

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**The Corporation of the  
Leeds, Grenville & Lanark  
District Health Unit  
Consolidated Financial Statements  
December 31, 2015**



## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of the Corporation of the Leeds, Grenville & Lanark District Health Unit (the 'Unit') are the responsibility of the Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated 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 Health Unit'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 consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Board approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Health Unit. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's consolidated financial statements.

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Dr. Paula Stewart, Medical Officer of Health

*An Accredited Health<sup>1</sup> Unit Since 1990*

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## INDEPENDENT AUDITOR'S REPORT

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### **To the Board of Directors of the Corporation of the Leeds, Grenville & Lanark District Health Unit:**

We have audited the accompanying consolidated financial statements of the Corporation of the Leeds, Grenville & Lanark District Health Unit which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statement of operations and accumulated surplus, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Corporation of the Leeds, Grenville & Lanark District Health Unit's management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Leeds, Grenville & Lanark District Health Unit as at December 31, 2015 and the results of its operations, its net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario,  
June 16, 2016.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Consolidated Statement of Financial Position**

December 31	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	1,518,117	1,433,954
Accounts receivable	88,412	777,603
	<b>1,606,529</b>	<b>2,211,557</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	417,806	954,177
Deferred revenues	285,345	279,745
Long term liabilities (note 4)	1,189,780	1,190,108
	<b>1,892,931</b>	<b>2,424,030</b>
<b>NET DEBT</b>	<b>(286,402)</b>	<b>(212,473)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 7)	4,160,129	4,411,235
Prepaid expenses	103,783	63,528
	<b>4,263,912</b>	<b>4,474,763</b>
Commitments (note 5) Contingent Liabilities (note 10)		
<b>ACCUMULATED SURPLUS</b> (note 6)	<b>3,977,510</b>	<b>4,262,290</b>

The accompanying notes are an integral part of these consolidated financial statements.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	(Note 11) Budget	Actual 2015	Actual 2014
	\$	\$	\$
<b>REVENUES</b>			
Municipal Grants			
City of Brockville	370,230	<b>370,230</b>	363,558
City of Gananoque	94,717	<b>94,720</b>	90,542
County of Lanark	1,052,309	<b>1,052,309</b>	1,020,028
Town of Prescott	77,080	<b>72,138</b>	70,331
Town of Smiths Falls	147,436	<b>147,436</b>	142,138
United Counties of Leeds and Grenville	1,241,743	<b>1,241,743</b>	1,233,516
Provincial Grants	9,624,846	<b>10,870,971</b>	10,766,480
Other Revenues			
Ontario Works	25,000	<b>494,489</b>	463,873
Other grants and income	89,471	<b>273,663</b>	271,735
Land Control Program	440,000	<b>479,525</b>	425,388
Interest earned	6,500	<b>35,275</b>	93,453
Program recoveries	82,093	<b>82,104</b>	123,635
<b>TOTAL REVENUES</b>	<b>13,246,455</b>	<b>15,214,603</b>	15,064,677
<b>EXPENDITURES</b>			
Mandatory Programs	10,004,154	<b>11,202,497</b>	10,867,095
Land Control Program	440,000	<b>452,704</b>	468,834
Safe Water	16,543	<b>15,500</b>	15,500
Food Safe	36,464	<b>37,600</b>	37,507
Infection Control	429,152	<b>425,559</b>	420,737
Healthy Smiles Ontario	369,360	<b>402,462</b>	359,345
Smoke Free Ontario	343,332	<b>402,967</b>	334,572
Preschool Speech Language	511,676	<b>547,702</b>	476,807
Healthy Babies / Healthy Children Program	1,060,739	<b>1,068,890</b>	1,064,357
Ontario Works	---	<b>457,860</b>	429,513
Amortization	---	<b>450,419</b>	409,203
<b>TOTAL EXPENDITURES</b>	<b>13,211,420</b>	<b>15,464,160</b>	14,883,470
<b>UNREALIZED (LOSS) GAIN ON INVESTMENTS</b>	---	<b>(35,223)</b>	4,243
<b>ANNUAL (DEFICIT) SURPLUS</b>	35,035	<b>(284,780)</b>	185,450
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	4,262,290	<b>4,262,290</b>	4,315,740
<b>PRIOR PERIOD ADJUSTMENT</b>	---	---	(238,900)
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	4,297,325	<b>3,977,510</b>	4,262,290

The accompanying notes are an integral part of these consolidated financial statements.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Consolidated Statement of Changes in Net Debt**

Year Ended December 31	2015	2014
	\$	\$
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>(284,780)</b>	185,450
Amortization of tangible capital assets	450,419	409,203
Acquisition of tangible capital assets	(204,505)	(518,576)
Acquisition of prepaid expense	(40,254)	9,343
Loss on disposal of assets	5,191	---
	<b>210,851</b>	(100,030)
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>(73,929)</b>	85,420
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>(212,473)</b>	(58,993)
<b>PRIOR PERIOD ADJUSTMENT</b>	---	(238,900)
<b>NET DEBT, END OF YEAR</b>	<b>(286,402)</b>	(212,473)

The accompanying notes are an integral part of these consolidated financial statements.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Consolidated Statement of Cash Flows**

For the year ended December 31	2015	2014
	\$	\$
<b>Cash Flows Provided From:</b>		
<b>OPERATING ACTIVITIES</b>		
Annual (deficit) surplus for the year	(284,780)	185,450
Amortization	450,419	409,203
Unrealized gain on investments	35,223	(4,243)
Prior period adjustment	---	(238,900)
Loss on disposition of assets	5,191	---
	<b>206,053</b>	<b>351,510</b>
<b>Net Change in Non-Cash Working Capital Balances</b>		
Accounts receivable	689,191	(553,689)
Prepaid expenses	(40,254)	9,343
Accounts payable and accrued liabilities	(536,371)	337,048
Other current liabilities	---	(37,876)
Deferred revenues	5,600	65,563
	<b>118,166</b>	<b>(179,611)</b>
<b>Working Capital from Operations</b>	<b>324,219</b>	<b>171,899</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of capital assets	(204,505)	(518,576)
Repayment of long term liabilities	(1,200,328)	(34,031)
Proceeds of long term debt	1,200,000	---
<b>Net investment in tangible capital assets</b>	<b>(204,833)</b>	<b>(552,607)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>119,386</b>	<b>(380,708)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,272,969</b>	<b>1,653,677</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (note 2)</b>	<b>1,392,355</b>	<b>1,272,969</b>

The accompanying notes are an integral part of these consolidated financial statements.



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# The Corporation of the Leeds, Grenville & Lanark District Health Unit

## Notes to the Consolidated Financial Statements

December 31, 2015

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### Purpose of Organization

These consolidated financial statements reflect the assets, liabilities and operations of the Corporation of the Leeds, Grenville & Lanark District Health Unit.

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 developing and providing quality health programs and services.

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### 1. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Leeds, Grenville & Lanark District Health Unit are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Policies.

#### Reporting Entity

- (i) The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Health Unit. The Health Unit operates the following programs:

Fiscal years ending December 31:

- ▶ Public Health Programs
- ▶ Land Control Program
- ▶ Healthy Babies / Healthy Children Program

Fiscal years ending March 31

- ▶ Language Express Program
- ▶ Healthy Community Partnership

#### Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

#### Cash and Cash Equivalents

The Health Unit considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

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# The Corporation of the Leeds, Grenville & Lanark District Health Unit

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 1. Significant Accounting Policies / continued

#### Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available current funds and reserve funds are reported as revenue in the period earned.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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 Improvements	15 years
Buildings	40 years
Vehicles	5 years
Furniture and Equipment	10 years
Computer Equipment	3 years
Multi-Media Equipment	5 years

One half of the annual amortization is charged in the year of acquisition and in the years of disposal. Land is not amortized.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Health Unit's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

#### Deferred Revenues

The Corporation of the Leeds, Grenville & Lanark District Health Unit receives certain amounts for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the related expenditures are incurred or services performed.

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# The Corporation of the Leeds, Grenville & Lanark District Health Unit

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 1. Significant Accounting Policies / continued

#### Deferred Revenues / continued

The Health Unit receives restricted contributions under the authority of Federal and Provincial legislation and Health Unit by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Health Unit has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

#### Employee Future Benefit Obligations

The Health Unit accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Health Unit's policy.

#### Revenues and Expenditures

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.

#### Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Health Unit has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

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# The Corporation of the Leeds, Grenville & Lanark District Health Unit

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 1. Significant Accounting Policies / continued

#### Financial Instruments / continued

The Health Unit classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

#### Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

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### 2. Cash and Cash Equivalents

The Health Unit has an available line of credit of \$300,000, with its corporate bankers, of which \$Nil was drawn against at December 31, 2015 ( 2014 \$Nil). This line of credit is unsecured and bears interest at prime less 0.75%.

Cash and cash equivalents comprised of:

	2015	2014
	\$	\$
Cash	416,779	300,659
Investment (at cost)	975,576	972,310
	1,392,355	1,272,969
Unrealized gain on investments	125,762	160,985
	1,518,117	1,433,954

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### 3. Pension Contributions

The Health Unit makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Health Unit does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

# The Corporation of the Leeds, Grenville & Lanark District Health Unit

## Notes to the Consolidated Financial Statements

December 31, 2015

### 3. Pension Contributions / continued

The amount contributed to OMERS was \$989,463 (2014 \$884,164) for current services and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

### 4. Long Term Liabilities

	2015	2014
	\$	\$
RBC Bank mortgage (2.45%), repayable in blended monthly payments of \$7,561, amortized over 16 years, secured by Smiths Falls property.	1,189,780	---
TD Bank mortgage (4.74%), repayable in blended monthly payments of \$7,564 amortized over 25 years, secured by Smiths Falls property, maturing July 2, 2015.	---	1,190,108
	1,189,780	1,190,108

Principal payments fall due as follows:

	\$
2016	62,408
2017	63,954
2018	65,539
2019	67,162
2020 and thereafter	930,717
	1,189,780

### 5. Commitments

The Health Unit leases space for service sites in Gananoque, Almonte, Kemptville and Perth, Ontario. The aggregate lease payments over the next three years are estimated as follows:

	\$
2015	71,741
2016	55,020
2017	7,580
	134,341

**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Notes to the Consolidated Financial Statements**

**December 31, 2015**

**6. Accumulated Surplus**

Accumulated surplus consists of:

	2015	2014
	\$	\$
Surplus		
Invested in tangible capital assets	4,160,131	4,411,236
Long term liabilities	(1,189,780)	(1,190,108)
	<b>2,970,351</b>	<b>3,221,128</b>
Unrestricted Surplus (Deficit)		
Unrealized gain on investments	125,762	160,985
Municipal	66,228	61,829
Land Control Program	216,614	189,793
	<b>408,604</b>	<b>412,607</b>
Reserves (Schedule 1)		
Payment of sick leave credits	2,871	2,871
General reserve	595,684	625,684
	<b>598,555</b>	<b>628,555</b>
<b>Total Accumulated Surplus</b>	<b>3,977,510</b>	<b>4,262,290</b>

**7. Tangible Capital Assets**

	2015	2014
	\$	\$
Land	250,000	250,000
Building Improvements	444,255	527,315
Buildings	2,391,028	2,473,032
Vehicles	16,422	27,369
Furniture and Equipment	748,492	848,963
Computer Equipment	258,834	214,579
Multi-Media Equipment	51,100	69,977
	<b>4,160,131</b>	<b>4,411,235</b>

For additional information, see Schedule 2 ▸ Tangible Capital Assets.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit**  
**Notes to the Consolidated Financial Statements**

**December 31, 2015**

**8. Segmented Information**

The Health Unit provides a range of programs and services, that are reported in the consolidated statement of operations and accumulated surplus.

Programs have been separately disclosed in the segmented information, as set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

<b>2015</b>	<b>Salaries, &amp; Benefits</b>	<b>Fees for Services</b>	<b>Travel</b>	<b>Materials &amp; Supplies</b>	<b>Rents &amp; Utilities</b>	<b>Admini- strative</b>	<b>Other Expenses</b>	<b>Total</b>
	\$	\$	\$	\$	\$			\$
Mandatory Programs	9,327,631	461,045	316,750	686,283	410,788	---	---	11,202,497
Land Control Program	330,426	19,844	38,722	5,069	3,306	55,337	---	452,704
Safe Water	7,704	---	---	7,796	---	---	---	15,500
Food Safe	36,772	---	---	828	---	---	---	37,600
Infection Control Program	411,027	233	9,037	5,262	---	---	---	425,559
Healthy Smiles Ontario	222,474	159,308	7,186	9,904	3,590	---	---	402,462
Smoke Free Ontario	351,561	3,833	28,603	18,970	---	---	---	402,967
Preschool Speech Language Program	389,530	72,116	6,683	40,933	15,605	22,835	---	547,702
Healthy Babies / Healthy Children Program	1,020,741	---	36,519	11,630	---	---	---	1,068,890
Ontario Works	---	457,860	---	---	---	---	---	457,860
Amortization	---	---	---	---	---	---	450,419	450,419
<b>2015</b>	<b>12,097,866</b>	<b>1,174,239</b>	<b>443,500</b>	<b>786,675</b>	<b>433,289</b>	<b>78,172</b>	<b>450,419</b>	<b>15,464,160</b>

  

<b>2014</b>	<b>Salaries, &amp; Benefits</b>	<b>Fees for Services</b>	<b>Travel</b>	<b>Materials &amp; Supplies</b>	<b>Rents &amp; Utilities</b>	<b>Admini- strative</b>	<b>Other Expenses</b>	<b>Total</b>
	\$	\$	\$	\$	\$			\$
Mandatory Programs	9,045,951	474,143	309,517	666,494	356,468	14,522	---	10,867,095
Land Control Program	341,094	16,766	41,769	4,717	3,306	61,182	---	468,834
Safe Water	9,650	---	---	5,850	---	---	---	15,500
Food Safe	37,339	---	---	168	---	---	---	37,507
Infection Control Program	397,852	500	6,369	2,826	13,190	---	---	420,737
Healthy Smiles Ontario	217,122	120,422	7,237	9,197	2,385	2,982	---	359,345
Smoke Free Ontario	300,205	4,509	23,656	4,526	---	1,676	---	334,572
Preschool Speech Language Program	387,889	7,632	7,361	22,479	15,971	35,475	---	476,807
Healthy Babies / Healthy Children Program	1,009,594	---	42,835	11,928	---	---	---	1,064,357
Ontario Works	---	429,513	---	---	---	---	---	429,513
Amortization	---	---	---	---	---	---	409,203	409,203
<b>2014</b>	<b>11,746,696</b>	<b>1,053,485</b>	<b>438,744</b>	<b>728,185</b>	<b>391,320</b>	<b>115,837</b>	<b>409,203</b>	<b>14,883,470</b>

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# The Corporation of the Leeds, Grenville & Lanark District Health Unit

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 9. Risk Management

In the normal course of operations, the Health Unit is exposed to a variety of financial risks which are actively managed by the Health Unit.

The Health Unit's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Health Unit's exposure to and management of risk has not changed materially from December 31, 2014.

#### Credit Risk

Credit risk arises from the possibility that the entities to which the Health Unit provides services to may experience difficulty and be unable to fulfill their obligations. The Health Unit is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Health Unit does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Health Unit is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Health Unit's operating results.

#### Liquidity Risk

Liquidity risk is the risk that the Health Unit will not be able to meet its obligations as they fall due. The Health Unit requires working capital to meet day-to-day operating activities. Management expects that the Health Unit's cash flows from operating activities will be sufficient to meet these requirements.

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### 10. Contingent Liabilities

The nature of the Health Unit's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at \_\_\_\_\_, management believes that the Health Unit has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Health Unit's financial position.

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**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Notes to the Consolidated Financial Statements**

**December 31, 2015**

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**11. Budget Figures**

The operating budget approved by the Health Unit, for 2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Health Unit does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments.

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**The Corporation of the Leeds, Grenville & Lanark District Health Unit**  
**Schedule 1 ▶ Continuity of Reserves and Reserve Funds**

For the year ended December 31	2015	2014
	\$	\$
<b>Net Transfers From/(To) Other Funds</b>		
Transfers to operations	(30,000)	(37,248)
Investment income	---	91,143
<b>Total Net Transfers</b>	<b>(30,000)</b>	<b>53,895</b>
<b>Reserves and Reserve Fund Balances, Change in Year</b>	<b>(30,000)</b>	<b>53,895</b>
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	<b>628,555</b>	<b>574,660</b>
<b>Reserves and Reserve Fund Balances, End of Year</b>	<b>598,555</b>	<b>628,555</b>

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2015	2014
	\$	\$
<b>Reserves set aside for specific purposes:</b>		
▶ payment for sick leave credits	2,871	2,871
▶ general reserve	595,684	625,684
<b>Total Reserves and Reserve Funds</b>	<b>598,555</b>	<b>628,555</b>

The accompany notes are an integral part of these consolidated financial statements.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit**  
**Schedule 2 ▶ 2015 Tangible Capital Assets**

Asset Class	Cost 01/01/15	Additions	Disposals	Cost 31/12/15
	\$	\$	\$	\$
Land	250,000	---	---	250,000
Building Improvements	770,023	---	---	770,023
Buildings	3,005,834	---	---	3,005,834
Vehicles	54,737	---	---	54,737
Furniture & Equipment	1,542,248	46,207	(8,829)	1,579,626
Computer Equipment	681,654	158,298	(24,323)	815,629
Multi Media Equipment	110,750	---	(1,200)	109,550
	6,415,246	204,505	(34,352)	6,585,399

Asset Class	Accumulated Amortization 01/01/15	Amortization	Disposals	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	\$	\$	\$	\$	\$
Land	---	---	---	---	250,000
Building Improvements	257,480	68,288	---	325,768	444,255
Buildings	518,031	96,776	---	614,807	2,391,027
Vehicles	27,368	10,947	---	38,315	16,422
Furniture & Equipment	693,285	142,473	(4,623)	831,135	748,491
Computer Equipment	467,075	113,538	(23,818)	556,795	258,834
Multi Media Equipment	40,773	18,397	(720)	58,450	51,100
	2,004,012	450,419	(29,161)	2,425,270	4,160,129

The accompany notes are an integral part of these consolidated financial statements.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit**  
**Schedule 2 ▶ 2014 Tangible Capital Assets**

Asset Class	Cost 01/01/14	Additions	Disposals	Cost 31/12/14
	\$	\$	\$	\$
Land	250,000	---	---	250,000
Building Improvements	549,299	220,724	---	770,023
Buildings	3,005,834	---	---	3,005,834
Vehicles	54,737	---	---	54,737
Furniture & Equipment	1,362,445	179,803	---	1,542,248
Computer Equipment	609,558	72,096	---	681,654
Multi Media Equipment	64,797	45,953	---	110,750
	5,896,670	518,576	---	6,415,246

Asset Class	Accumulated Amortization 01/01/14	Amortization	Disposals	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	\$	\$	\$	\$	\$
Land	---	---	---	---	250,000
Building Improvements	168,776	73,932	---	242,708	527,315
Buildings	436,026	96,776	---	532,802	2,473,032
Vehicles	21,895	5,473	---	27,368	27,369
Furniture & Equipment	560,455	132,830	---	693,285	848,963
Computer Equipment	382,136	84,939	---	467,075	214,579
Multi Media Equipment	25,520	15,253	---	40,773	69,977
	1,594,808	409,203	---	2,004,011	4,411,235

The accompany notes are an integral part of these consolidated financial statements.

**The Corporation of the Leeds, Grenville & Lanark District Health Unit  
Land Control Program  
Schedule of Operations**

For the year ended December 31	2015	2014
	\$	\$
<b>Revenues</b>		
Sewage inspection fees and extensions	365,669	285,460
Subdivisions and variances	5,000	11,400
Severance fees and s-permits	57,350	76,150
Interest	4,324	15,050
Maintenance and third party fees	30,340	20,128
File search fees	16,800	17,200
	<b>479,483</b>	<b>425,388</b>
<b>Expenditures</b>		
Salaries and wages	267,490	277,321
Employee benefits	62,937	63,773
Fees for service	19,844	16,766
Travel	38,679	41,769
Materials and supplies	5,069	4,717
Rent	3,306	3,306
Administrative and allocated costs	55,337	61,182
	<b>452,662</b>	<b>468,834</b>
<b>Net Revenues (Expenditures) for the Year</b>	<b>26,821</b>	<b>(43,446)</b>

**Healthy Babies / Health Children Program  
Schedule of Operations**

For the year ended December 31	2015	2014
	\$	\$
<b>Revenues</b>		
Provincial Grant - MCYS	1,060,741	1,060,739
Other revenues	5,150	28,514
	<b>1,065,891</b>	<b>1,089,253</b>
<b>Expenditures *</b>		
Salaries and wages	812,967	808,013
Employee benefits	207,774	201,581
Travel	33,857	42,835
Program supplies	5,021	14,311
Administrative	6,272	22,513
	<b>1,065,891</b>	<b>1,089,253</b>
<b>Net Revenues for the Year</b>	<b>---</b>	<b>---</b>

\* For purposes of the schedule the total expenses include capital items in the amount of \$Nil (2014 \$24,896).