

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

FINANCIAL STATEMENTS

DECEMBER 31, 2010

CONTENTS

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

BALANCE SHEET	2
STATEMENT OF OPERATIONS - PUBLIC HEALTH PROGRAMS	3
STATEMENT OF OPERATIONS - LAND CONTROL PROGRAM	4
STATEMENT OF OPERATIONS - HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES) PROGRAMS	5
STATEMENT OF OPERATIONS - HEALTHY COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO	6
STATEMENT OF OPERATIONS - INFECTION CONTROL	7
STATEMENT OF OPERATIONS - SMOKE FREE ONTARIO	8
STATEMENT OF OPERATIONS - SMALL DRINKING WATER SYSTEMS	9
STATEMENT OF RESERVE FUNDS	10
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	11
NOTES TO FINANCIAL STATEMENTS	13
SCHEDULE 1 - OTHER REVENUE, MUNICIPAL FUNDING AND ALLOCATED COSTS	16

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members,
THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT

Report on the Financial Statements

I have audited the accompanying financial statements of THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT which comprise the Balance Sheet as at December 31, 2010 and the Statements Of Operations - Public Health Programs, Operations - Land Control Program, Operations - Healthy Babies, Operations - Heart Health (Healthy Communities) Programs, Operations - Healthy Community Partnership, Operations - Healthy Smiles Ontario, Operations - Infection Control, Operations - Smoke Free Ontario, Operations - Small Drinking Water Systems and Reserve Funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Health Programs, Land Control Program, Healthy Babies, Heart Health (Healthy Communities) Programs, Healthy Community Partnership, Healthy Smiles Ontario, Infection Control, Smoke Free Ontario and Small Drinking Water Systems and Reserve Funds of The Corporation Of The Leeds, Grenville And Lanark District Health Unit as at December 31, 2010 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in the Summary of Significant Accounting Policies.



Brent J. Burns, Chartered Accountant, Licensed Public Accountant

Gananoque, Canada
June 16, 2011

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS

BALANCE SHEET

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
UNRESTRICTED		
Cash	\$ 724,808	\$ 198,162
Accounts receivable	351,091	1,303,138
Receivable from Ontario Works program - Lanark	715	38,364
Receivable from Ontario Works program - Leeds and Grenville	25,215	5,510
Receivable from the MHP - Heart Health (Healthy Communities) Programs	1,900	-
Receivable from MCYS - Early Child Development Programs	1,068	1,068
Receivable from MOHLTC - H1N1 IT Costs	10,320	10,320
Prepaid expenses	72,160	77,685
	<u>1,187,277</u>	<u>1,634,247</u>
CAPITAL ASSETS (note 2)	<u>4,624,704</u>	<u>2,695,357</u>
	<u>5,811,981</u>	<u>4,329,604</u>
RESTRICTED		
Guaranteed investment certificate	2,552	-
Money market investments (note 1)	931,767	297,074
	<u>934,319</u>	<u>297,074</u>
	<u>\$ 6,746,300</u>	<u>\$ 4,626,678</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 505,668	\$ 462,914
Payable to MCYS - Healthy Babies - Operations	31,932	67,368
Payable to MHP - Smoke Free Ontario	103,283	102,527
Payable to MCYS - Healthy Communities Partnership	19,235	-
Payable to MOHLTC - Surplus (note 3)	2,025	83,588
Payable to MHP - CINOT Expansion (note 3)	-	13,701
Payable to CIPHI	28	1,064
Payable to MOHLTC - Infection Control	148,823	249,588
Payable to MHP - Heart Health (Healthy Communities) Programs	-	207
Payable to Cancer Care Ontario - Fecal Occult Blood Testing	20	20
Payable to the Language Express Program	102,597	51,379
Payable to MOHLTC - Small Drinking Water Program	4,922	1,111
Payable to MOHLTC - Mentorship Program	10	10
Payable to the MOHLTC - FOCUS Program	9,565	1,447
Payable to the MCYS - Healthy Smiles Ontario Program	50,640	-
Current portion of long-term debt (note 5)	28,993	-
Deferred revenue - Healthy Smiles Ontario	183,424	-
Deferred revenue	73,379	28,520
	<u>1,264,544</u>	<u>1,063,444</u>
DEFERRED CAPITAL ASSET FUNDING (note 2)	<u>3,308,387</u>	<u>2,695,357</u>
LONG TERM DEBT (note 5)	<u>1,287,323</u>	<u>-</u>
	<u>5,860,254</u>	<u>3,758,801</u>
RESERVE FUNDS		
Payment of sick leave credits	2,580	2,576
General reserve	931,767	294,602
	<u>934,347</u>	<u>297,178</u>
MUNICIPAL (DEFICIT) SURPLUS (note 3)	<u>(182,456)</u>	<u>509,203</u>
SURPLUS - LAND CONTROL PROGRAM	<u>134,155</u>	<u>61,496</u>
	<u>\$ 6,746,300</u>	<u>\$ 4,626,678</u>

ON BEHALF OF THE BOARD:

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - PUBLIC HEALTH PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
REVENUE		
Municipal funding (schedule 1)	\$ 2,697,734	\$ 2,531,780
MOHLTC	3,505,996	3,335,201
MOHLTC - one time funding	257,104	240,712
MHP	2,888,680	2,949,001
MHP - one-time funding	92,269	-
MOHLTC - Flu Campaign	44,990	11,355
MOHLTC - West Nile Virus - cost shared	11,437	19,230
MOHLTC - HFO Grants	125,757	103,262
MOHLTC - HPV	28,807	16,804
MHP- CINOT Expansion 100%	-	59,526
MHP- CINOT Enhancement - cost shared	32,299	-
MOHLTC - Meningococcal	16,679	12,876
MOHLTC - MMR start-up	-	2,091
MOHLTC - H1N1	25,656	857,891
MOHLTC - Safe Water - Enhanced	5,231	-
MOHLTC - Medical Officer of Health Compensation Initiative	101,040	-
Allocated costs (schedule 1)	155,510	158,059
Other revenue (schedule 1)	289,712	765,305
Transfer from municipal reserve and reserve fund	(79,323)	264,465
	10,199,578	11,327,558
Revenue deferred relating to capital asset funding (note 2)	(564,137)	(546,756)
Amortization of deferred capital funding (note 2)	297,532	304,145
	9,932,973	11,084,947
EXPENSE		
Salaries and wages	6,386,241	6,431,905
Benefits	1,302,820	1,386,438
MOHLTC - Medical Officer of Health Compensation Initiative	126,166	74,217
Travel	205,812	188,260
Occupancy	331,736	357,264
Telephone	84,089	94,414
Materials and supplies	138,059	166,015
Office supplies/postage	53,006	53,532
Professional development/recognition	63,711	40,077
Office equipment maintenance and rental	16,520	21,694
Professional fees	105,125	75,544
Physicians/Dentists	160,278	161,236
CINOT Expansion	39,259	45,825
Bank charges	10,271	9,681
Insurance	71,505	70,168
Honorariums	12,763	15,639
Computer/Internet services	100,989	119,423
Marketing/advertising	34,186	26,045
Other	46,758	80,876
Flu campaign costs	66,932	44,438
Safe Water enhancement - 100% MOHLTC	5,231	-
West Nile Virus/Vector Borne Diseases	20,214	19,159
HPV Campaign and Meningococcal costs	18,774	11,210
H1N1 program costs	25,656	857,891
H1N1 IT costs	-	75,365
Smiths Falls building project - Municipal	264,902	264,508
Smiths Falls mortgage costs	38,865	-
Non-recurring expenses - 100% MOHLTC	-	21,063
Non-recurring expenses - cost-shared	452,967	188,447
Non-recurring expenses - other	197,174	-
	10,380,009	10,900,334
Items capitalized (note 2)	(564,137)	(546,756)
Amortization of capital assets (note 2)	297,532	304,145
	10,113,404	10,657,723
PUBLIC HEALTH (DEFICIT) SURPLUS FOR THE YEAR	\$ (180,431)	\$ 427,224

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - LAND CONTROL PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
Sewage inspection fees and extensions	\$ 323,533	\$ 308,090
Subdivisions and variances	8,000	42,000
Severance fees and s-permits	100,817	96,094
Interest	67	(1)
Maintenance and third party fees	19,613	25,110
Miscellaneous	12,952	15,648
File search fees	18,000	15,600
	<u>482,982</u>	<u>502,541</u>
EXPENSE		
Salaries and wages	238,128	244,583
Employee benefits	49,785	46,724
Fees for service	13,616	14,176
Travel	35,388	35,768
Materials and supplies	3,825	1,115
Rent	3,048	6,682
Administrative	5,883	6,455
Allocated costs from public health programs	60,650	60,613
	<u>410,323</u>	<u>416,116</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	72,659	86,425
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>61,496</u>	<u>(24,929)</u>
SURPLUS, END OF YEAR	<u>\$ 134,155</u>	<u>\$ 61,496</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES) PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2010

HEALTHY BABIES PROGRAM

	<u>2010</u>	<u>2009</u>
REVENUE		
Grant - MCYS	\$ 1,010,739	\$ 1,010,739
Revenue for staff time	1,090	43,282
Gas rebates	211	114
	<u>1,012,040</u>	<u>1,054,135</u>
EXPENSE		
Salaries and wages	791,857	763,273
Employee benefits	159,598	154,913
Audit and legal	1,573	-
Travel	29,771	31,664
Program supplies	4,337	2,189
Administrative	16,777	20,818
Staff development	5,563	4,647
	<u>1,009,476</u>	<u>977,504</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	2,564	76,631
SURPLUS (DEFICIT), BEGINNING OF YEAR	67,368	(9,263)
IN YEAR RECOVERY	<u>(38,000)</u>	-
SURPLUS, END OF YEAR	<u>\$ 31,932</u>	<u>\$ 67,368</u>

HEART HEALTH (HEALTHY COMMUNITIES) PROGRAM

	<u>2010</u>	<u>2009</u>
REVENUE		
Grant - MOHLTC	\$ 14,834	\$ 71,200
Miscellaneous revenue	17	6
	<u>14,851</u>	<u>71,206</u>
EXPENSE		
Project supplies	5,994	18,335
Services	8,116	48,040
Office supplies	2,830	69
Communication	18	276
	<u>16,958</u>	<u>66,720</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	(2,107)	4,486
SURPLUS (DEFICIT), BEGINNING OF YEAR	207	(4,166)
IN YEAR RECOVERY	<u>-</u>	<u>(113)</u>
(DEFICIT) SURPLUS, END OF YEAR	<u>\$ (1,900)</u>	<u>\$ 207</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - HEALTHY COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO
FOR THE YEAR ENDED DECEMBER 31, 2010

HEALTHY COMMUNITY PARTNERSHIP

	<u>2010</u>	<u>2009</u>
REVENUE		
Grant - MCYS	\$ 24,485	\$ -
EXPENSE		
Community consultation	4,000	-
Artist	1,250	-
	<u>5,250</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	19,235	-
SURPLUS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
SURPLUS, END OF YEAR	<u>\$ 19,235</u>	<u>\$ -</u>

HEALTHY SMILES ONTARIO

	<u>2010</u>	<u>2009</u>
REVENUE		
Grant - MCYS	\$ 457,253	\$ -
Miscellaneous revenue	15	-
	<u>457,268</u>	<u>-</u>
Revenue deferred relating to capital asset funding (note 2)	(72,266)	-
Amortization of deferred capital funding (note 2)	4,104	-
	<u>389,106</u>	<u>-</u>
EXPENSES		
Salaries and wages	52,615	-
Employee benefits	10,934	-
Travel	3,269	-
Dentists	1,487	-
Staff and public education	6,769	-
Program and office supplies	424	-
Audit	500	-
Equipment	147,206	-
	<u>223,204</u>	<u>-</u>
Items capitalized (note 2)	(72,266)	-
Amortization of capital assets (note 2)	4,104	-
	<u>155,042</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	234,064	-
SURPLUS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CARRYOVER FOR USE IN 2011	<u>(183,424)</u>	<u>-</u>
SURPLUS, END OF YEAR	<u>\$ 50,640</u>	<u>\$ -</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - INFECTION CONTROL
FOR THE YEAR ENDED DECEMBER 31, 2010

INFECTION CONTROL

	<u>2010</u>	<u>2009</u>
REVENUE		
Grant - MOHLTC	\$ 368,985	\$ 392,710
Revenue for staff time	-	163,885
Miscellaneous revenue	275	22
	<u>369,260</u>	<u>556,617</u>
EXPENSE		
Salaries and wages	279,211	262,678
Employee benefits	50,505	52,660
Travel	6,469	3,003
Program and office supplies	14,823	19,493
Audit	300	274
Staff and public education	2,598	2,003
	<u>353,906</u>	<u>340,111</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	15,354	216,506
SURPLUS, BEGINNING OF YEAR	249,588	51,560
IN YEAR RECOVERY	<u>(116,119)</u>	<u>(18,478)</u>
SURPLUS, END OF YEAR	<u>\$ 148,823</u>	<u>\$ 249,588</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - SMOKE FREE ONTARIO
FOR THE YEAR ENDED DECEMBER 31, 2010

SMOKE FREE ONTARIO

	<u>2010</u>	<u>2009</u>
REVENUE		
Coordination grant	\$ 100,000	\$ 100,000
Youth grant	25,122	90,796
Enforcement grant	157,440	143,523
One-time enforcement grants	-	15,000
Revenue for staff time	2,463	21,744
Interest	199	4
Other	50	52
	<u>285,274</u>	<u>371,119</u>
EXPENSE		
Salaries and wages	175,362	223,033
Benefits	35,585	47,879
Audit and legal	1,670	5,391
Program materials and administrative costs	21,873	8,380
Travel and meetings	14,584	14,170
Peer leaders	-	20,623
Surveillance costs	4,730	4,377
High school grants	-	(3,000)
Staff and public education and advertising	4,261	7,352
Youth engagement	12,120	8,643
	<u>270,185</u>	<u>336,848</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	15,089	34,271
SURPLUS, BEGINNING OF YEAR	102,527	96,256
IN YEAR RECOVERY	<u>(14,333)</u>	<u>(28,000)</u>
SURPLUS, END OF YEAR	<u>\$ 103,283</u>	<u>\$ 102,527</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF OPERATIONS - SMALL DRINKING WATER SYSTEMS
FOR THE YEAR ENDED DECEMBER 31, 2010

SMALL DRINKING WATER SYSTEMS

	<u>2010</u>	<u>2009</u>
REVENUE		
Grants - SDWS	<u>\$ 174,200</u>	<u>\$ 174,200</u>
EXPENSE		
Salaries and wages	130,352	129,888
Benefits	23,801	23,007
Audit and legal	200	158
Program materials and administrative costs	6,891	9,314
Travel and meetings	5,943	5,832
Staff and public education and advertising	<u>144</u>	<u>2,537</u>
	<u>167,331</u>	<u>170,736</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	6,869	3,464
(DEFICIT) SURPLUS, BEGINNING OF YEAR	(418)	1
IN YEAR RECOVERY	<u>(1,529)</u>	<u>(3,883)</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 4,922</u>	<u>\$ (418)</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
STATEMENT OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	RESERVE FUND			
	PAYMENT OF	GENERAL	TOTAL	TOTAL
	SICK LEAVE	RESERVE	2010	2009
	CREDITS			
REVENUE				
Interest	\$ 4	\$ -	\$ 4	\$ 16
Income from investments	-	48,914	48,914	-
Transfer from operating fund	-	588,251	588,251	-
Realized gains (losses) on investments	-	-	-	43,311
	<u>4</u>	<u>637,165</u>	<u>637,169</u>	<u>43,327</u>
EXPENSE				
Transfer to operating fund	-	-	-	(266,439)
EXCESS (DEFICIENCY) OF REVENUE OVER				
EXPENSE FOR THE YEAR	4	637,165	637,169	(223,112)
RESERVE FUNDS, BEGINNING OF YEAR	<u>2,576</u>	<u>294,602</u>	<u>297,178</u>	<u>520,290</u>
RESERVE FUNDS, END OF YEAR	<u>\$ 2,580</u>	<u>\$ 931,767</u>	<u>\$ 934,347</u>	<u>\$ 297,178</u>

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2010

1. 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.

2. 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
- Heart Health (Healthy Communities) Program
- Healthy Community Partnership
- Healthy Smiles Ontario
- Infection Control
- Smoke Free Ontario
- Small Drinking Water Systems

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

- Language Express Program
- FOCUS Program

These financial statements present the financial position and results of operations of the Public Health, Land Control, Healthy Babies, Heart Health (Healthy Communities), Healthy Community Partnership, Healthy Smiles Ontario, Infection Control, Smoke Free Ontario and Small Drinking Water Systems only.

3. 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 judgements.

4. CAPITAL ASSETS/ CHANGE IN ACCOUNTING POLICY

In accordance with Public Service Accounting Board standard 3150, the organization must recognize tangible capital assets at their cost amount net of amortization effective fiscal years beginning on or after January 1, 2009. Capital assets are amortized on a straight-line basis at rates reflecting the asset's useful life as follows:

Land -	N/A
Computer equipment -	3 years
Multi-media equipment -	5 years
Other equipment -	10 years
Furniture -	10 years/15 years
Building improvements -	15 years
Building -	40 years
Vehicles -	10 years

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
DECEMBER 31, 2010

5. 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.

6. REVENUE RECOGNITION/DEFERRED REVENUE

Revenue received during the year that has been allocated to capital asset acquisitions is deferred and amortized at the same rate as the asset to which the funding relates.

7. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The book values of accounts receivable, accounts payable and accrued liabilities approximate fair values due to their short-term nature.

THE CORPORATION OF THE LEEDS, GRENVILLE & LANARK DISTRICT HEALTH UNIT
PUBLIC HEALTH, LAND CONTROL, HEALTHY BABIES, HEART HEALTH (HEALTHY COMMUNITIES), HEALTHY
COMMUNITY PARTNERSHIP, HEALTHY SMILES ONTARIO, INFECTION CONTROL PROGRAMS, SMOKE FREE ONTARIO AND
SMALL DRINKING WATER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. ASSETS OF THE RESERVE FOR EXPENDITURES

The investments and related accrued interest receivable are held in trust for the use and benefit of the Health Unit as it shall direct. These funds are available to be used exclusively for the municipal share of expenditures that are approved by the Board of Health.

In 1992 the Brockville General Hospital satisfied its December 31, 1991 indebtedness to the Health Unit with approximately 1.1 acres of property located behind the property on which the Health Unit's head office 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. CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
Computer equipment (3 years)	366,175	212,494	153,681	239,265
Computers (3 years) - HSO	7,134	1,189	5,945	-
Multi-media equipment (5 years)	16,529	10,960	5,569	10,118
Furniture & equipment (10/15 years)	1,082,364	199,940	882,424	683,247
Equipment (10 years) - HSO	65,132	2,915	62,217	-
Building improvements (15 years)	382,581	41,884	340,697	154,470
Building (40 years)	3,005,834	130,926	2,874,908	1,358,257
Vehicles	54,737	5,474	49,263	-
	\$ 5,230,486	\$ 605,782	\$ 4,624,704	\$ 2,695,357

Revenue relating to the funding of these assets has been deferred with the exception of the Smiths Falls building which was financed through a mortgage with the TD Bank.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

3. MUNICIPAL SURPLUS

	<u>2010</u>	<u>2009</u>
Ministry surplus for the year (per below)	\$ 2,025	\$ 97,289
Municipal (deficit) surplus for the year	<u>(182,456)</u>	<u>329,935</u>
Total Public Health (deficit) surplus for the year	<u>(180,431)</u>	427,224
Municipal surplus, beginning of year	509,203	179,259
In-year transfer of surplus to reserve fund	<u>(509,203)</u>	-
Interest allocated to municipal surplus	-	9
Ministry of Health liability	<u>(2,025)</u>	<u>(97,289)</u>
Cumulative Municipal surplus, end of year	<u>\$ (182,456)</u>	<u>\$ 509,203</u>

The Ministry surplus consists of the following:

MOH Compensation Initiative	\$ (9,026)
Vector Borne Disease	(3,723)
Brockville Parking Lot Reconstruction	11,919
CINOT Enhancement	<u>2,855</u>
	<u>\$ 2,025</u>

Surplus amounts resulting from Ministry of Health funding are repayable to the Ministry at the end of the year. The funding complement consists of 25% municipal contribution and 75% Ministry contribution unless otherwise indicated.

4. COMMITMENT

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

2011	\$ 33,087
2012	21,918
2013	<u>5,480</u>
	<u>\$ 60,485</u>

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SMALL DRINKING WATER SYSTEMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

5. LONG-TERM DEBT

	<u>2010</u>	<u>2009</u>
Mortgage payable with the TD Bank; carries monthly blended payments of \$7,564 and interest of 4.74%, amortized over 25 years, maturing July 2, 2015. The loan is secured via a mortgage on the Smiths Falls building constructed during 2010/2011.	\$ 1,316,316	\$ -
Less: current portion	<u>(28,993)</u>	<u>-</u>
	<u>\$ 1,287,323</u>	<u>\$ -</u>

The principal payments (fully funded by the MOHLTC) for the next five years are as follows:

2011	\$ 28,993
2012	30,398
2013	31,870
2014	33,414
2015	<u>1,162,648</u>
	<u>\$ 1,287,323</u>

6. 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.

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SCHEDULE 1 - OTHER REVENUE, MUNICIPAL FUNDING AND ALLOCATED COSTS
DECEMBER 31, 2010

OTHER REVENUE

	<u>2010</u>	<u>2009</u>
Interest	\$ 586	\$ 952
Expectant parent classes fees	8,085	6,560
Special treatment clinic	13,022	12,415
Contraceptives	37,815	38,718
Reimbursement for staff time	144,865	623,897
Rent	7,301	175
Vaccines	33,436	47,485
Sundry	44,602	35,103
	<u>\$ 289,712</u>	<u>\$ 765,305</u>

MUNICIPAL FUNDING

	<u>2010</u>	<u>2009</u>
Brockville	\$ 346,731	\$ 325,402
Gananoque	85,233	79,989
Lanark	927,897	870,817
Prescott	64,187	60,239
Smiths Falls	146,556	137,540
United Counties Of Leeds And Grenville	1,127,130	1,057,793
	<u>\$ 2,697,734</u>	<u>\$ 2,531,780</u>

ALLOCATED COSTS

	<u>2010</u>	<u>2009</u>
Language Express	\$ 22,835	\$ 22,835
Land Control	60,650	60,613
Healthy Babies	61,900	60,431
FOCUS	-	4,730
Infection Control	7,425	4,050
Small Drinking Water Systems	2,700	5,400
	<u>\$ 155,510</u>	<u>\$ 158,059</u>