increase by \$477,810. This results in a projected 2022 budget shortfall of \$(645,959), without considering COVID-19 extraordinary expenditures.

Projected COVID-19 extraordinary expenses (i.e. that cannot be managed within the board-approved budget) for the vaccine and case and contact management programs are noted for 2022 at \$10.8M:

- Jan-April 2022 operating at 100% of 2021 projected expenses
- May-August 2022 dropping to 75% of expenses
- September-December 2022 at 50%.

The 2022 draft budget expenditures represent an increase of 2.2% and a starting 2022 budget position shortfall of \$645,959. To address this shortfall, various funding scenarios were discussed as per the schedules in the package, with scenario shortfalls ranging from over \$200,000 to over \$50,000.

c) 3-Year Financial Projections

The 3-year financial projection table depicts the financial situation when factoring in the full impact of the removal of one-time mitigation funds and no increase to municipal levies. A long-term financial projection shows an accumulated deficit of \$3,352,058 by 2024. This is based solely on what we know today, and many things can change between now and next year.



d) 2022 Recommended Operating Budget

The 2022 budget schedules present revenues, from all sources, and a total of 2.2% increase in expenditures. Salaries and benefits were explained and result an overall increase of 1.98%. Operating expenses increase by 3.82%, driven by increases to fixed costs as previously explained.

Variances in program expenses and expense recoveries are a direct result of the shift to 100% funded programs that are not cost-shared such as SFO. Revenue is removed from the expenses details and allocated to general revenue resulting in adjustments. Fixed costs are increased to reflect increased inflation rate. Staff development is calculated at 1.3% of eligible salaries, of which 0.5% has been included in the draft 2022 budget, leaving 0.8% for in-year adjustment.

The 2022 proposed budget reflects an increase of 2.2% for total expenditures

Dr. Sutcliffe shared that the draft budget presented has been subject to a lot of work, on top of a lot of COVID-19 work. The Team was congratulated on a 2.2% total increase over the existing base.

**07-21 IN CAMERA**

***MOVED BY SIGNORETTI – 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: 2:06 pm***

**CARRIED**

**08-21 RISE AND REPORT**

***MOVED BY LAPIERRE – HAZLETT: THAT this Board of Health Finance Standing Committee rises and reports. Time: 2:29 pm***

**CARRIED**

**09-21 APPROVAL OF BOH INCAMERA**

***MOVED BY HAZLETT – LAPIERRE: THAT this Board of Health Finance Standing Committee approve the meeting notes of the November 2, 2020, 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**

It was noted that PHSD has continued to delivery programs and services identified as high risk such as inspections, HBHC, septic permits, etc. The Committee members shared its amazement at PHSD staff’s accomplishments and the need to ensure that staff remain healthy and rested. The importance of capturing all COVID-19 expenses was emphasized.

It is recommended that the 2022 budget be approved at an overall budget increase of 2.2%, which results in a municipal increase of 7%.

R. Hazlett indicated a 7% levy increase is not reasonable for municipalities and, given the current reserves, that he would support a municipal increase of no more than 3%.

It was noted that the proposed 2022 budget is under 3% with an increase of 2.2% over the 2021 budget. Dr. Sutcliffe also provided an update on the current PHSD reserves.

R. Hazlett requested the following motion be tabled with a recorded vote.

**10-21 2022 OPERATING BUDGET – MUNICIPAL LEVY**

***MOTION: HAZLETT – LAPIERRE: THAT this Board of Health Finance Standing Committee recommends a 3% municipal levy for the 2022 Operating Budget to the Board of Health for approval.***

Randy Hazzlett	Yea
Rene Lapierre	Nay
Mark Signoretti	-
Carolyn Thain	Nay

**DEFEATED**

M. Signoretti rejoined the virtual meeting at this point.

**09-21 2022 OPERATING BUDGET**

***MOVED BY LAPIERRE – SIGNORETTI - THAT this Board of Health Finance Standing Committee recommend the 2022 Operating Budget of \$28,020,382 as presented at the Finance committee meeting of November 2, 2021, to the Board of Health for approval.***

Randy Hazzlett	Nay
Rene Lapierre	Yea
Mark Signoretti	Yea
Carolyn Thain	Yea

**CARRIED**

Dr. Sutcliffe will prepare a 2022 budget briefing note for the Board of Health along with a recommendation for the November 18 Board of Health meeting.

**6. ADJOURNMENT**

**10-21 ADJOURNMENT**

***MOVED BY SIGNORETTI – LAPIERRE: THAT we do now adjourn. Time: 3:07 p.m.***

**CARRIED**

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(Chair)

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(Secretary)

**APPROVAL OF MEETING NOTES**

**MOTION:**

**THAT the meeting notes of the Board of Health Finance Standing Committee meetings of November 2, 2021, 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 31, 2022  
**Re:** 2021 Audited Financial Statement presented in draft

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For Information

For Discussion

For a Decision

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**Issue:**

KPMG completed the audit of the 2021 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 16, 2022 meeting.

**Background:**

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

The 2021 audit was completed by KPMG. This is KPMG's second term and first year of the new three-year service agreement.

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,

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

the financial position of Public Health Sudbury & Districts as at December 31, 2021 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 2021 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

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

Audit Findings Report  
for the year ended  
December 31, 2021

*KPMG LLP*

June 7, 2022

[kpmg.ca/audit](https://kpmg.ca/audit)

**KPMG**



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# KPMG contacts

The contacts at KPMG in connection with this report are:



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## Our refreshed Values

### What we believe



We do what is right.



We never stop learning  
and improving.



We think and act boldly.



We respect each other  
and draw strength from  
our differences.



We do what matters.

# Executive Summary

## Purpose of this report<sup>1</sup>

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, 2021 for the Sudbury District Health Unit (the “Health Unit”).

### What’s new in 2021

There have been significant changes in the year ending December 31, 2021 which impacted financial reporting, the Organization’s internal control over financial reporting and our audit:

- COVID-19 pandemic
- New CAS auditing standards

### Finalizing the Audit

As of June 7, 2022, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completion of subsequent event procedures up to the date of our auditors’ report
- Obtaining the signed management representation letter
- Obtaining evidence of the approval of the financial statements

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.

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<sup>1</sup> 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.

# Executive summary (continued)

## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

## Control deficiencies

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

## Audit quality indicators

We have reviewed the audit quality indicators. We have not identified any areas of concern.

## Independence

We are independent with respect to the Health Unit, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

# What's New in 2021

## COVID-19 pandemic

There have been revisions to our standard audit plan arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your operations, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
<b>Health Unit's financial reporting impacts</b>	<ul style="list-style-type: none"> <li>— We considered impacts to financial reporting due to COVID 19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements.</li> <li>— In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty.</li> <li>— The areas of the financial statements most affected included:               <ul style="list-style-type: none"> <li>○ Note disclosure has been included as Note 11 within the December 31, 2021 financial statements to detail the impacts of the COVID pandemic on the operations.</li> </ul> </li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>— We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements. There was no requirement for the engagement team to revise materiality at the commencement of the audit.</li> </ul>
<b>Risk assessment</b>	<ul style="list-style-type: none"> <li>— We performed a more thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).</li> <li>— We did not identify any additional risks for material misstatement as a result of impacts to financial reporting, which required an audit response compared to the prior year.</li> </ul>

# What's New in 2021 (continued)

## New auditing standards

The following new auditing standards that are effective for the current year had an impact on our audit.

Standard	Key observations
<b>Working remotely</b>	<ul style="list-style-type: none"><li>— We completed all of the audit fieldwork entirely remote. We also used video conferencing and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.</li><li>— We used secure and innovative technologies to conduct our audit procedures.</li><li>— We increased our professional skepticism when evaluating electronic evidence received to validate the authenticity and reliability of electronic information used as audit evidence.</li></ul>
<b>CAS 540, Auditing Accounting Estimates and Related Disclosures</b>	<ul style="list-style-type: none"><li>— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.</li><li>— The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.</li><li>— We performed more granular risk assessments based on the elements making up each accounting estimates such as the method, the assumptions used, the data used and the application of the method.</li><li>— We considered the potential for management bias.</li><li>— We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed.</li><li>— In light of this new standard, we assessed the Board’s employee future benefit obligations as complex estimates which required the most effort. Further detail has been provided on the following slide.</li><li>— We considered accounts receivable, tangible capital assets and certain accrued liabilities within the scope of this standard.</li><li>— <b>Based on the results of the work completed, there are no significant findings to note in relation to this new auditing standard.</b></li></ul>

# Complex accounting estimates

Management is required to disclose information in the consolidated financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be “critical accounting estimates.”

We have summarized our assessment of the subjective areas.

Asset / Liability	Balance (\$'000's)	KPMG Comment
Employee Future Benefit Obligations	\$3,800 (2020 – \$3,294)	<ul style="list-style-type: none"> <li>— Management is required to make assumptions that are utilized as inputs into the actuarial valuation performed to the employee future benefits liability.</li> <li>— Management’s process for marking the critical accounting estimate relies on consultations with the actuaries on reasonable assumption rates with input from the Ministry of Health.</li> <li>— Disclosure of the assumptions related to employee benefits is included in the consolidated financial statements in Note 5.</li> <li>— We believe this critical accounting estimate is reasonable. Management’s process for setting the assumptions is consistent with other health units across Ontario and the assumptions utilized in performing the actuarial valuation are also consistent with other health units in Ontario.</li> <li>— KPMG obtained and reviewed the actuarial accounting valuation report obtained from the Health Unit’s third party actuary, Nexus Actuarial Consultants Ltd. performed full valuation in 2019 and provided actuarial updates to December 31, 2021. No significant findings were noted.</li> <li>— As management utilized an expert in preparing the actuarial valuations, KPMG is required to and has assessed the professional competence and objectivity of management’s expert.</li> <li>— We have not identified any significant deficiencies in internal control surrounding the process to record the employee future benefits liability.</li> <li>— We believe management’s process for estimating the Employee Benefits Payable is appropriate. Based on our procedures performed, KPMG believes that the account balance is reasonable as at year-end.</li> </ul>

# 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.

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 is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent consolidated financial statements by overriding controls that otherwise appear to be operating effectively. Although the risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.

## Our response and significant findings

- 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

# 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"><li>- 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</li><li>- No issues were noted</li></ul>

# Significant accounting policies and practices

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## Initial selections

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There were no new significant accounting policies and practices that were selected and applied during the period.

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## Changes

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There were no changes to significant accounting policies and practices. As a result, there was no impact on the consolidated financial statements.

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## Future Implementation

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Accounting pronouncements issued but not yet effective have not been disclosed in the notes to the consolidated financial statements. However, the most significant pronouncement in the near term relates to Asset Retirement Obligations (“AROs”) that will be applicable for fiscal 2023.

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## Significant qualitative aspects of the Health Unit’s accounting policies and practices

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There are no items to report.

# Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to financial statement presentation and disclosure items are in the management representation letter.

We also highlight the following:

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Form, arrangement, and content of the consolidated financial statements	We believe the financial statement presentation and disclosure are adequate. We worked with management on the financial statement note disclosures related to the COVID-19 pandemic included in note 11.
Significant qualitative aspects of financial statement presentation and disclosure	Nothing to report.

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# 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.

# Control deficiencies

In accordance with professional standards, we are required to communicate to those charged with governance significant deficiencies in internal control over financial reporting (ICFR) that we identified during our audit.

The purpose of our audit is to express an opinion on the consolidated financial statements.

Our audit included consideration of ICFR 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 ICFR.

The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance and to meet professional standards.

## Significant deficiencies

Description	Potential effect
We have not identified any significant deficiencies.	N/A

# Appendices

## Content

**Appendix 1: Other Required Communications**

**Appendix 2: How do we deliver quality?**

**Appendix 3: Technology in the Audit**

**Appendix 4: Public Sector Accounting Update**

**Appendix 5: Audit and Assurance Insights**



# Appendix 1: Other Required Communications

## Auditors' Report

The conclusion of our audit is set out in our draft auditors' report as attached.

## Representations of management

In accordance with professional standards, copies of the management representation letter is provided to Finance Committee. The management representation letter is attached for your review.

## Audit Quality in Canada

The reports available through the following links were published by the Canadian Public Accountability Board to inform audit committees and other stakeholders about the results of quality inspections conducted over the past year:

[CPAB Audit Quality Insights Report: 2021 Interim Inspection Results](#)

[CPAB Audit Quality Insights Report: 2020 Annual Inspections Results](#)

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# Draft Auditors' Report

## 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, 2021
- 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, 2021, 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.

# Management representation letter

KPMG LLP  
144 Pine Street  
Sudbury, P3C 1X3  
Ontario, Canada

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Sudbury & District Health Unit (operating as Public Health Sudbury & Districts) ("the Entity") as at and for the period ended December 31, 2021.

## **General:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in Attachment I to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## **Responsibilities:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 17, 2022, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of the Board of Trustees, and committees of the Board of Trustees that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.

- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

***Internal control over financial reporting:***

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

***Fraud & non-compliance with laws and regulations:***

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

***Subsequent events:***

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**Related parties:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**Estimates:**

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

**Going concern:**

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

**Non-SEC registrants or non-reporting issuers:**

- 10) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 11) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

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By: Ms. France Quirion, Director, Corporate Services

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By: Ms. Keeley O'Neil, Manager of Accounting Services

## **Attachment I – Definitions**

### **Materiality**

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

### **Fraud & error**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



# Appendix 2: How do we deliver audit quality?

**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

‘**Perform quality engagements**’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

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**.



**Doing the right thing. Always.**

# Appendix 3: Technology in the Audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Technology	Areas of the audit where Advance Technology routines were used	Results and insights
<b>KPMG Sharefile Portal</b>	We utilized our online data transfer site; allowing us to track, update and share electronic information securely and efficiently.	Enabled the audit team and management to complete the audit remotely with minimal disruption.
<b>Journal Entry Analysis</b>	We utilized KPMG application software (IDEA) to evaluate the completeness of the journal entry population through a roll-forward of all accounts.  We utilized computer-assisted audit techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.	There were no issues or anomalies identified as a result of the performance of these procedures.



# Appendix 4: Public Sector Accounting Update

## Asset Retirement Obligations

The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.

The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligation to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.

As a result of the new standard, the public sector entity will have to:

- Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;
- Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;
- Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.

<b>Are You Ready Checklist</b>	<b>Potential Impact Areas</b>
<ol style="list-style-type: none"> <li>1. Have you formed a project team for ARO implementation? If so, who outside of Finance is on that team?</li> <li>2. Have you developed a policy or guideline, with clear roles and responsibilities?</li> <li>3. Have you identified asset types considered in scope? If so, what assumptions have you used?</li> <li>4. Does your scoping consider both capital assets, and other asset type items?</li> <li>5. What assessment has been done of active landfill sites – particularly those early in their lifespan?</li> <li>6. Are you applying a risk-based approach to scoping and assessment?</li> <li>7. How are you identifying legislation, regulations or contracts creating legal obligations?</li> <li>8. Are you applying discounting to measure the retirement obligation? If so, what estimates are you applying for discount rate?</li> <li>9. What data sources do you have for measurement?</li> <li>10. Have you identified a transition method?</li> </ol>	<ol style="list-style-type: none"> <li>1. Facilities with asbestos or other contaminated substances.</li> <li>2. Underground fuel storage tanks</li> <li>3. Radiological medical equipment such as MRI’s and CT-scanners</li> <li>4. Septic tanks</li> <li>5. Drinking wells</li> <li>6. Firewater holding tanks</li> <li>7. Leases with end of lease retirement clauses.</li> <li>8. Land leases</li> </ol>

# Appendix 4: Public Sector Accounting Update (Continued)

## Revenues

The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.

The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.

The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.

The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

<b>Are You Ready Checklist</b>	<b>Potential Impact Areas</b>
<ol style="list-style-type: none"><li>1. Have you identified any revenue-generating transactions other than taxation or government transfer revenues which create performance obligations (i.e.: the entity is required to provide a good or service to earn that revenue)?</li><li>2. Did you review accounting policies for these transactions to verify revenue is recognized only as performance obligations are being met?</li><li>3. Have you quantified the impact of any change in accounting policy, or determined that there is no impact?</li></ol>	<ol style="list-style-type: none"><li>1. User charges such as transit fees, utility charges, licensing fees and fees for programs or activities.</li><li>2. Revenues linked to the provision of a good or service.</li></ol>

## Employee Future Benefits

PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*. In July 2020, PSAB approved a revised project plan.

PSAB intends to use principles from International Public Sector Accounting Standard 39 *Employee Benefits* as a starting point to develop the Canadian standard.

Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.

# Appendix 4: Public Sector Accounting Update (Continued)

## Financial Instruments and Foreign Currency Translation

The accounting standards, PS3450 Financial Instruments, PS2601 Foreign Currency Translation, PS1201 Financial Statement Presentation and PS3041 Portfolio Investments are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.

Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. Hedge accounting is not permitted.

A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.

In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 Financial Instruments which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 Financial Instruments. The exposure drafts will be released in summer 2021 with a 90-day comment period.

<b>Are You Ready Checklist</b>	<b>Potential Impact Areas</b>
<ol style="list-style-type: none"><li>1. What process have you followed to determine if you have any embedded derivatives that might arise from existing contractual arrangements? Has a contract review been conducted?</li><li>2. Does the entity have other financial assets which it assesses performance based on fair value, and for which it might elect a fair value measure?</li><li>3. Where the entity holds equity or derivative instruments, does it have readily observable market data to inform a fair value measure?</li><li>4. Has the entity reviewed existing financial instrument note disclosure in the financial statements to determine any required revisions to meet the requirements of this section (particularly the required risk disclosures)?</li><li>5. Does the entity enter foreign exchange transactions? Does the entity hold any monetary assets and monetary liabilities, or non-monetary assets denominated in a foreign currency?</li></ol>	<ol style="list-style-type: none"><li>1. Equity instruments</li><li>2. Derivatives such as futures, forwards, interest rate swaps and currency swaps.</li><li>3. Contracts with embedded derivatives</li><li>4. Other financial instruments for which performance is assessed on a fair value basis</li></ol>

# Appendix 5: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, board of directors and management.

Featured insight	Summary
<a href="#"><u>KPMG Audit &amp; Assurance Insights</u></a>	Curated research and insights for audit committees and boards
<a href="#"><u>COVID-19 Financial Reporting Resource Centre</u></a>	Resource center on the financial reporting impacts of coronavirus
<a href="#"><u>Accelerate</u></a>	The key issues driving the audit committee agenda in the time of COVID-19
<a href="#"><u>Board Leadership Centre</u></a>	Supporting you in your Director role
<a href="#"><u>Current Developments</u></a>	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook.
<a href="#"><u>KPMG Global IFRS Institute</u></a>	The latest news, insights and guidance for boards, audit committee members, investors and all stakeholders about the evolving global financial reporting framework.



[kpmg.ca/audit](https://kpmg.ca/audit)

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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, 2021

## 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, 2021
- 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, 2021, 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.

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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.

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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, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash and cash equivalents	\$ 21,223,794	\$ 17,922,732
Accounts receivable	1,961,943	340,921
Receivable from the Province of Ontario	24,116	1,318,218
	<u>23,209,853</u>	<u>19,581,871</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	5,021,791	1,908,800
Deferred revenue	1,310,225	466,524
Payable to the Province of Ontario	4,205,709	1,099,437
Employee benefit obligations (note 2)	3,800,176	3,294,290
	<u>14,337,901</u>	<u>6,769,051</u>
Net financial assets	8,871,952	12,812,820
Non-financial assets:		
Tangible capital assets (note 3)	9,695,350	4,652,960
Prepaid expenses	272,266	351,206
	<u>9,967,616</u>	<u>5,004,166</u>
Commitments and contingencies (note 4)		
Accumulated surplus (note 5)	\$ 18,839,568	\$ 17,816,986

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, 2021, with comparative information for 2020

	Budget	Total	Total
	2021	2021	2020
	(unaudited)		
Revenue (note 9):			
Provincial grants	\$ 21,596,090	\$ 37,756,934	\$ 22,849,930
Per capita revenue from municipalities (note 7)	8,484,189	8,484,189	8,080,191
Other:			
Plumbing inspections and licenses	317,000	513,912	368,509
Interest	140,000	84,159	146,802
Other	622,291	579,473	814,144
	31,159,570	47,418,667	32,259,576
Expenses (note 9):			
Salaries and wages	20,198,588	27,344,955	20,539,456
Benefits (note 6)	5,918,186	6,587,013	5,747,346
Administration (note 8)	2,396,863	9,434,890	2,568,680
Supplies and materials	1,273,575	1,162,571	1,321,246
Amortization of tangible capital assets (note 3)	-	766,464	588,011
Small operational equipment	1,015,820	776,998	621,401
Transportation	356,538	323,194	175,518
	31,159,570	46,396,085	31,561,658
Annual surplus	-	1,022,582	697,918
Accumulated surplus, beginning of year	17,816,986	17,816,986	17,119,068
Accumulated surplus, end of year	\$ 17,816,986	\$ 18,839,568	\$ 17,816,986

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, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 1,022,582	\$ 697,918
Purchase of tangible capital assets	(5,808,854)	(143,496)
Amortization of tangible capital assets	766,464	588,011
Change in prepaid expenses	78,940	(26,167)
Change in net financial assets	(3,940,868)	1,116,266
Net financial assets, beginning of year	12,812,820	11,696,554
Net financial assets, end of year	\$ 8,871,952	\$ 12,812,820

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Cash flows from operating activities:		
Annual surplus	\$ 1,022,582	\$ 697,918
Adjustments for:		
Amortization of tangible capital assets	766,464	588,011
Change in employee benefit obligations	505,886	337,827
	2,294,932	1,623,756
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,621,022)	57,049
Decrease (increase) in receivable from the Province of Ontario	1,294,102	(1,071,344)
Increase in accounts payable and accrued liabilities	3,112,991	100,854
Increase in deferred revenue	843,701	104,403
Increase in payable to the Province of Ontario	3,106,272	567,372
Decrease (increase) in prepaid expenses	78,940	(26,167)
	9,109,916	1,355,923
Cash flows from investing activity:		
Purchase of tangible capital assets	(5,808,854)	(143,496)
Increase in cash	3,301,062	1,212,427
Cash and cash equivalents, beginning of year	17,922,732	16,710,305
Cash and cash equivalents, end of year	\$ 21,223,794	\$ 17,922,732

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, 2021

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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 \$2,332,600 as at December 31, 2021 (2020 - \$2,323,093) 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, 2021

## 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 prorated 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, 2021

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## 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, 2021

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## 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 SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2021

## 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 valuation of the plan is updated from a walk forward of the December 31, 2020 results. The next full valuation of the plan will be as of December 31, 2021.

	2021	2020
Accumulated sick leave benefits	\$ 625,120	\$ 667,497
Other post-employment benefits	1,613,775	1,475,123
	2,238,895	2,142,620
Vacation pay and other compensated absence	1,561,281	1,151,670
	\$ 3,800,176	\$ 3,294,290

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

	2021	2020
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 (2020 - \$675,447) to mitigate the future impact of these obligations. The accrued benefit obligations as at December 31, 2021 are \$2,304,953 (2020 - \$2,202,391).

	2021	2020
Benefit plan expenses:		
Current service costs	\$ 185,111	\$ 177,271
Interest	88,379	84,610
Amortization of actuarial loss	(6,286)	(6,286)
	\$ 267,204	\$ 255,595

Benefits paid during the year were \$170,928 (2020 - \$172,209). The net unamortized actuarial loss of \$66,057 (2020 - \$59,771) 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, 2021

### 3. Tangible capital assets:

Cost:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	2021 Total
Balance, January 1, 2021	\$ 26,938	7,153,834	396,739	2,807,845	415,207	69,845	2,597,700	252,346	13,720,454
Additions	-	2,790,957	1,794,285	699,985	-	-	523,627	-	5,808,854
Balance, December 31, 2021	\$ 26,938	9,944,791	2,191,024	3,507,830	415,207	69,845	3,121,327	252,346	19,529,308

Accumulated amortization:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
Balance, January 1, 2021	\$ -	3,287,909	396,739	2,386,237	415,207	69,845	2,335,632	175,925	9,067,494
Amortization	-	213,733	89,715	331,757	-	-	106,024	25,235	766,464
Balance, December 31, 2021	\$ -	3,501,642	486,454	2,717,994	415,207	69,845	2,441,656	201,160	9,833,958

Net book value

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
At December 31, 2020	\$ 26,938	3,865,925	-	421,608	-	-	262,068	76,421	4,652,960
At December 31, 2021	26,938	6,443,149	1,704,570	789,836	-	-	679,671	51,186	9,695,350

# BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2021

### 3. Tangible capital assets (continued):

Cost:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	2020 Total
Balance, January 1, 2020	\$ 26,938	7,153,834	396,739	2,686,438	410,602	69,845	2,580,217	252,346	13,576,959
Additions	-	-	-	121,407	4,605	-	17,483	-	143,495
Balance, December 31, 2020	\$ 26,938	7,153,834	396,739	2,807,845	415,207	69,845	2,597,700	252,346	13,720,454

Accumulated amortization:

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
Balance, January 1, 2020	\$ -	3,109,063	396,739	2,122,827	410,602	69,845	2,219,717	150,690	8,479,483
Amortization	-	178,846	-	263,410	4,605	-	115,915	25,235	588,011
Balance, December 31, 2020	\$ -	3,287,909	396,739	2,386,237	415,207	69,845	2,335,632	175,925	9,067,494

Net book value

	Land	Building	Leasehold Improvements	Computer Hardware	Computer Software	Website Design	Furniture and Equipment	Parking Lot Resurfacing	Total
At December 31, 2019	\$ 26,938	4,044,771	-	563,611	-	-	360,500	101,656	5,097,476
At December 31, 2020	26,938	3,865,925	-	421,608	-	-	262,068	76,421	4,652,960

# BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2021

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#### 4. Commitments and contingencies:

(a) Line of credit:

The Health Unit has available an operating line of credit of \$500,000 (2020 - \$500,000). There is \$Nil balance outstanding on the line of credit at year end (2020 - \$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, 2021 are as follows:

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No later than one year	\$	292,346
Later than one year and no later than 5 years		1,041,578
Later than five years		1,358,995
	\$	2,692,919

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(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, 2021

## 5. Accumulated surplus:

The accumulated surplus consists of individual fund surplus accounts and reserves as follows:

	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	\$ 4,652,961	(766,464)	5,808,854	-	\$ 9,695,351
Unfunded employee benefit obligation	(3,294,290)	(505,886)	-	-	(3,800,176)
Working capital reserve	7,226,008	2,294,932	(5,808,854)	3,542,225	7,254,311
Public health initiatives	2,500,000	-	-	-	2,500,000
Corporate contingencies	500,000	-	-	-	500,000
Facility and equipment repairs and maintenance	5,500,000	-	-	(3,542,225)	1,957,775
Sick leave and vacation	675,447	-	-	-	675,447
Research and development	56,860	-	-	-	56,860
	\$ 17,816,986	1,022,582	-	-	\$ 18,839,568

## 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 2021 was \$1,779,245 (2020 - \$1,822,937) 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, 2021

## 7. Per capita revenue from municipalities:

	2021	2020
City of Greater Sudbury	\$ 7,297,256	\$ 6,949,771
Town of Espanola	225,260	214,534
Township of Sable and Spanish River	138,382	131,792
Municipality of French River	122,601	116,764
Municipality of Markstay-Warren	120,226	114,501
Township of Northeastern Manitoulin & The Islands	109,960	104,724
Township of Chapleau	98,930	94,220
Township of Central Manitoulin	88,410	84,201
Municipality of St. Charles	59,733	56,890
Township of Assiginack	38,947	37,093
Town of Gore Bay	38,184	36,366
Township of Baldwin	26,051	24,811
Township of Billings (and part of Allan)	25,881	24,650
Township of Gordon (and part of Allan)	23,167	22,064
Township of Nairn & Hyman	20,452	19,478
Township of Tehkummah	18,755	17,861
Municipality of Killarney	17,906	17,053
Township of Burpee	14,088	13,418
	<b>\$ 8,484,189</b>	<b>\$ 8,080,191</b>

## 8. Administration expenses:

	Budget 2021	2021	2020
Professional fees	\$ 561,717	\$ 7,464,693	\$ 720,798
Building maintenance	593,599	574,160	445,072
Advertising	150,800	195,070	404,592
Telephone	200,836	328,492	281,783
Rent	273,408	451,117	267,000
Utilities	225,827	151,204	183,264
Liability insurance	121,234	134,607	115,712
Staff education	165,150	38,192	57,771
Postage	64,972	59,865	57,113
Memberships and subscriptions	39,320	37,490	35,575
	<b>\$ 2,396,863</b>	<b>\$ 9,434,890</b>	<b>\$ 2,568,680</b>

# BOARD OF HEALTH FOR THE SUBURBY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUBURBY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2021

## 9. Revenues and expenses by funding sources:

	OLHA	UIIP	Men C	HPV	Unorganized Territories	Ontario Sr. Dental Care Program	MOH/AMOH	MCCSS: HBHC & PPNP	HIV-Aids Anonymous Testing	Non-Ministry	Sub-Total
<b>Revenue:</b>											
Provincial grants											
Operation	\$ 16,836,800	-	-	-	-	787,356	17,000	1,593,850	61,202	-	19,296,208
Mitigation grant	1,179,500	-	-	-	-	-	-	-	-	-	1,179,500
One-time	-	-	-	-	-	-	-	-	-	-	-
Unorganized territories	-	-	-	-	1,044,018	-	-	-	-	-	1,044,018
Municipalities	8,484,189	-	-	-	-	-	-	-	-	-	8,484,189
Plumbing and inspections	513,912	-	-	-	-	-	-	-	-	-	513,912
Interest	84,159	-	-	-	-	-	-	-	-	-	84,159
Other	294,346	7,440	6,299	12,113	-	2,575	-	-	-	256,700	579,473
	27,392,906	7,440	6,299	12,113	1,044,018	789,931	17,000	1,593,850	61,202	256,700	31,181,459
<b>Expenses:</b>											
Salaries and wages	18,922,451	6,695	5,668	10,912	675,898	68,322	15,455	1,276,214	48,993	156,390	21,186,998
Benefits	5,393,659	669	566	1,091	173,165	22,120	1,545	294,393	11,853	21,111	5,920,172
Transportation	28,026	-	-	-	118,082	496	-	17,673	-	-	164,277
Administration (note 8)	1,946,772	-	-	-	34,276	248,342	-	2,469	356	54,507	2,286,722
Supplies and materials	674,571	76	65	110	42,597	8,681	-	3,101	-	5,897	735,098
Small operational equipment	616,106	-	-	-	-	1,179	-	-	-	-	617,285
Amortization of tangible capital assets	766,464	-	-	-	-	-	-	-	-	-	766,464
	28,348,049	7,440	6,299	12,113	1,044,018	349,140	17,000	1,593,850	61,202	237,905	31,677,016
Annual surplus (deficit)	\$ (955,143)	-	-	-	-	440,791	-	-	-	18,795	(495,557)
Capital expenditures	307,699	-	-	-	-	440,791	-	-	-	-	748,490
Annual surplus (deficit) net of capital expenditures	\$ (1,262,842)	-	-	-	-	-	-	-	-	18,795	(1,244,047)

OLHA - MOH Mandatory Cost-Shared

UIIP - Universal Influenza Immunization Program

Men C - Meningococcal Vaccine Program

HPV - Human Papilloma Virus

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

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, 2021

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

	2020-21 One-time Funding			2021-22 One-time Funding				Total
	COVID-19 Case and Contact Management	Needle Exchange Program	COVID-19 Infection Prevention and Control Hub	COVID-19 General	COVID-19 Vaccine	COVID-19 School Focused Nurses	Ontario Senior Dental Care Program Capital	
<b>Revenue:</b>								
Provincial grants								
Operation	\$ -	-	-	-	-	-	-	19,296,208
Mitigation grant	-	-	-	-	-	-	-	1,179,500
One-time	16,989	49,400	580,344	3,161,467	10,267,281	1,059,702	1,102,025	16,237,208
Unorganized territories	-	-	-	-	-	-	-	1,044,018
Municipalities	-	-	-	-	-	-	-	8,484,189
Plumbing and inspections	-	-	-	-	-	-	-	513,912
Interest	-	-	-	-	-	-	-	84,159
Other	-	-	-	-	-	-	-	579,473
	16,989	49,400	580,344	3,161,467	10,267,281	1,059,702	1,102,025	47,418,667
<b>Expenses:</b>								
Salaries and wages	15,444	-	495,299	2,163,402	2,628,213	855,599	-	27,344,955
Benefits	1,545	-	64,055	176,730	220,408	204,103	-	6,587,013
Transportation	-	-	3,342	18,562	137,013	-	-	323,194
Administration (note 8)	-	7,190	499	406,391	6,734,088	-	-	9,434,890
Supplies and materials	-	41,582	4,387	141,775	239,729	-	-	1,162,571
Small operational equipment	-	628	-	84,585	74,500	-	-	776,998
Amortization of tangible capital assets	-	-	-	-	-	-	-	-
	16,989	49,400	567,582	2,991,445	10,033,951	1,059,702	-	46,396,085
Annual surplus (deficit)	\$ -	-	12,762	170,022	233,330	-	1,102,025	1,022,582
Capital expenditures	-	-	12,762	170,022	233,330	-	1,102,025	2,266,629
Annual surplus (deficit) net of capital expenditures	\$ -	-	-	-	-	-	-	(1,244,047)

OLHA - MOH Mandatory Cost-Shared

UIIP - Universal Influenza Immunization Program

Men C - Meningococcal Vaccine Program

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

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, 2021

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## 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. Financial risks:

Other risk:

The Health Unit's main sources of revenue are government operation grants, municipal levies and other service fees. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian, Provincial and Municipal governments enacting emergency measures to combat the spread of the virus. The Health Unit realigned its resources in support of the COVID-19 response. In doing so, programs and services were adapted. Some programs were temporarily suspended while others were adjusted and delivered ensuring COVID-19 safe measures were put in place.

Significant resources were required to respond to the pandemic. The provincial government has provided financial relief in the form of COVID-19 General Program funding of \$3,982,500 and COVID-19 Vaccine Program funding of \$12,371,500. Of the provincial funding received, \$2,920,146 is to be repaid after year end.

The impact of COVID-19 is expected to negatively impact normal operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. The Provincial government has made a commitment to fund the extraordinary expenses required to respond to COVID-19. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Agency is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

**2021 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 2021 audited financial statements.**

## Public Health Sudbury & Districts

### STATEMENT OF REVENUE & EXPENDITURES

For The 4 Periods Ending April 30, 2022

#### Cost Shared Programs

	Annual Budget	Budget YTD	Current Expenditures YTD	Variance YTD (over)/under	Balance Available
<b>Revenue:</b>					
MOH - General Program	16,836,800	5,612,267	5,612,266	1	11,224,534
MOH - One Time Mitigation Grant	1,179,500	368,593	368,593	(0)	810,907
MOH - Unorganized Territory	826,000	275,333	275,334	(1)	550,666
Municipal Levies	9,078,082	3,026,027	3,026,034	(7)	6,052,048
Interest Earned	100,000	29,695	29,695	0	70,305
<b>Total Revenues:</b>	<b>\$28,020,382</b>	<b>\$9,311,915</b>	<b>\$9,311,922</b>	<b>\$(7)</b>	<b>\$18,708,460</b>
<b>Expenditures:</b>					
<b>Corporate Services:</b>					
Corporate Services	4,844,013	1,882,960	1,880,474	2,486	2,963,539
Office Admin.	115,350	19,033	24,304	(5,271)	91,046
Espanola	117,766	39,957	38,369	1,589	79,397
Manitoulin	131,604	44,745	41,324	3,422	90,280
Chapleau	126,876	43,206	39,563	3,642	87,312
Sudbury East	18,104	6,035	6,264	(230)	11,839
Intake	344,251	113,164	114,935	(1,772)	229,316
Facilities Management	602,893	153,283	146,278	7,005	456,615
Volunteer Resources	3,850	0	0	0	3,850
<b>Total Corporate Services:</b>	<b>\$6,304,706</b>	<b>\$2,302,383</b>	<b>\$2,291,511</b>	<b>\$10,872</b>	<b>\$4,013,195</b>
<b>Health Protection:</b>					
Environmental Health - General	1,326,023	429,606	444,708	(15,102)	881,314
Environmental	2,642,778	945,617	737,593	208,023	1,905,185
Vector Borne Disease (VBD)	88,828	8,505	8,380	125	80,448
Small Drinking Water Systems	177,834	61,558	76,523	(14,965)	101,311
CID	1,687,795	628,767	561,083	67,683	1,126,711
Districts - Clinical	231,803	80,175	84,046	(3,871)	147,757
Risk Reduction	273,042	9,973	9,974	(1)	263,068
Sexual Health	1,079,262	362,167	449,989	(87,821)	629,273
MOHLTC - Influenza	0	0	(70)	70	70
MOHLTC - Meningitis	0	0	(4,735)	4,735	4,735
MOHLTC - HPV	0	0	(5,015)	5,015	5,015
SFO: E-Cigarettes, Protection and Enforcement	257,999	88,606	69,793	18,813	188,206
<b>Total Health Protection:</b>	<b>\$7,765,364</b>	<b>\$2,614,973</b>	<b>\$2,432,270</b>	<b>\$182,704</b>	<b>\$5,333,094</b>
<b>Health Promotion:</b>					
Health Promotion - General	997,565	322,667	354,399	(31,732)	643,165
Districts - Espanola / Manitoulin	351,716	119,637	120,191	(554)	231,525
Nutrition & Physical Activity	1,508,873	472,121	264,466	207,656	1,244,407
Districts - Chapleau / Sudbury East	223,514	76,298	73,640	2,658	149,874
Tobacco, Vaping, Cannabis & Alcohol	350,309	103,329	104,653	(1,323)	245,656
Family Health	854,447	281,815	330,836	(49,021)	523,611
Mental Health and Addictions	375,039	134,719	227,776	(93,057)	147,263
Dental	546,067	181,672	177,094	4,577	368,972
Healthy Smiles Ontario	616,967	213,085	193,452	19,633	423,515
Vision Health	39,511	0	0	0	39,511
SFO: TCAN Coordination and Prevention	544,806	187,104	101,612	85,493	443,194
Harm Reduction Program Enhancement	159,201	55,034	39,435	15,599	119,766
<b>Total Health Promotion:</b>	<b>\$6,568,014</b>	<b>\$2,147,482</b>	<b>\$1,987,554</b>	<b>\$159,928</b>	<b>\$4,580,460</b>
<b>School Health, Vaccine Preventable Diseases and CC</b>					
School Health, VPD, COVID Prevention - General	192,058	66,277	101,709	(35,432)	90,350
School	1,985,343	682,215	451,346	230,870	1,533,998
VPD and COVID CCM	1,994,158	690,285	630,170	60,115	1,363,988
<b>Total SVC:</b>	<b>\$4,171,560</b>	<b>\$1,438,778</b>	<b>\$1,183,225</b>	<b>\$255,553</b>	<b>\$2,988,336</b>
<b>Knowledge and Strategic Services:</b>					
Knowledge and Strategic Services	2,685,290	921,500	921,053	447	1,764,237
Workplace Capacity Development	23,507	4,020	4,020	0	19,487
Health Equity Office	14,440	582	503	78	13,937
Nursing Initiatives: CNO, ICPHN, SDoH PHN	477,269	165,208	168,292	(3,084)	308,977
Strategic Engagement	10,232	304	275	30	9,957
<b>Total Knowledge and Strategic Services:</b>	<b>\$3,210,738</b>	<b>\$1,091,615</b>	<b>\$1,094,143</b>	<b>\$(2,528)</b>	<b>\$2,116,595</b>
<b>Total Expenditures:</b>	<b>\$28,020,382</b>	<b>\$9,595,230</b>	<b>\$8,988,702</b>	<b>\$606,528</b>	<b>\$19,031,679</b>
<b>Net Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$(283,315)</b>	<b>\$323,220</b>	<b>\$606,535</b>	

**Public Health Sudbury & Districts**

**Cost Shared Programs**

STATEMENT OF REVENUE & EXPENDITURES  
 Summary By Expenditure Category  
 For The 4 Periods Ending April 30, 2022

	<b>BOH Annual Budget</b>	<b>Budget YTD</b>	<b>Current Expenditures YTD</b>	<b>COVID-19 Expenditures YTD</b>	<b>Variance YTD (over) /under</b>	<b>Budget Available</b>
<b>Revenues &amp; Expenditure Recoveries:</b>						
MOH Funding	28,020,382	9,311,915	9,317,530	0	(5,614)	18,702,852
Other Revenue/Transfers	722,717	107,311	160,903		(53,592)	561,814
<b>Total Revenues &amp; Expenditure Recoveries:</b>	<b>28,743,099</b>	<b>9,419,227</b>	<b>9,478,433</b>	<b>0</b>	<b>(59,207)</b>	<b>19,264,666</b>
<b>Expenditures:</b>						
Salaries	18,602,804	6,442,967	5,979,998	2,022,494	462,969	12,622,807
Benefits	5,820,779	2,006,310	1,864,653	232,923	141,657	3,956,126
Travel	297,058	45,069	41,732	79,788	3,337	255,326
Program Expenses	1,089,417	146,367	92,769	55,473	53,597	996,648
Office Supplies	85,584	16,576	8,774	3,248	7,802	76,810
Postage & Courier Services	64,972	15,874	16,268	0	(394)	48,704
Photocopy Expenses	33,228	8,313	9,004	3,144	(691)	24,224
Telephone Expenses	65,266	21,755	22,177	37,875	(422)	43,089
Building Maintenance	349,650	102,699	100,246	21,178	2,453	249,404
Utilities	236,567	78,856	55,222		23,634	181,345
Rent	312,365	104,122	198,866	30,808	(94,744)	113,500
Insurance	145,514	140,514	157,600		(17,086)	(12,086)
Employee Assistance Program ( EAP)	35,000	11,667	19,957		(8,290)	15,043
Memberships	29,889	15,724	23,723		(7,999)	6,166
Staff Development	126,205	24,094	13,133		10,961	113,072
Books & Subscriptions	9,345	2,179	1,652		527	7,693
Media & Advertising	130,365	25,995	25,097	16,688	898	105,268
Professional Fees	467,625	100,241	135,060	234,528	(34,819)	332,565
Translation	48,690	8,076	6,923	28,931	1,154	41,767
Furniture & Equipment	18,020	4,098	8,897		(4,798)	9,123
Information Technology	774,755	381,047	373,462	38,919	7,584	401,293
<b>Total Expenditures</b>	<b>28,743,099</b>	<b>9,702,541</b>	<b>9,155,213</b>	<b>2,805,997</b>	<b>547,328</b>	<b>19,587,886</b>
<b>Net Surplus ( Deficit )</b>	<b>0</b>	<b>(283,315)</b>	<b>323,220</b>	<b>(2,805,997)</b>	<b>606,535</b>	

**Sudbury & District Health Unit o/a Public Health Sudbury & Districts**

SUMMARY OF REVENUE & EXPENDITURES

For the Period Ended April 30, 2022

Program	FTE	Annual Budget	Current YTD	Balance Available	% YTD	Program Year End	Expected % YTD
<b>100% Funded Programs</b>							
COVID and Schools	355	896,000	41,209	854,791	4.6%	Mar 31/2022	8.3%
Indigenous Communities	703	90,400	32,858	57,542	36.3%	Dec 31	33.3%
Pre/Postnatal Nurse Practitioner	704	139,000	15,937	123,063	11.5%	Mar 31/2022	8.3%
LHIN - Falls Prevention Project & LHIN Screen	736	100,000	12	99,988	0.0%	Mar 31/2022	8.3%
Northern Fruit and Vegetable Program	743	176,100	60,060	116,040	34.1%	Dec 31	33.3%
Triple P Co-Ordination	766	28,998	15,660	13,338	54.0%	Dec 31	33.3%
Supervised Consumption Site	767	-	54,151	(54,151)	#DIV/0!	Dec 31	33.3%
Healthy Babies Healthy Children	778	1,476,897	147,612	1,329,285	10.0%	Mar 31/2022	8.3%
IPAC Congregate CCM	780	840,000	15,698	824,302	1.9%	Mar 31/2022	8.3%
Ontario Senior Dental Care Program	786	1,012,400	191,924	820,476	19.0%	Dec 31	33.3%
Anonymous Testing	788	61,193	5,109	56,084	8.3%	Mar 31/2022	8.3%
<b>Total</b>		<b>4,820,988</b>	<b>580,230</b>	<b>4,240,758</b>			

**ADJOURNMENT**

**MOTION:**

**THAT we do now adjourn. Time: \_\_\_\_\_**