

BRENT J. BURNS CHARTERED ACCOUNTANT

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AUDITOR'S REPORT

To the Chairman and Members,

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**

I have audited the Balance Sheet of **THE CORPORATION OF THE LEEDS, GRENVILLE AND LANARK DISTRICT HEALTH UNIT** as at December 31, 2002 and the Statements Of Operations - Public Health Programs, Operations - Land Control Programs, Operations - Healthy Babies Program, Operations - Early Child Development Programs and Reserve Funds for the year then ended. These financial statements are the responsibility of the Health Unit's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Health, Land Control, Healthy Babies and Early Child Development Programs of The Corporation Of The Leeds, Grenville And Lanark District Health Unit as at December 31, 2002 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

“signed”

Chartered Accountant

Gananoque, Canada
March 4, 2003

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS
BALANCE SHEET
AS AT DECEMBER 31, 2002**

| | 2002 | 2001 |
|---|---------------------|---------------------|
| ASSETS | | |
| UNRESTRICTED | | |
| Cash | \$ 1,227,932 | \$ 1,310,056 |
| Accounts receivable | 97,929 | 88,864 |
| Receivable from Ontario Works program - Lanark | 1,590 | - |
| Receivable from Ministry of Health - Healthy Communities (Heart Health) program | - | 1,780 |
| Prepaid expenses | 54,791 | 48,482 |
| | <u>1,382,242</u> | <u>1,449,182</u> |
| RESTRICTED | | |
| Guaranteed investment certificate | 7,381 | 15,943 |
| Money market investments (note 1) | 372,170 | 348,252 |
| | <u>379,551</u> | <u>364,195</u> |
| | <u>\$ 1,761,793</u> | <u>\$ 1,813,377</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 499,760 | \$ 508,457 |
| Payable to Ministry of Health - Healthy Babies - Operations | 130,978 | 38,694 |
| Payable to Ministry of Health - Healthy Communities (Heart Health) programs | 29,085 | - |
| Payable to Ministry of Health - Public Health Programs | 57,145 | 162,545 |
| Payable to Ministry of Health - Early Years | - | 70,266 |
| Payable to Ministry of Health - Language Express | 39,843 | 52,810 |
| Payable to Ministry of Health - Early Child Development Programs | 271 | - |
| Payable to Ontario Works program - Lanark | - | 5,481 |
| Payable to Ontario Works program - Leeds/Grenville | - | 8,507 |
| Payable to the Language Express program | 36,957 | 46,672 |
| Payable to CGIS Project (HRDC) | 5,731 | - |
| Payable to Merx (tobacco grant) | 50,000 | - |
| Deferred revenue | 55,114 | 61,873 |
| | <u>904,884</u> | <u>955,305</u> |
| RESERVE FUNDS | | |
| Payment of sick leave credits | 8,682 | 16,422 |
| General reserve | 372,170 | 348,252 |
| | <u>380,852</u> | <u>364,674</u> |
| MUNICIPAL SURPLUS (note 2) | <u>246,092</u> | <u>296,755</u> |
| SURPLUS - LAND CONTROL PROGRAM | <u>229,965</u> | <u>196,643</u> |
| | <u>\$ 1,761,793</u> | <u>\$ 1,813,377</u> |

On behalf of the Board:

On behalf of the Board:

Member

Member

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**
STATEMENT OF OPERATIONS AND MUNICIPAL DEFICIT - PUBLIC HEALTH PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2002

| | 2002 | 2001 |
|---|--------------------|------------------|
| REVENUE | | |
| Municipal | | |
| United Counties | \$ 1,103,306 | \$ 1,071,171 |
| Lanark | 880,802 | 855,148 |
| Brockville | 357,244 | 346,839 |
| Smiths Falls | 154,561 | 150,059 |
| Gananoque | 87,799 | 85,263 |
| Prescott | 67,674 | 65,703 |
| | 2,651,386 | 2,574,183 |
| Ministry of Health | 2,673,986 | 2,576,834 |
| Ministry of Health - one time funding | 71,330 | 78,795 |
| Language Express - allocated costs | 6,500 | 6,500 |
| Land Control allocated costs | 42,034 | 39,419 |
| Healthy Babies management costs | 37,054 | 41,095 |
| Other revenue (schedule 1) | 271,012 | 307,609 |
| Municipal reserve revenue | 63,331 | 11 |
| | 5,816,633 | 5,624,446 |
| EXPENSE | | |
| Salaries and wages | 4,093,114 | 3,862,410 |
| Benefits | 526,492 | 489,596 |
| Travel | 188,287 | 148,632 |
| Occupancy | 189,213 | 178,817 |
| Telephone | 80,245 | 103,666 |
| Materials and supplies | 136,250 | 94,469 |
| Office supplies/postage | 52,519 | 61,592 |
| Professional development | 42,039 | 47,310 |
| Office equipment maintenance and rental | 19,093 | 38,510 |
| Professional fees | 22,995 | 11,563 |
| Physicians/Dentists | 89,248 | 109,688 |
| Bank charges | 5,098 | 4,680 |
| Insurance | 36,133 | 29,536 |
| Honorariums | 9,846 | 5,721 |
| Computer/Internet services | 99,035 | 40,602 |
| Marketing/advertising | 35,443 | 33,636 |
| Other | 58,716 | 67,124 |
| Non-recurring expenses | 151,323 | 280,051 |
| | 5,835,089 | 5,607,603 |
| (DEFICIT) SURPLUS FOR THE YEAR | \$ (18,456) | \$ 16,843 |

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**
STATEMENT OF OPERATIONS - LAND CONTROL PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2002

| | 2002 | 2001 |
|---|--------------------------|--------------------------|
| REVENUE | | |
| Sewage inspection fees | \$ 259,200 | \$ 232,100 |
| Severance fees and s-permits | 60,675 | 53,424 |
| Interest | 3,537 | 6,209 |
| Miscellaneous | 122 | 602 |
| File search fees | 24,750 | 23,545 |
| | <u>348,284</u> | <u>315,880</u> |
| EXPENSE | | |
| Salaries and wages | 180,823 | 186,491 |
| Employee benefits | 28,845 | 28,106 |
| Fees for service | 721 | 1,774 |
| Travel | 28,764 | 18,796 |
| Materials and supplies | 3,678 | 6,203 |
| Rent | 4,007 | 4,007 |
| Administrative | 13,548 | 8,327 |
| Allocated costs from public health programs | 42,034 | 39,419 |
| Non-recurring expenses | 12,542 | - |
| | <u>314,962</u> | <u>293,123</u> |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | 33,322 | 22,757 |
| SURPLUS, BEGINNING OF YEAR | <u>196,643</u> | <u>173,886</u> |
| SURPLUS, END OF YEAR | <u><u>\$ 229,965</u></u> | <u><u>\$ 196,643</u></u> |

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**
STATEMENT OF OPERATIONS - HEALTHY BABIES PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2002

| | 2002 | 2001 |
|---|-------------------|------------------|
| REVENUE | | |
| Ministry of Health Grants | \$ 810,426 | \$ 716,031 |
| Miscellaneous revenue | 2,904 | 2,193 |
| | 813,330 | 718,224 |
| EXPENSE | | |
| Salaries and wages | 399,558 | 402,659 |
| Employee benefits | 51,160 | 51,176 |
| Lay Home Visitors | 150,028 | 177,585 |
| Travel | 17,109 | 14,837 |
| Program supplies | 41,172 | 5,573 |
| Administrative | 17,884 | 9,057 |
| Staff development | 5,441 | 6,822 |
| Non-recurring | - | 11,821 |
| | 682,352 | 679,530 |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | \$ 130,978 | \$ 38,694 |

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**

STATEMENT OF OPERATIONS - EARLY CHILD DEVELOPMENT PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2002

INJURY AND FAMILY ABUSE PREVENTION INITIATIVE

| | 2002 | 2001 |
|---|----------------|----------|
| REVENUE | | |
| Grants | \$ 119,041 | \$ - |
| EXPENSE | | |
| Salaries and wages | 49,280 | - |
| Employee benefits | 7,839 | - |
| Travel | 1,603 | - |
| Program and office supplies | 47,658 | - |
| Staff and public education | 12,774 | - |
| | <u>119,154</u> | <u>-</u> |
| DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR | (113) | - |
| SURPLUS, BEGINNING OF YEAR | - | - |
| DEFICIT, END OF YEAR | \$ (113) | \$ - |

HEALTHY PREGNANCY AND CHILD DEVELOPMENT INITIATIVE

| | 2002 | 2001 |
|---|---------------|----------|
| REVENUE | | |
| Grants | \$ 77,191 | \$ - |
| EXPENSE | | |
| Salaries and wages | 31,607 | - |
| Employee benefits | 4,089 | - |
| Travel | 1,305 | - |
| Program and office supplies | 32,577 | - |
| Staff and public education | 7,835 | - |
| | <u>77,413</u> | <u>-</u> |
| DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR | (222) | - |
| SURPLUS, BEGINNING OF YEAR | - | - |
| DEFICIT, END OF YEAR | \$ (222) | \$ - |

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**

STATEMENT OF OPERATIONS - EARLY CHILD DEVELOPMENT PROGRAMS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

| PERINATAL AND CHILD HEALTH SURVEY STRATEGIES PROJECT | | |
|--|---------------|-------------|
| | 2002 | 2001 |
| REVENUE | | |
| Grants | \$ 45,238 | \$ - |
| EXPENSE | | |
| Materials and supplies | 44,632 | - |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | 606 | - |
| SURPLUS, BEGINNING OF YEAR | - | - |
| SURPLUS, END OF YEAR | \$ 606 | \$ - |

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**
STATEMENT OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

| | RESERVE FUND PAYMENT OF SICK LEAVE CREDITS | GENERAL RESERVE | TOTAL | TOTAL |
|--|--|--------------------|-------------------|-------------------|
| | | | 2002 | 2001 |
| REVENUE | | | | |
| Interest | \$ 131 | \$ - | \$ 131 | \$ 479 |
| Income from investments | - | 23,918 | 23,918 | 22,452 |
| | <u>131</u> | <u>23,918</u> | <u>24,049</u> | <u>22,931</u> |
| EXPENSES | | | | |
| Transfer to operating fund | <u>(7,871)</u> | <u>-</u> | <u>(7,871)</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | (7,740) | 23,918 | 16,178 | 22,931 |
| RESERVE FUNDS, BEGINNING OF YEAR | <u>16,422</u> | <u>348,252</u> | <u>364,674</u> | <u>341,743</u> |
| RESERVE FUND, END OF YEAR | <u>\$ 8,682</u> | <u>\$ 372,170</u> | <u>\$ 380,852</u> | <u>\$ 364,674</u> |

THE CORPORATION OF THE LEEDS, GRENVILLE AND LANARK DISTRICT HEALTH UNIT

PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD DEVELOPMENT PROGRAMS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2002

NATURE OF BUSINESS

The Health Unit is incorporated under the laws of Ontario. Its mission is to work with the community to protect, promote and enhance health by determining issues, and developing and providing quality preventative health programs and services.

BASIS OF PRESENTATION

The Corporation of Leeds, Grenville and Lanark District Health Unit operates the following programs:

Fiscal years ending December 31:

- Public Health Programs
- Land Control Program
- Healthy Babies Program
- Early Child Development Programs

Fiscal years ending March 31 (100% Ministry of Health funded):

- Healthy Communities (Heart Health) Program
- Language Express Program

These financial statements present the financial position and results of operations of the Public Health, Land Control, Healthy Babies and Early Child Development Programs only.

MANAGEMENT RESPONSIBILITY

These financial statements are the representation of management prepared in accordance with accounting policies discussed below. Since precise determination of many assets and liabilities is dependent upon future events, the presentation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

CAPITAL ASSETS

Capital assets are reported as an expenditure on the Statement Of Operations.

ACCRUAL ACCOUNTING

Revenues and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

1. ASSETS OF THE RESERVE FOR EXPENDITURES

The money market investments and related accrued interest receivable are held in trust by the Brockville General Hospital for the use and benefit of the Health Unit as it shall direct. In 1992 the Brockville General Hospital satisfied its December 31, 1991 indebtedness to the Health Unit, approximately 1.1 acres of property located behind the property on which the Health Unit's building is situated.

The Health Unit entered into an agreement with the City of Brockville granting the city the right of first refusal on the 1.1 acres of property at its original cost. The right of first refusal expired in 1995 and has not been formally renewed.

2. MUNICIPAL SURPLUS

| | 2002 | 2001 |
|--|------------------------------|------------------------------|
| (Deficit) surplus for the year per statement of operations | \$ (18,456) | \$ 16,843 |
| Municipal share of deficit | <u>(55,460)</u> | <u>-</u> |
| Total general program (deficit) surplus for the year | (73,916) | 16,843 |
| Municipal surplus, beginning of year | 296,755 | 280,849 |
| Interest allocated to municipal surplus | 4,797 | 8,804 |
| Ministry of Health entitlement | <u>18,456</u> | <u>(9,741)</u> |
| Surplus, end of year | <u><u>\$ 246,092</u></u> | <u><u>\$ 296,755</u></u> |

Surplus amounts resulting from Ministry of Health funding are repayable to the Ministry at the end of the year.

3. COMMITMENT

The Health Unit rents office space under operating leases. The aggregate lease payments for rent over the next five years are estimated as follows:

| | | |
|------|----|--------------------------|
| 2003 | \$ | 104,948 |
| 2004 | | 100,189 |
| 2005 | | 93,361 |
| 2006 | | 83,498 |
| 2007 | | <u>72,941</u> |
| | | <u><u>\$ 454,937</u></u> |

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
DEVELOPMENT PROGRAMS**

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2002

4. PENSION AGREEMENT

The Health Unit makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit 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.

There were no amounts contributed to OMERS for 1999, 2000, 2001 or 2002. Due to a plan surplus in OMERS, there were no member or employer contributions required to the plan until January 1, 2003 when member and employer contributions commenced on a gradual basis (starting at 2.1%).

5. CONTINGENT LIABILITY

An unrelated third party has threatened legal action against the Health Unit in response to an inspection performed by a Health Unit employee which the third party claims to have been faulty. Whether there will be a successful claim is currently undeterminable, however the estimated maximum exposure to liability would be \$500,000. No accrual has been made for this potential liability due to the uncertain outcome.

6. COMPARATIVE AMOUNTS

In certain instances, 2001 amounts presented for comparative purposes have been restated to conform to the financial statements presentation adopted for the current year.

**THE CORPORATION OF THE LEEDS, GRENVILLE AND
 LANARK DISTRICT HEALTH UNIT**
**PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES AND EARLY CHILD
 DEVELOPMENT PROGRAMS**
 SCHEDULE 1 - OTHER REVENUE
 DECEMBER 31, 2002

| | 2002 | 2001 |
|--------------------------------|-------------------|-------------------|
| Interest | \$ 6,964 | \$ 17,687 |
| Nursing and assessment fees | 2,089 | 7,246 |
| Expectant parents classes fees | 9,400 | 10,785 |
| Special treatment clinic | 5,818 | 2,338 |
| Contraceptives | 36,295 | 33,957 |
| Reimbursement for staff time | 59,344 | 98,039 |
| Rent | 109,642 | 108,060 |
| Sundry | 41,460 | 29,497 |
| | <u>\$ 271,012</u> | <u>\$ 307,609</u> |

THE CORPORATION OF THE
LEEDS, GRENVILLE AND LANARK
DISTRICT HEALTH UNIT

FINANCIAL STATEMENTS

DECEMBER 31, 2002

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FINANCIAL STATEMENTS

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