
Schedule of revenue and expenses
The Regional Municipality of Niagara
Public Health Department
Community Mental Health Program

March 31, 2020

Independent Auditor's Report	1-2
Schedule of revenue and expenses	3
Notes to the schedule of revenue and expenses	4-5

Draft

Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara and the Hamilton Niagara Haldimand Brant Local Health Integration Network

Opinion

We have audited the accompanying schedule of revenue and expenses of the Regional Municipality of Niagara Public Health Department – Community Mental Health Program (the "Program"), for the year ended March 31, 2020 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule of the Program for the year ended March 31, 2020 is prepared, in all material respects, in accordance with the financial reporting provisions of the agreement dated April 1, 2019 between the Hamilton Niagara Haldimand Brant Local Health Integration Network and the Regional Municipality of Niagara (the "guidelines").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the schedule 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Region in complying with the financial reporting provisions of the agreement dated April 1, 2019 between the Hamilton Niagara Haldimand Brant Local Health Integration Network and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule is 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 GAAS 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 this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, 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 Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

Chartered Professional Accountants
Licensed Public Accountants
June 25, 2020

Draft

The Regional Municipality of Niagara Public Health Department
Community Mental Health Program
Schedule of revenue and expenses
Year ended March 31, 2020

	Notes	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenue				
Province of Ontario Grants		6,461,068	6,461,065	6,138,731
Miscellaneous		1,000	4,637	9,536
		6,462,068	6,465,702	6,148,267
Expenses				
Compensation				
Salaries		4,862,984	4,704,113	4,487,033
Employee benefits		1,020,030	913,073	865,970
		5,883,014	5,617,186	5,353,003
Service costs				
Administration costs	3	39,500	501,707	452,073
Audit and other professional fees		2,693	7,143	6,613
Computer maintenance and supplies		4,787	27,152	3,943
Other expenses		47,423	154,200	96,853
Printing, postage, stationery and office supplies		11,600	16,809	14,882
Rent and property taxes		239,674	308,360	267,039
Staff education		16,138	82,531	45,207
Telephone		19,000	17,342	14,918
Travel		198,239	205,083	187,520
		579,054	1,320,327	1,089,048
Total expenses		6,462,068	6,937,513	6,442,051
Ineligible administration costs	3	—	462,207	412,573
Total eligible expenses		6,462,068	6,475,306	6,029,478
(Deficiency) excess revenue over eligible expenditures		—	(9,604)	118,789

The accompanying notes to the Schedule are an integral part of this Schedule.

The Regional Municipality of Niagara Public Health Department
Community Mental Health Program
Notes to the schedule of revenue and expenses
 March 31, 2020

1. Significant accounting policies

The schedule of revenue and expenses has been prepared for the Hamilton Niagara Haldimand Brant Local Health Integration Network. The agreement requires the Schedule to be prepared in a manner consistent with generally accepted accounting principles ("GAAP"). Management of the Regional Municipality of Niagara has interpreted GAAP to be recognition and measurement principles in accordance with Canadian Public Sector Accounting Standards, except that it does not provide for employee future benefits and does not capitalize and amortize tangible capital assets. Management has further interpreted that GAAP does not include the presentation principles or the presentation of all financial statements and note disclosures required by GAAP for a complete set of financial statements.

Significant accounting policies are as follows.

Revenue and expense recognition

Revenue and expenses are reported on the accrual basis of accounting, with the exception of employee future benefits below.

The accrual basis of accounting recognizes revenues as they become available and measureable, 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.

Capital assets

Tangible capital assets acquired are reported as an expense, and amortization is not recorded.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.

Use of estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of a periodic schedule involves the use of estimates and approximations. These have been made using careful judgements.

2. Grant funding repayable

The grant repayable to the Province of Ontario is subject to audit verification by the Hamilton Niagara Haldimand Brant Local Health Integration Network. The grant repayable is non-interest bearing and is normally repaid in the subsequent year. The grant repayable balance at the end of the year is comprised of the unpaid grant repayable balance from prior years less the current year excess of eligible expenses over revenue excluding net book value associated with capital one-time funding.

	2020	2019
	\$	\$
Grant repayable, beginning of year	491,872	394,724
Amounts repaid during the year	—	(21,641)
Excess of revenue over eligible expenditures	—	118,789
Grant repayable, end of year	491,872	491,872

**The Regional Municipality of Niagara Public Health Department
Community Mental Health Program**

Notes to the schedule of revenue and expenses

March 31, 2020

3. Administration costs

The program records direct operating expenses to their respective activity. In addition, since 2013, the Region established a consolidated cost allocation policy with a guiding principle of more closely aligning indirect costs with the support programs and services as defined by the Province in the Financial Information Return (FIR). This methodology allocates these indirect costs to end programs/services based on usage drivers.

Under this methodology, all departments providing program/service support functions will allocate their costs using drivers specific to each type of expense.

Administration costs are comprised of the following charges:

	2020	2019
	\$	\$
Financial services	57,975	66,879
Human resource services	163,874	111,110
IT Services	240,512	222,874
Debt charges	39,346	51,210
Total administration costs	501,707	452,073

As per direction from the funding body, administration costs are limited to \$39,500 (2019 - \$39,500) and therefore administration costs in excess of the limit are considered ineligible and have been shown as a reduction of expense on the schedule of revenue and expenses.

	2020	2019
	\$	\$
Total administration costs	501,707	452,073
Less: administration cost limit	39,500	39,500
Total ineligible administration costs	462,207	412,573