

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
	<u>813,330</u>	<u>718,224</u>
 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
	<u>682,352</u>	<u>679,530</u>
 EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 130,978</u>	<u>\$ 38,694</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 - 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
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**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
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**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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