



## **FINANCE MEETING**

**Wednesday, April 28, 2021**

**1:00 p.m. – 2:30 p.m.**

**Hastings Prince Edward Public Health  
Virtual via ZOOM**

**Please note there will be a  
CLOSED SESSION  
at the end of this meeting.**

If you are **unable to attend**, and have not already done so,  
please arrange for your alternate to attend and advise  
Catherine Lovell at [clovell@hpeph.ca](mailto:clovell@hpeph.ca).  
Thank you!

# Hastings Prince Edward Public Health 2019 - 2023 Strategic Plan

## Our Vision

Healthy Communities,  
Healthy People.

## Our Mission

Together with our communities,  
we help people become as  
healthy as they can be.

## Our Values Show We CARE



Collaboration



Advocacy



Respect



Excellence

## Our Strategic Priorities



Community  
Engagement



Staff  
Engagement  
and Culture



Population Health  
Assessment and  
Surveillance



Program  
Standards



Health  
Promotion

**FINANCE COMMITTEE MEETING**  
A G E N D A

Wednesday, April 28, 2021

---

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**
4. **APPROVAL OF THE AGENDA**
5. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
  - 5.1 Meeting Minutes dated November 25, 2020 [Schedule 5.1](#)
6. **BUSINESS ARISING FROM MINUTES**
7. **NEW BUSINESS**
  - 7.1 Draft Audited Financial Statements Briefing Note [Schedule 7.1](#)
    - 7.1.1 Report to the Finance Committee [Schedule 7.1.1](#)
    - 7.1.2 Draft Audited Financial Statements  
Presented by Dan Coleman, Partner, Welch LLP [Schedule 7.1.2](#)
  - 7.2 Update on Mobile Dental Clinic [Schedule 7.2](#)
8. **CLOSED SESSION**

THAT the Board convene in Closed Session per Section 239 (2) (d) of the Municipal Act for the purpose of: *a discussion of labour relations or employee negotiations.*
9. **MOTIONS ARISING FROM CLOSED SESSION**
10. **DATE OF NEXT MEETING**
  - ♦ Wednesday, August 25, 2021 at 1:00 pm
11. **ADJOURNMENT**

**Finance Committee Meeting**  
MINUTES

---

Wednesday, November 25, 2020 1:00 p.m.  
Hastings Prince Edward Public Health  
**In-Person Meeting**

---

**Present:** Ms. Jo-Anne Albert, Mayor, Municipality of Tweed, County of Hastings, Board Chair  
Mr. Stewart Bailey, Councillor, County of Prince Edward  
Mr. Terry Cassidy, Councillor, City of Quinte West, Finance Chair  
Mr. Bill Sandison, Councillor, City of Belleville

**Absent:** Dr. Craig Ervine, Provincial Appointee

**Also Present:** Dr. Piotr Oglaza, Medical Officer of Health  
Ms. Valerie Dunham, Director of Corporate Services/Associate CEO  
Ms. Amy Rankin, Manager Finance  
Ms. Catherine Lovell, Executive Assistant to the MOH

1. **Call to Order**

The meeting was called to order at 1:04 p.m. by Chair Cassidy.

2. **Disclosure of Pecuniary Interest and the General Nature Thereof**

There was no disclosure of pecuniary interest.

3. **Approval of Agenda**

**MOTION:**

Moved by: Bill

Seconded by: Stewart

THAT the agenda of the November 25, 2020 Finance Committee be approved as circulated.

CARRIED

4. **Approval of Minutes of Previous Meeting**

4.1 General Minutes of July 22, 2020.

**MOTION:**

Moved by: Stewart

Seconded by: Jo-Anne

THAT the Minutes of the July 22, 2020 Finance Committee meeting be approved as circulated.

CARRIED

5. **Business Arising from Minutes** – None

6. **New Business**

6.1 **By-Law 2021-01 – Annual by-law to authorize the borrowing of up to \$1,000,000**

Val Dunham explained that it is a requirement of the bank for the Health Unit to have this by-law renewed each year and noted that it has never been used during her tenure. There were no questions.

**MOTION:**

Moved by: Bill

Seconded by: Stewart

THAT the Committee recommend approval of this by-law to the Board of Health at its next meeting.

CARRIED

6.2 **Budget 2021**

Val distributed a handout entitled *2021 Budget Considerations* to each member of the Committee showing four different categories: changing expectations, Covid-19 response, human resources pressures and mass immunization. Val reviewed the items listed in the chart describing the details of each and highlighting the uncertainties and escalating costs the Health Unit is facing in light of the pandemic going into the new year and the implications beyond.

Val noted a few items of interest for 2021 noting that it is a bargaining year for the two unions; pay equity is still not resolved dating back to 2001; and there is currently work being done with CUPE around a job evaluation proposal. After the CUPE job evaluation process is complete, non-union positions will need to be evaluated which could also impact the budget.

**Budget Highlights**

- Not expecting a base increase in funding from the Ministry.
- 100% mitigation funding in the amount of \$1.1 Million is confirmed from Ministry
- All discretionary expenses have been reduced where possible
- Budget assumes same level of staffing as 2020; minimum requirement to maintain pandemic response
- Benefit costs increased significantly including a 9.8% increase in group benefit costs
- School based nursing contracts are budgeted to July 31 as per terms of agreement with Ministry
- Expenditure recoveries are reduced significantly as many program areas are not conducting their regular activities such as the food handler course which typically has revenues of approximately \$40K per year.
- Pandemic response requires a different staffing model; we are now working 7 days a week.
- Planning and preparation for mass immunization will require significant investment of funds; many of these costs will be in addition to budget proposed
- Reality is that budget cannot be balanced without an increase from the municipal sector and allocation from reserves

- To balance the budget, HPEPH is requesting a 1.5% increase from the municipal sector (total of \$50,835) and allocation from municipal reserves in the amount of \$237,181.

Discussion ensued.

**MOTION:**

Moved by: Jo-Anne

Seconded by: Stewart

THAT the budget for 2021, a 1.5% increase to municipal contributions and use of reserves be taken forward to the Board with the recommendation for approval at its next meeting.

CARRIED

7. **Date of Next Meeting**

Wednesday, February 24, 2021 at 1:00 pm.

8. **Adjournment**

**MOTION:**

Moved by: Bill

Seconded by: Jo-Anne

THAT the Finance Committee meeting be adjourned at 2:22 pm.

CARRIED

---

Terry Cassidy, Finance Committee Chair

## Finance Committee - Briefing Note

<b>To:</b>	Hastings Prince Edward Board of Health
<b>Prepared by:</b>	Valerie Dunham, Director of Corporate Services/Associate CEO
<b>Reviewed by:</b>	Dr. Piotr Oglaza, Medical Officer of Health and CEO
<b>Date:</b>	Wednesday, April 28, 2021
<b>Subject:</b>	<b>Draft Audited Financial Statements</b>
<b>Nature of Board Engagement</b>	<input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/> Strategic Discussion <input type="checkbox"/> Board approval and motion required <input checked="" type="checkbox"/> <b>Compliance with Accountability Framework</b> <input type="checkbox"/> Compliance with Program Standards
<b>Action Required:</b>	Review and discussion of statements with intent to bring forward to Board of Health for approval of statements on May 5, 2021.
<b>Background:</b>	<p>The audited financial statements will be presented by Dan Coleman, Partner at Welch LLP.</p> <p>Just after the audit was completed, we were very fortunate to receive notification of additional extraordinary funding for COVID-19 for the fiscal year ending December 31, 2020. This notification brought the additional funding to a total of \$442,200 which is now reflected in the statements and which prevented a deficit balance for the year.</p> <p>Mr. Coleman has also provided a report to the Finance Committee and draft letter of engagement which will be reviewed with the Committee.</p> <p>As per the HPEPH Accounting Practices policy, the Finance Committee will review allocations to municipal reserves during the meeting including the building and operating fund.</p>



REPORT TO THE FINANCE COMMITTEE

OF

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH  
UNIT**

For the year ended December 31, 2020

Prepared by:  
Daniel J.W. Coleman, CPA, CA  
Partner  
April 19, 2021



## AUDIT STATUS

Our audit of the financial statements of Hastings & Prince Edward Counties Health Unit for the year ended December 31, 2020 is substantially complete and we expect to release our auditor's report after the following outstanding matters are completed:

- Receipt of the signed management representation letter
- Approval of the financial statements by the Board of Health

If any significant matters arise between the date of this report and the signing of our audit report we will raise them with you. Our draft unmodified audit opinion is included with the draft financial statements submitted to the committee for review.

## QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

There are no matters with respect to the qualitative aspects of accounting practices that we wish to draw to your attention in relation to the financial statements for the 2020 fiscal year.

## MANAGEMENT REPRESENTATIONS

We are required to obtain written representations from management as an acknowledgement of their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. We have provided a draft of the letter of representation as an attachment to this report. The Director of Corporate Services has committed to provide us with a signed copy of the letter on a date to coincide with the date of our auditor's report.

## MISSTATEMENTS

The corrected and uncorrected misstatements identified during our audit are included as attachments with the draft management representation letter.

Canadian generally accepted auditing standards require that we request that management and the Finance Committee correct all the misstatements that we present to them. Management has provided us with the following rationale for not making the adjusting journal entries we proposed:

The unidentified adjustments relate to (i) prepaid costs related to computer licenses or technical support that are not significant and have been treated consistently with the prior year and (ii) changes in accrued payroll liabilities with respect to vacation, overtime and sick leave have consistently not been adjusted since the initial recording of the liability.

If you disagree with management, and would like management to make the proposed adjustment(s), we request that you inform management and us accordingly.

#### **SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL**

During our audit we did not identify any significant deficiencies in internal control to report to the Finance Committee.

#### **INDEPENDENCE**

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Hastings & Prince Edward Counties Health Unit and us that, in our professional judgment, may reasonably be thought to bear on our independence.

No matters have been identified that would reasonably be thought to bear on our independence. As a result, we confirm that we are independent.

#### **FINANCIAL STATEMENT PRESENTATION**

##### **1. Significant Accounting Policies**

The organization's significant accounting policies are disclosed in the notes to the financial statements.

During the year there were no new accounting policies or changes to existing accounting policies.

##### **2. Management's Judgments and Accounting Estimates**

During the audit we did not encounter any situations that required significant judgments on the part of management or involved significant estimates.

## OTHER MATTERS ARISING FROM THE AUDIT

During the course of our audit we received the full co-operation of management and did not encounter any difficulties during our audit. There were no limitations on the scope of our audit work and we did not have any disagreements with management.

## MATTERS TO BE COMMUNICATED

Canadian Auditing Standards require us to communicate to you the following:

- Significant matters identified during the audit in connection with the entity's related parties;
- Whether we encountered other transactions that were unusual or not in the normal course of business;
- Details of any frauds that we identified or information that indicates that a fraud may exist;
- Conditions identified that may cast significant doubt on the entity's ability to continue as a going concern; and
- Non-compliance with laws or regulations that come to the auditor's attention during the course of the audit.

We did not encounter any such matters during the course of our audit.

## NEW CANADIAN AUDIT STANDARD

### CAS 540 Auditing accounting estimates and related disclosures

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

We note that revisions have been made to the Canadian Audit Standard (CAS) 540 - Audit of accounting estimates and related disclosures. As a result of the revisions, we have modified our audit approach in the current year to enhance our evaluation of estimates. As we gain a more in depth understanding of management's processes as they relate to accounting for estimates, we will be more apt to determine the likelihood of risks occurring and their ultimate impact of possible misstatements within the organization's financial statements.



Report to the FINANCE Committee

In the case of your organization, due to the relatively few number of and limited complexity of the estimates involved in your financial statements, we have concluded that the related risk as they pertain to the accounting for estimates is low.

There are no other matters with respect to the qualitative aspects of accounting practices surrounding estimates that we wish to draw your attention to in relation to the financial statements for the 2020 year fiscal year.

**ACKNOWLEDGEMENTS**

During the course of our audit, we received considerable assistance from the organization's staff and management. We would like to take this opportunity to thank them for their efforts and for their constructive approach to the audit.

Yours truly,  
WELCH LLP

A handwritten signature in cursive script that reads 'Daniel Coleman'.

DANIEL J.W. COLEMAN, CPA, CA  
PARTNER

Date to be determined

Welch LLP  
67 Ontario Street  
Trenton, ON  
K8V 2G8

To whom it may concern:

We are providing this letter in connection with your audit of the financial statements of Hastings & Prince Edward Counties Health Unit (the Organization) for the year ended December 31, 2020, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 4, 2019, for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards.
2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

**Information Provided**

1. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - (b) Additional information that you have requested from us for the purpose of the audit; and
  - (c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have assessed this risk as low.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Organization and involves:
  - (a) Management;
  - (b) Employees who have significant roles in internal control; or
  - (c) Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Organization's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

**Accounts Receivable**

1. Notes and accounts receivable represent valid claims relating to transactions made before the end of the fiscal year and do not include any amount relating to goods shipped on consignment. Adequate provision has been made for losses which may be sustained in the collection of receivables.
2. Pledges receivable were evaluated on a basis consistent with that of the previous year to the best of our knowledge and experience and according to the amount of pledges likely to materialize.

**Capital Assets**

1. All charges to capital asset accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the Organization during the year.
2. All capital assets sold or dismantled have been properly accounted for in the books of the Organization.
3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous period.
4. The Organization has good title to the properties represented by the balance carried on the capital asset accounts. Details of any liens, mortgages and other charges against the capital assets shown on the books of the Organization are disclosed in the notes to the financial statements.
5. Where the value of any capital assets has been impaired, this fact has been disclosed to you.

**Liabilities and Commitments**

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the Organization are included and fairly stated on the statement of financial position.
2. At the year-end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute).
3. The Organization has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
4. At the year-end, the Organization had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the Organization.
5. All claims outstanding against the Organization or possible claims have been disclosed to you and, where appropriate, reflected in the financial statements or notes thereto.
6. We understand that any illegal or possibly illegal act could damage the Organization or its reputation or give rise to a claim or claims against the Organization. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

**Statement of Operations**

1. All of the revenues of the Organization for the year has been recorded in the books of account and disclosed in the financial statements.
2. The statement of financial activities contains no extraordinary or non-recurring items of material amount except as shown thereon.

**Restrictions**

1. All restrictions on the use of the Organization's funds or assets, as well as all requirements or conditions imposed by third parties, have been brought to your attention and are appropriately disclosed in the financial statements. The Organization complied with all restrictions, requirements or conditions which, in the event of non-compliance could have a significant effect on the financial statements.
2. All assets subject to a lien, pledged or assigned as security or guarantee for liabilities were brought to your attention and are appropriately disclosed in the financial statements.

**Minutes**

The minute books of the Organization contain an accurate record of all of the business transacted at meetings of directors and committees of directors up to the date of this letter.

**Controlled and Related Entities**

1. The Organization does not have relationships with any companies or other not-for-profit organizations that involve control, joint control, or significant influence nor does the Organization have an economic interest in any other not-for-profit organization.

**Related Party Transactions**

1. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
2. There have been no exchanges of goods or services with any related parties during the year that require disclosure in the financial statements.

**Recognition, Measurement and Disclosure**

1. Significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
2. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.



3. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
4. The Organization did not undertake any material non-monetary transactions or transactions for no consideration during the financial reporting period under consideration.

### **Going Concern**

We confirm that we have assessed the Organization's ability to continue as a going concern, taking into account all information which is at least twelve months from the year-end date, and we conclude that the Organization is able to continue as a going concern for the foreseeable future.

### **Other Information**

Other information consists of financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report. An annual report is a document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners or stakeholders with information on the Organization's operations and the Organization's financial results and financial position as set out in the financial statements.

1. We intend to prepare and issue other information that has not been provided to you prior to the date of the auditor's report and to provide you with the expected timing of such issuance.

### **General**

1. We are unaware of any frauds or possible frauds having been committed by the Organization, its employees or any of its directors and officers and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
2. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements.
3. We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

6. In the course of your audit of our financial statements for the year ended December 31, 2020, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our Organization.

**Events Subsequent to the Year-end**

All events subsequent to the date of these financial statements and for which Canadian public sector accounting standards require adjustment or disclosures have been adjusted or disclosed.

Yours very truly,

HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT

Per \_\_\_\_\_  
VALERIE DUNHAM, DIRECTOR OF CORPORATE SERVICES

**Hastings & Prince Edward Counties Health Unit**

Period ending: December 31, 2020

Summary of unadjusted errors

Rev. 2019-01

**Materiality (Sch. 504):**Preliminary overall materiality is \$325,000; Final overall materiality is \$325,000.All misstatements over \$16,000 are to be recorded on this summary. Misstatements below this threshold are considered trivial. The tax rate used in this schedule is nil%.

Description of Possible Misstatement	WP Ref.	INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)			F/S Disclosures	Corr- ected?
		Identified Mis-statement	Likely Aggregate Mis-statement	Likely Aggregate Mis-statement After Tax	Assets	Liabilities	Closing Equity		
Prepaid IT service contracts expensed	<u>48. 1</u>	(63,821)	(63,821)	(63,821)	(63,821)		(63,821)		No
Vacation under accrual	<u>BB4</u>	99,208	99,208	99,208		(99,208)	99,208		No
<b>Total</b>			35,387	35,387	(63,821)	(99,208)	35,387		
<b>Effect of Unadjusted Errors From Prior Years</b>			101,567	101,567					
<b>Aggregate Likely Misstatements</b>			136,954	136,954	(63,821)	(99,208)	35,387		
<b>Further Possible Misstatements</b>									
<b>Maximum Possible Misstatements</b>			136,954	136,954	(63,821)	(99,208)	35,387		
<b>Corrected Misstatements</b>									
<b>Uncorrected Misstatements</b>			136,954	136,954	(63,821)	(99,208)	35,387		
<b>Materiality</b>			325,000	325,000	325,000	325,000	325,000	325,000	
<b>Margin Remaining For Further Possible Misstatements</b>			188,046	188,046	261,179	225,792	289,613	325,000	

Prepared by	Reviewed by	Partner Review	2nd Partner
SL 03-26-21		DJWC 04-19-21	

Document is up to date

**Hastings & Prince Edward Counties Health Unit**

Year End: December 31, 2020

**Adjustments**

Rev. 10/10/01

Date: 01-01-20 To 12-31-20

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence
1	12-31-20	Revenue - Investing in Healthy Minds @ Work	3030-665 0		1,884.03		
1	12-31-20	Retained Earnings - Administration	2900-105 0			1,884.03	
To reverse "Healthy Minds" client adjustment to RE (revenue already recognized in prior year)							
2	12-31-20	Audit	6415-105 M		250.00		
2	12-31-20	Audit - HBHC	6415-405 0			250.00	
2	12-31-20	Allocated Communication Costs	6595-105 M		2,625.00		
2	12-31-20	Allocated Communication Costs - HBHC	6595-405 0			2,625.00	
2	12-31-20	Allocated - IT Costs	6995-105 M		4,375.00		
2	12-31-20	Allocated - IT Costs - HBHC	6995-405 0			4,375.00	
To reverse entry 10852-3 (double posted)							
3	12-31-20	Revenue - HBHC	3025-405 0	HBHC1	7,250.00		
3	12-31-20	Deferred Revenue	2400-105 0	HBHC1		7,250.00	
To adjust HBHC deferred revenue							
4	12-31-20	Replacements, Purchases & Repairs - Seniors Dental	6910-15-216 SD	OSDCP/SDCL		15,720.45	
4	12-31-20	Assets - Computer Systems	1270-105 0	OSDCP/SDCL	15,720.45		
4	12-31-20	Equipment - Seniors Dental	6710-15-216 SD	OSDCP/SDCL	10,757.05		
4	12-31-20	Equipment - Seniors Dental	6710-15-216 SD	OSDCP/SDCL		105,685.90	
4	12-31-20	Assets - Office Special/Audio Visual Equipment	1260-105 0	OSDCP/SDCL		10,757.05	
4	12-31-20	Assets - Vehicles	1240-105 0	OSDCP/SDCL	105,685.90		
4	12-31-20	Building Upgrades - Seniors Dental	7040-15-216 SD	OSDCP/SDCL		7,886.40	
4	12-31-20	Assets - Building	1220-105 0	OSDCP/SDCL	7,886.40		
4	12-31-20	Building Upgrades - Seniors Dental	7040-370 SDCU	OSDCP/SDCL		62,368.71	
4	12-31-20	Assets - Building	1220-105 0	OSDCP/SDCL	62,368.71		
To capitalize seniors dental equipment and building upgrades							
5	12-31-20	Accrued Interest Earned on Capital Fund	2421-105 0	20.11	8,175.11		
5	12-31-20	Interest Revenue	3125-105 M	20.11	4,931.10		
5	12-31-20	Accrued Interest Earned on Operating Fund	2416-105 0	20.11		13,106.21	
To adjust interest allocations							
6	12-31-20	Revenue - Seniors Dental	3010-15-216 SD	OSDCP1	124,199.72		
6	12-31-20	Province of Ontario (MOHLTC) Settlements	2010-105 0	OSDCP1		124,199.72	
To record Seniors Dental Program repayable							
7	12-31-20	Accounts Receivable	1505-105 0	SDCU	70,730.77		
7	12-31-20	Revenue - Seniors Dental: Clinic Upgrades - Bellev	3010-370 SDCU	SDCU		70,730.77	
to book AR re: Seniors Dental							

Prepared by	Reviewed by	Partner Review	2nd Partner
SL 03-29-21		DJWC 04-06-21	

WS1

**Hastings & Prince Edward Counties Health Unit**

Year End: December 31, 2020

**Adjustments**

Rev. 10/10/01

Date: 01-01-20 To 12-31-20

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	
clinic upgrade								
8	12-31-20	Liability - Building Loan Draws	2310-105 0	GG1	237,726.00			
8	12-31-20	Mortgage Payments - 179 North Park St	7005-105-10 M	GG1		237,725.33		
8	12-31-20	Mortgage Interest - 179 North Park St	7006-105-10 M	GG1		0.67		
to adjust mortgage principal payments to liability account								Recurring
9	12-31-20	Accumulated Amortization - Building	1225-105 0	K1		294,048.00		
9	12-31-20	Accumulated Amortization - Communication System	1255-105 0	K1		7,506.00		
9	12-31-20	Accumulated Amortization - Office Special/Audio Vi	1265-105 0	K1		67,317.28		
9	12-31-20	Accumulated Amortization - Computer Systems	1275-105 0	K1		39,410.00		
9	12-31-20	Accumulated Amortization - Signage	1295-105 0	K1		4,188.00		
9	12-31-20	Amortization - Building	7525-105 M	K1	294,048.00			
9	12-31-20	Amortization - Communication System	7555-105 M	K1	7,506.00			
9	12-31-20	Amortization - Office Special/Audio Visual Equipme	7565-105 M	K1	67,317.28			
9	12-31-20	Amortization - Computer Systems	7575-105 M	K1	39,410.00			
9	12-31-20	Amortization - Signage	7585-105 M	K1	4,188.00			
to record amortization for the year								Recurring
10	12-31-20	IT - Replacements, Purchases & Repairs	6910-105 M	48/48. 1		54,778.79		
10	12-31-20	Assets - Computer Systems	1270-105 0	48/48. 1	54,778.79			
10	12-31-20	Equipment - Vaccine Fridge	6710-35-150 M	48/48. 1		9,728.26		
10	12-31-20	Assets - Office Special/Audio Visual Equipment	1260-105 0	48/48. 1	9,728.26			
10	12-31-20	Office Equipment Replacements	6710-105 M	48/48. 1		12,262.08		
10	12-31-20	Assets - Office Special/Audio Visual Equipment	1260-105 0	48/48. 1	12,262.08			
10	12-31-20	IT - Software & Licensing	6905-105 M	48/48. 1		10,206.16		
10	12-31-20	Assets - Computer Systems	1270-105 0	48/48. 1	10,206.16			
To capitalize computer software, vaccine fridge, and tvs								
11	12-31-20	Accrued Liabilities	2105-105 0	BB5		3,213.69		
11	12-31-20	WSIB	5010-105 M	BB5	3,213.69			
To accrue additional WSIB per Amy								
12	12-31-20	Assets - Computer Systems	1270-105 0	K1		14,741.24		
12	12-31-20	Accumulated Amortization - Computer Systems	1275-105 0	K1	14,741.24			
To remove computer software no longer used (per IT department)								
13	12-31-20	Accounts Receivable	1505-105 0	C2-1		990.00		
13	12-31-20	Flu Vaccine Revenue - Vaccine Administration	3105-35-150 M	C2-1	990.00			
To adjust double posted vaccine revenue (CLIENT DO NOT POST - client already reversed)								

Prepared by	Reviewed by	Partner Review	2nd Partner
SL 03-29-21		DJWC 04-06-21	

WS1-1

**Hastings & Prince Edward Counties Health Unit**

Year End: December 31, 2020

**Adjustments**

Rev. 10/10/01

Date: 01-01-20 To 12-31-20

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence
14	12-31-20	Municipal Reserve (Operating Fund)	2415-105 0	JJ1	1,242,060.00		
14	12-31-20	Retained Earnings - Administration	2900-105 0	JJ1		1,242,060.00	
14	12-31-20	Investment in Capital Assets	2805-105 0	JJ1		93,136.42	
14	12-31-20	Retained Earnings - Administration	2900-105 0	JJ1	93,136.42		
14	12-31-20	Retained Earnings - New Purpose Built Vaccine Frid	2900-325 0	JJ1		2,176.00	
14	12-31-20	Retained Earnings - Administration	2900-105 0	JJ1	2,176.00		
To adjust net asset balances							
15	12-31-20	Accounts Receivable	1505-105 0		400,200.00		
15	12-31-20	Revenue - COVID-19 Extraordinary Costs ONE TIME	3010-357 M			400,200.00	
To record additional funding received for 2020 from Province for Covid costs							
					<b>2,920,527.16</b>	<b>2,920,527.16</b>	

**Net Income (Loss) 678,606.28**

Prepared by	Reviewed by	Partner Review	2nd Partner
SL 03-29-21		DJWC 04-06-21	

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**

**FINANCIAL STATEMENTS**

December 31, 2020

Draft for discussion purposes

Date to be determined

### **Management's Responsibility for Financial Statements**

The financial statements of Hastings and Prince Edward Counties Health Unit are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board, through the Finance Committee, reviews the Organization's financial statements and discusses any significant financial reporting or internal control matters prior to Board approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Organization, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Valerie Dunham  
Director of Corporate Services / Associate CEO



## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of  
**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**

### **Opinion**

We have audited the financial statements of **HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**, which comprise the statement of financial position as at December 31, 2020, and the statements of financial activities and accumulated surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT (continued)**

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Trenton, Ontario  
Date to be determined

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**HASTINGS AND PRINCE EDWARD COUNTIES HEALTH UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 4,414,393	\$ 4,026,625
Accounts receivable	175,525	221,640
Due from Province of Ontario	553,696	147,840
	<u>5,143,614</u>	<u>4,396,105</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,343,305	1,198,022
Due to Province of Ontario	211,529	191,693
Deferred revenue	202,420	91,320
Mortgage payable - note 9	7,025,373	7,263,099
	<u>8,782,627</u>	<u>8,744,134</u>
<b>NET FINANCIAL LIABILITIES</b>	<u>(3,639,013)</u>	<u>(4,348,029)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	196,643	82,464
Tangible capital assets - schedule 2	10,614,326	10,758,915
	<u>10,810,969</u>	<u>10,841,379</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 7,171,956</u>	<u>\$ 6,493,350</u>
<b>Represented by:</b>		
Operating fund - schedule 1	\$ 1,548,109	\$ 1,242,060
Reserves - note 7	2,034,894	1,755,474
Equity in tangible capital assets - note 12	3,588,953	3,495,816
	<u>\$ 7,171,956</u>	<u>\$ 6,493,350</u>

**Approved by the Board:**

\_\_\_\_\_ Member

\_\_\_\_\_ Member

(See accompanying notes)

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**STATEMENTS OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2020**

	2020 Budget (Note 11)	2020 Actual	2019 Actual
<b>REVENUES</b>			
Provincial funding	\$ 13,111,963	\$ 13,071,566	\$ 11,946,450
Municipal levies	3,388,953	3,388,953	3,388,953
Federal funding	128,988	144,638	115,153
Grants	-	-	1,908
Interest	-	43,358	78,652
Expenditure recoveries - note 8	280,000	202,243	324,107
Rental	-	12,337	-
	<u>16,909,904</u>	<u>16,863,095</u>	<u>15,855,223</u>
<b>EXPENDITURES</b>			
Salaries	10,237,000	10,439,218	9,645,359
Benefits	2,699,384	2,683,595	2,503,592
Staff training	204,000	46,224	130,834
Travel	221,500	109,920	185,567
Building occupancy - note 9	764,874	783,546	865,154
Office and administration	554,000	543,589	610,032
Program supplies	664,000	755,252	747,474
Professional and purchased services	762,000	410,676	309,744
Amortization - schedule 2	-	412,469	420,084
	<u>16,106,758</u>	<u>16,184,489</u>	<u>15,417,840</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>803,146</u>	678,606	437,383
<b>ACCUMULATED SURPLUS, beginning of year</b>		<u>6,493,350</u>	<u>6,055,967</u>
<b>ACCUMULATED SURPLUS, end of year</b>		<u>\$ 7,171,956</u>	<u>\$ 6,493,350</u>

(See accompanying notes)

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Annual surplus	<u>\$ 678,606</u>	<u>\$ 437,383</u>
Acquisition of tangible capital assets - schedule 2	(267,880)	(199,954)
Amortization of tangible capital assets - schedule 2	412,469	420,084
Change in prepaid expenses	<u>(114,179)</u>	<u>10,645</u>
Decrease in net financial liabilities	709,016	668,158
Net financial liabilities at beginning of year	<u>(4,348,029)</u>	<u>(5,016,187)</u>
Net financial liabilities at end of year	<u>\$ (3,639,013)</u>	<u>\$ (4,348,029)</u>

*(See accompanying notes)*

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 678,606	\$ 437,383
Adjustments for:		
Amortization	412,469	420,084
Change in non-cash working capital components:		
Accounts receivable	46,115	(103,924)
Due from Province of Ontario	(405,856)	(59,420)
Accounts payable and accrued liabilities	145,283	(39,544)
Due to Province of Ontario	19,836	152,766
Deferred revenue	111,100	16,408
Prepaid expenses	(114,179)	10,645
	<u>893,374</u>	<u>834,398</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of mortgage	<u>(237,726)</u>	<u>(228,169)</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(267,880)</u>	<u>(199,954)</u>
<b>INCREASE IN CASH</b>	387,768	406,275
<b>CASH, beginning of year</b>	<u>4,026,625</u>	<u>3,620,350</u>
<b>CASH, end of year</b>	<u>\$ 4,414,393</u>	<u>\$ 4,026,625</u>

*(See accompanying notes)*

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Hastings and Prince Edward Counties Health Unit are the representation of management prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada for local governments and their boards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Significant aspects of the accounting policies adopted by the Health Unit are as follows:

**Basis of Accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

**Deferred Revenue**

Deferred revenue represents special program grants which have been received but for which related program costs have yet to be incurred. These amounts will be recognized as revenue in the fiscal year that the program costs are incurred.

**Government Transfers**

Government transfers received relate to health programs. Transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized and eligibility criteria have been met and reasonable estimates of the amounts can be made.

**Non Financial Assets**

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and Site Improvements	40 years
Leasehold Improvements	remaining term of lease
Vehicles	5 years
Communication Systems	5 years
Office Equipment	5 years
Computer Equipment	5 years
Signage	5 years

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful lives of tangible capital assets, accrued liabilities, deferred revenue and funding repayable to the Province of Ontario. Actual results could differ from those estimates.

**2. PENSION AGREEMENT**

The Health Unit, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings on the OMERS fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage that is designed to integrate with the pension payable from the Canada Pension Plan. The amount contributed to OMERS for 2020 was \$969,740 (2019 - \$947,597) for current service and is included as an expenditure on the Statement of Financial Activities. At December 31, 2020, there is no liability for past service under this agreement.

Because OMERS is a multi-employer pension plan, the Health Unit does not recognize any share of the last reported pension plan deficit as of December 31, 2020 of \$7,655,000,000 (2019 - \$1,531,000,000 surplus) based on the fair market value of the Plan's assets, as this is a joint responsibility of all participating employers and their employees.

**3. LIABILITY FOR VESTED SICK LEAVE BENEFITS**

Under the previous sick leave benefit plan, unused sick leave could be accumulated and employees could become entitled to a cash payment when they leave the Health Unit's employment.

During 1988, the Health Unit introduced an employee benefit package which includes short and long term disability insurance. As part of the package, the accumulated sick leave days were frozen at the levels existing at the date of implementation of the plan.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amount to \$4,747 (2019 - \$7,614).



**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**4. COMMITMENTS**

The Health Unit leases office accommodation in Picton, Trenton, and Bancroft and additionally leases office equipment. The future minimum lease payments are as follows:

2021		\$ 101,575
2022		<u>69,564</u>
		<u>\$ 171,139</u>

In addition to the above leases, the Health Unit entered into a construction contract prior to year end for two mobile dental clinics in the amount of \$675,698 plus taxes. At December 31, 2020, \$103,858 plus taxes had been invoiced related to this project and are shown in vehicles under construction in Schedule 2. The remaining \$571, 840 is expected to be billed in 2021 when the project is completed. The Ontario government has agreed to provide funding of \$550,000 towards the costs of these clinics in 2021.

**5. ECONOMIC DEPENDENCE**

The majority of the revenue of the Health Unit is provided by the Province of Ontario and by four funding municipalities. The Province funds seventy percent (2019 - seventy-five percent) of mandated public health programs while the Counties of Hastings and Prince Edward and the Cities of Belleville and Quinte West combine to fund the remaining thirty percent (2019 - twenty- five percent). For fiscal 2020, the Province of Ontario provided mitigation funding in the amount of \$1,120,000 to reduce the impact of the funding change. Mitigation funding will continue for the 2021 fiscal year.

**6. FINANCIAL INSTRUMENTS**

The Health Unit's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, mortgage payable and interest rate swap agreement. Unless otherwise noted, it is management's opinion that the Health Unit is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values due to the short term nature of the instruments except for the mortgage loan payable and interest rate swap agreement. The fair value of the underlying mortgage loan approximates carrying value due to the interest rate being reset monthly. At December 31, 2020, the fair value of the remaining interest rate swap is a liability of \$1,607,281. The Health Unit has access to a line of credit in the amount of \$250,000 with its corporate banker which bears interest at prime.

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**7. RESERVES**

The Health Unit has established reserves as follows:

The capital reserve is restricted to building replacement, expansion, renovations or major repairs.

	<u>2020</u>	<u>2019</u>
Capital reserve, beginning of year	\$ 1,709,615	\$ 1,399,116
Net revenues for year - schedule 3	<u>279,420</u>	<u>310,499</u>
Capital reserve, end of year	1,989,035	1,709,615
HBHC reserve	<u>45,859</u>	<u>45,859</u>
Total reserves	<u>\$ 2,034,894</u>	<u>\$ 1,755,474</u>

The Healthy Babies Healthy Children (HBHC) reserve is restricted to fund future costs of the program in excess of provincial funding. There were no changes to the HBHC reserve during the year.

**8. EXPENDITURE RECOVERIES**

Expenditure recoveries consist of:

	<u>2020</u>	<u>2019</u>
Provincial reimbursement of clinic costs	\$ 14,781	\$ 57,392
Vaccination clinics	50,861	133,797
Sexual health clinics	6,683	29,966
Nicotine replacement therapy clinics	11,020	28,975
Tuberculosis testing	5,896	31,850
Food handler training	10,598	41,505
Other	<u>102,404</u>	<u>622</u>
	<u>\$ 202,243</u>	<u>\$ 324,107</u>

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**9. MORTGAGE PAYABLE**

Mortgage payable consists of the following:

	<u>2020</u>	<u>2019</u>
Bankers acceptance, interest at Canadian Imperial Bank of Commerce BA rate at time of renewal plus 0.48% per annum acceptance fee. Interest is fixed with an interest rate swap agreement at 4.11%. Interest paid in advance at time of renewal with an adjustment at next monthly renewal to swapped rate. Principal is reduced each monthly renewal based on a blended monthly payment of principal and interest of \$44,316 until January 2040.		
Remaining balances due January 2040.	<u>\$ 7,025,373</u>	<u>\$ 7,263,099</u>

The mortgage is secured by a general security agreement creating a first ranking security interest in all personal property of the Health Unit and a first mortgage over the property located at 179 North Park Street, Belleville, Ontario.

Interest expense of \$285,187 (2019 - \$302,321) is included in building occupancy on the statement of financial activities and accumulated surplus.

Future principal repayments are estimated to be as follows:

2021	\$ 247,682
2022	258,056
2023	268,864
2024	280,125
2025	291,857
Thereafter	5,678,789

**10. INTEREST RATE SWAP AGREEMENT**

The Health Unit entered into an interest rate swap agreement on March 5, 2014, effective January 2, 2015, which fixes the long-term interest rates associated with the mortgage. Under this agreement, the Health Unit pays interest on the notional principal at a fixed rate, and receives interest on the same notional principal at a variable rate based on Bankers' Acceptance rates. At the December 2020 renewal, the interest rate including stamping fee on the Banker's Acceptance was 0.95%. There is no exposure to loss on the notional principal amount since the amount is netted by agreement; however, as interest rates fluctuates, the fair value of the swap rises and falls.

Under the swap agreement, the Health Unit pays a fixed rate of 4.11% per annum on the notional principal. As at December 31, 2020 the notional principal of this agreement was \$7,025,373 (2019 - \$7,263,099) with the notional principal being reduced monthly in a systematic manner until the contract matures on January 3, 2040.

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**11. BUDGET**

The Board of Health approved the budget for 2020 with a municipal levy of \$3,338,953 on February 5, 2020. During the year, the Health Unit entered into additional program agreements or amendments to program agreements. The budgets of these program changes are not reflected in the budget amounts presented.

The Health Unit does not budget for amortization but does budget for capital expenditures and principal repayments. The budgeted amounts for capital expenditures and principal repayments are not included in the budget amounts on the statement of financial activities and accumulated surplus. A reconciliation with these items is as follows:

Budgeted annual surplus before capital expenditures and principal repayments	\$ 803,146
Less: tangible capital asset additions included in budget	(847,900)
Less: principal repayments included in budget	<u>(237,726)</u>
Budgeted annual deficit to be funded from operating fund surplus of prior years	<u>\$ (282,480)</u>

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

Equity in tangible capital assets consist of:

	<u>2020</u>	<u>2019</u>
Tangible capital assets	\$ 10,614,326	\$ 10,758,915
Mortgage payable	<u>(7,025,373)</u>	<u>(7,263,099)</u>
	<u>\$ 3,588,953</u>	<u>\$ 3,495,816</u>

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**13. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE  
CORONAVIRUS DISEASE (COVID-19) OUTBREAK**

In mid-March of 2020, the Province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the novel coronavirus ("Covid-19").

On March 16, 2020, the Health Unit closed its offices to the public while management and staff continued to work to respond to the crisis as part of its mandate. Certain public facing programs have ceased and related staff reassigned to the Covid-19 response. The Health Unit has incurred additional staffing and other costs related to the response. For the year ended December 31, 2020, the Province provided the Health Unit with extraordinary funding towards costs associated with the pandemic response.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the virus makes it difficult to determine the length of time that the Health Unit's operations will be impacted.

**HASTINGS & PRINCE EDWARD COUNTIES HEALTH UNIT**  
**SCHEDULE 1 - RECONCILIATION OF FUND BALANCES**  
**OPERATING FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Accumulated surplus, beginning of year	\$ 1,242,060	\$ 1,123,215
Net revenues	<u>678,606</u>	<u>437,383</u>
	1,920,666	1,560,598
Change - tangible capital assets	144,589	220,130
Principal repayments in year	(237,726)	(228,169)
Capital reserve net revenues	<u>(279,420)</u>	<u>(310,499)</u>
Accumulated surplus, end of year	<u>\$ 1,548,109</u>	<u>\$ 1,242,060</u>

*(See accompanying notes)*

**HASTINGS AND PRINCE EDWARD COUNTIES HEALTH UNIT  
SCHEDULE 2 -TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2020**

	Land	Building and Site Improvements	Leashold Improvements	Communication Systems	Office Equipment	Computer Equipment	Signage	Vehicles under Construction	2020 Total	2019 Total
<b>Historical costs:</b>										
Opening balance	\$ 81,814	\$ 11,726,818	\$ 197,010	\$ 93,585	\$ 572,675	\$ 576,064	\$ 20,941	\$ -	\$ 13,268,907	\$ 13,081,301
Additions	-	70,256	-	-	21,990	80,705	-	105,686	278,637	199,954
Adjustment	-	-	-	-	(10,757)	-	-	-	(10,757)	-
Disposals	-	-	-	-	-	(14,741)	-	-	(14,741)	(12,348)
Closing Balance	81,814	11,797,074	197,010	93,585	583,908	642,028	20,941	105,686	13,522,046	13,268,907
<b>Accumulated Amortization:</b>										
Opening balance	-	1,316,375	197,010	80,825	373,800	527,324	14,658	-	2,509,992	2,102,256
Disposals	-	-	-	-	-	(14,741)	-	-	(14,741)	(12,348)
Amortization expense	-	294,048	-	7,506	67,317	39,410	4,188	-	412,469	420,084
Closing Balance	-	1,610,423	197,010	88,331	441,117	551,993	18,846	-	2,907,720	2,509,992
<b>Net book value</b>	<b>\$ 81,814</b>	<b>\$ 10,186,651</b>	<b>\$ -</b>	<b>\$ 5,254</b>	<b>\$ 142,791</b>	<b>\$ 90,035</b>	<b>\$ 2,095</b>	<b>\$ 105,686</b>	<b>\$ 10,614,326</b>	<b>\$ 10,758,915</b>

Vehicles under construction pertain to the construction of two mobile dental clinics. Amortization on these vehicles will not be recorded until construction is finished and the vehicles are put in use.

HASTINGS AND PRINCE EDWARD COUNTIES HEALTH UNIT  
 SCHEDULE OF OPERATIONS  
 YEAR ENDED DECEMBER 31, 2020

SCHEDULE 3

	Mandatory Core	Related Programs - 100% Funded by Province						Other Programs						Total		
		Ontario Seniors Dental Care Program	Senior Dental Clinic Upgrade	Case and Contact Management Solution	School-Focused Nurses Initiatives	Temporary Pandemic Pay Initiative	Subtotal of Related Programs - 100% Funded by Province	PIII Practicum Student	Healthy Babies Healthy Children	Canada Prenatal Nutrition Program	Children's Oral Health Initiative	Operating Fund	Capital Reserve	Subtotal of Other Programs	2020	2019
REVENUES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Provincial approved funding MOHLTC	9,204,700	802,054	75,384	17,927	335,000	106,500	1,336,865	10,000	-	-	-	-	-	10,000	10,551,565	10,861,647
Provincial approved funding MCCSS	-	-	-	-	-	-	-	-	1,160,543	-	-	-	-	1,160,543	1,160,543	1,160,543
Total approved provincial funding	9,204,700	802,054	75,384	17,927	335,000	106,500	1,336,865	10,000	1,160,543	-	-	-	1,170,543	11,712,108	12,022,190	
Provincial funding MOH salary	135,709	-	-	-	-	-	-	-	-	-	-	-	-	135,709	109,590	
Provincial funding Mitigation	1,120,000	-	-	-	-	-	-	-	-	-	-	-	-	1,120,000	-	
Provincial funding COVID-19 Extraordinary	442,200	-	-	-	-	-	-	-	-	-	-	-	-	442,200	-	
Settlement adjustments	-	(124,199)	-	-	(104,726)	(95,253)	(324,178)	-	(14,273)	-	-	-	(14,273)	(338,451)	(185,330)	
Provincial funding	10,902,609	677,855	75,384	17,927	230,274	11,247	1,012,687	10,000	1,146,270	-	-	-	1,156,270	13,071,566	11,946,450	
Municipal levies	3,128,953	-	-	-	-	-	-	-	-	-	-	260,000	260,000	3,388,953	3,388,953	
Federal funding	-	-	-	-	-	-	-	-	101,937	42,701	-	-	144,638	144,638	115,153	
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,908	
Interest income	9,130	-	-	-	-	-	-	-	-	-	14,808	19,420	34,228	43,358	78,652	
Expenditure recoveries	201,561	682	-	-	-	-	682	-	-	-	-	-	-	202,243	324,107	
Rental income	12,337	-	-	-	-	-	-	-	-	-	-	-	-	12,337	-	
Total Revenues	14,254,590	678,537	75,384	17,927	230,274	11,247	1,013,369	10,000	1,146,270	101,937	42,701	14,808	279,420	15,955,136	16,863,095	15,855,223
EXPENDITURES																
Salaries	9,079,723	187,766	-	17,927	181,318	11,247	398,258	9,574	848,324	71,383	31,956	-	-	961,237	10,439,218	9,645,359
Benefits	2,319,213	50,646	-	-	48,956	-	99,602	426	242,177	14,893	7,284	-	-	264,780	2,683,595	2,503,592
Staff training	45,144	430	-	-	-	-	430	-	650	-	-	-	-	650	46,224	130,834
Travel	93,832	79	-	-	-	-	79	-	11,725	2,833	1,451	-	-	16,009	109,920	185,567
Building occupancy	745,853	24,678	13,015	-	-	-	37,693	-	-	-	-	-	-	783,546	865,154	
Office expenses and administration	490,717	10,491	-	-	-	-	10,491	-	42,381	-	-	-	-	543,589	610,032	
Program supplies	616,719	123,682	-	-	-	-	123,682	-	13	12,828	2,010	-	-	755,252	747,474	
Professional and purchased services	247,447	162,229	-	-	-	-	162,229	-	1,000	-	-	-	-	410,676	309,744	
Amortization	412,469	-	-	-	-	-	-	-	-	-	-	-	-	412,469	420,084	
Total Expenditures	14,051,117	560,001	13,015	17,927	230,274	11,247	832,464	10,000	1,146,270	101,937	42,701	-	-	1,300,908	16,184,489	15,417,840
Annual surplus (deficit) before other items	203,473	118,536	62,369	-	-	-	180,905	-	-	-	-	14,808	279,420	294,228	678,606	437,383
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	203,473	118,536	62,369	-	-	-	180,905	-	-	-	-	14,808	279,420	294,228	678,606	437,383
RECONCILIATION TO FUNDING																
Annual surplus (deficit) above	203,473	118,536	62,369	-	-	-	180,905	-	-	-	-	14,808	279,420	294,228	678,606	437,383
Add back amortization	412,469	-	-	-	-	-	-	-	-	-	-	-	-	-	412,469	420,084
Add transfers from reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add tangible capital asset adjustment	-	10,757	-	-	-	-	10,757	-	-	-	-	-	-	-	10,757	-
Less tangible capital asset acquisitions	(86,975)	(129,293)	(62,369)	-	-	-	(191,662)	-	-	-	-	-	-	-	(278,637)	(199,954)
Less principal repayments on mortgage	(230,476)	-	-	-	-	-	-	-	-	-	-	-	-	-	(230,476)	(228,169)
Decrease (increase) in prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funding surplus	298,491	-	-	-	-	-	-	-	-	-	-	14,808	279,420	294,228	592,719	429,344



**HASTINGS AND PRINCE EDWARD COUNTIES HEALTH UNIT  
SCHEDULE 4 - OFF-CALENDAR YEAR PROGRAMS FUNDING RECONCILIATION  
YEAR ENDED DECEMBER 31, 2020**

The Health Unit enters into certain programs with the federal, provincial and municipal governments where the funding year end is March 31st. The breakdown of the total revenue and expenditures of those programs during the year is as follows:

	Ontario Seniors Dental Care Program: Dental Clinic Upgrades - Belleville			Ontario Seniors Dental Care Program: Mobile Dental Clinic			Healthy Babies Healthy Children			COVID-19: Public Health Case and Contact Management Solution		
	January - March	April - December	2020 Total	January - March	April - December	2020 Total	January - March	April - December	2020 Total	January to March	April to December	2020 Total
<b>Total funding approved for funding year</b>	\$ 252,900	\$ 171,400		\$ 595,000	\$ 550,000		\$ 1,160,543	\$ 1,160,543		\$ -	\$ 26,200	
Total funding received in prior calendar year	\$ -	\$ -		\$ -	\$ -		\$ 1,160,543	\$ -		\$ -	\$ -	
Expended in prior calendar year	(76,947)	-		-	-		(1,148,305)	-		-	-	
Deferred revenue carried forward	(76,947)	-		-	-		-	-		-	-	
Funding received in current calendar year	76,947	4,653		-	-		12,238	-		-	17,927	
Settlement adjustment	-	-		-	-		-	1,160,537		-	-	
Funds to be received in next calendar year	-	70,731		-	-		-	-		-	-	
Funding available for use in next calendar year	-	-		-	-		-	(26,505)		-	-	
Revenues	-	75,384	\$ 75,384	-	-	\$ -	12,238	1,134,032	\$ 1,146,270	-	17,927	\$ 17,927
Expenditures	-	13,015	13,015	-	-	-	12,238	1,134,032	1,146,270	-	17,927	17,927
<b>Annual surplus</b>	\$ -	\$ 62,369	\$ 62,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation to funding</b>												
Annual surplus (deficit) above	\$ -	\$ 62,369	\$ 62,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add transfers from reserve	-	-	-	-	-	-	-	-	-	-	-	-
Less capital asset acquisitions	-	(62,369)	(62,369)	-	-	-	-	-	-	-	-	-
<b>Funding surplus</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

  

	Public Health Inspector Practicum Program			Canada Prenatal Nutrition Program			Children's Oral Health Initiative			COVID-19: School-Focused Nurses Initiative		
	January - March	April - December	2020 Total	January - March	April - December	2020 Total	January - March	April - December	2020 Total	January - March	April - December	2020 Total
<b>Total funding approved for funding year</b>	\$ 10,000	\$ 10,000		\$ 89,988	\$ 89,988		\$ 39,000	\$ 39,000		\$ -	\$ 536,000	
Total funding received in prior calendar year	\$ 10,000	\$ -		\$ 80,990	\$ -		\$ 39,000	\$ -		\$ -	\$ -	
Expended in prior calendar year	(10,000)	-		(60,517)	-		(20,632)	-		-	-	
Deferred revenue carried forward	-	-		20,473	-		18,368	-		-	-	
Funding received in current calendar year	-	10,000		8,998	89,988		-	39,000		-	335,000	
Settlement adjustment	-	-		-	-		-	-		-	-	
Funds to be received in next calendar year	-	-		-	-		-	-		-	-	
Funding available for use in next calendar year	-	-		-	(17,522)		-	(14,667)		-	(104,726)	
Revenues	-	10,000	\$ 10,000	29,471	72,466	\$ 101,937	18,368	24,333	\$ 42,701	-	230,274	\$ 230,274
Expenditures	-	10,000	10,000	29,471	72,466	101,937	18,368	24,333	42,701	-	230,274	230,274
<b>Annual surplus</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation to funding</b>												
Annual surplus above	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add transfers from reserve	-	-	-	-	-	-	-	-	-	-	-	-
Less capital asset acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Funding surplus</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## Finance Committee - Briefing Note

<b>To:</b>	Hastings Prince Edward Board of Health
<b>Prepared by:</b>	Valerie Dunham, Director of Corporate Services/Associate CEO
<b>Reviewed by:</b>	Dr. Piotr Oglaza, Medical Officer of Health & CEO
<b>Date:</b>	Wednesday, April 28, 2021
<b>Subject:</b>	<b>Update on Mobile Dental Clinic</b>
<b>Nature of Board Engagement</b>	<input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/> Strategic Discussion <input type="checkbox"/> Board approval and motion required <input type="checkbox"/> Compliance with Accountability Framework <input type="checkbox"/> Compliance with Program Standards
<b>Action Required:</b>	No action required.
<b>Background:</b>	<p>In September 2020, the Board of Health approved the purchase of two vans to be custom made by PK Vans located in Oshawa, Ontario. The vans will be customized to be mobile dental clinics for use in the Ontario Seniors Dental Care Program as well as other programs as required.</p> <p>The Ford chassis for the vans were ordered in late November with an anticipated delivery date of the completed vans in September of 2021. There is currently a worldwide shortage of semi-conductor chips which is affecting auto production throughout the world. The delivery date of our chassis and building of the mobile dental clinic is being impacted through this shortage.</p> <p>We owed a substantial payment for the vans in March 2021. However, in speaking to our supplier, PK Vans, he advised that the products would continue to be delayed due to production delays resulting from the chip shortage. PK Vans had advised earlier in the year that there was an issue and are eager to start construction on our project.</p> <p>Given this information we did not issue the deposit cheque and have revised the contract accordingly. The Ministry of Health has been advised and will need to extend the funding for this purchase until March 2022. Funding received for the vans is \$550,000.</p> <p>At this point our expectation is that PK Vans will receive the chassis this fall and HPEPH will take delivery of the completed vans during the first quarter of 2022.</p> <p>As more information is available we will advise the BOH accordingly.</p>