

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**The Corporation of the
Leeds, Grenville & Lanark
District Health Unit
Financial Statements
December 31, 2017**



Management's Responsibility for the Financial Statements

The accompanying 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 financial statements. The preparation of 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 financial statements. These systems are monitored and evaluated by management.

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

The 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 financial statements.

Dr. Paula Stewart, Medical Officer of Health

An Accredited Health Unit Since 1990

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Corporation of the Leeds, Grenville & Lanark District Health Unit which comprise the statement of financial position as at December 31, 2017 and the 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 Financial Statements

The Corporation of the Leeds, Grenville & Lanark District Health Unit's management is responsible for the preparation and fair presentation of these 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 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 the 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 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 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 entity'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 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 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 financial statements present fairly, in all material respects, the financial position of the Corporation of the Leeds, Grenville & Lanark District Health Unit as at December 31, 2017 and the results of its operations, its net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in black ink, appearing to read 'Allan', is positioned above the firm's name.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
June 21, 2018.

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

Statement of Financial Position

December 31	2017	2016
	\$	\$
ASSETS		
Financial Assets		
Cash and cash equivalents	1,795,612	2,111,344
Accounts receivable	296,233	184,237
	2,091,845	2,295,581
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	872,910	938,784
Deferred revenues	225,285	217,695
Long term liabilities (note 4)	1,063,899	1,127,579
	2,162,094	2,284,058
NET (DEBT) FINANCIAL ASSETS	(70,249)	11,523
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	3,574,563	3,909,119
Prepaid expenses	153,339	96,416
	3,727,902	4,005,535
Commitments (note 5) Contingent Liabilities (note 10)		
ACCUMULATED SURPLUS (note 6)	3,657,653	4,017,058

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

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

Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 11) Budget	Actual 2017	(Note 12) Actual 2016
	\$	\$	\$
REVENUES			
Municipal Grants	3,038,085	3,038,085	3,038,085
Provincial Grants			
Ministry of Health Base Funding	6,839,300	6,839,300	6,839,300
Ministry of Health Additional Base Funding	1,948,350	1,948,954	1,794,477
Ministry of Health Vaccine Revenue	44,250	64,326	34,668
Ministry of Health One Time Funding	254,328	254,119	281,210
Public Health Expenditures and Offset Revenue	105,500	58,979	245,394
Ministry of Children & Youth Services			
Preschool Speech Language	463,587	495,074	502,811
Ministry of Children & Youth Services			
Healthy Babies	1,060,739	1,061,259	1,061,087
Other Revenues and Grants			
Ontario Works	237,500	200,304	230,594
Healthy Kids Community Challenge	175,000	239,943	227,735
Other Related Grants	90,500	134,397	121,029
Land Control	477,870	493,586	471,577
Interest Earned	2,000	5,293	5,534
Program Recoveries	94,345	94,336	95,000
TOTAL REVENUES	14,831,354	14,927,955	14,948,501
EXPENDITURES			
Mandatory Programs	10,002,660	10,097,037	9,672,181
Ministry of Health Base Funding	1,948,350	1,986,317	2,094,921
Ministry of Health One Time Funding	394,148	254,119	---
Healthy Kids Community Challenge	175,000	247,171	220,167
Other Related Grants	90,500	134,398	257,105
Land Control	477,870	445,119	467,862
Preschool Speech Language	463,587	504,032	531,633
Healthy Babies	1,060,739	1,062,319	1,068,920
Ontario Works	218,500	185,416	213,484
Amortization	---	387,002	430,878
TOTAL EXPENDITURES	14,831,354	15,302,930	14,957,151
UNREALIZED GAIN ON INVESTMENTS	---	15,570	48,198
ANNUAL (DEFICIT) SURPLUS	---	(359,405)	39,548
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,017,058	4,017,058	3,977,510
ACCUMULATED SURPLUS, END OF YEAR	4,017,058	3,657,653	4,017,058

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

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

Year Ended December 31	2017	2016
	\$	\$
ANNUAL (DEFICIT) SURPLUS	(359,405)	39,548
Amortization of tangible capital assets	387,002	430,878
Acquisition of tangible capital assets	(52,446)	(238,431)
Acquisition of prepaid expense	(56,923)	7,367
Loss on disposal of assets	---	58,563
	277,633	258,377
(DECREASE) INCREASE IN NET (DEBT) FINANCIAL ASSETS	(81,772)	297,925
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	11,523	(286,402)
NET (DEBT) FINANCIAL ASSETS, END OF YEAR	(70,249)	11,523

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

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

Statement of Cash Flows

For the year ended December 31	2017	(Note 12) 2016
	\$	\$
Cash Flows Provided From:		
OPERATING ACTIVITIES		
Annual (deficit) surplus for the year	(359,405)	39,548
Amortization	387,002	430,878
Loss on disposition of assets	---	58,563
	27,597	528,989
Net Change in Non-Cash Working Capital Balances		
Accounts receivable	(111,996)	(95,825)
Prepaid expenses	(56,923)	7,367
Accounts payable and accrued liabilities	(65,874)	520,978
Deferred revenues	7,590	(67,650)
	(227,203)	364,870
Working Capital from Operations	(199,606)	893,859
CAPITAL ACTIVITIES		
Acquisition of capital assets	(52,446)	(238,431)
Repayment of long term liabilities	(63,680)	(62,201)
Net investment in tangible capital assets	(116,126)	(300,632)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(315,732)	593,227
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,111,344	1,518,117
CASH AND CASH EQUIVALENTS, END OF YEAR (note 2)	1,795,612	2,111,344

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

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

Notes to the Financial Statements

December 31, 2017

Purpose of Organization

These 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.

1. Significant Accounting Policies

The 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 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 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.

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

Notes to the Financial Statements

December 31, 2017

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 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 statement of operations.

Deferred Revenues

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.

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

Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies / continued

Deferred Revenues / continued

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 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 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.

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.

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

Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies / continued

Measurement Uncertainty

The preparation of 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 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 financial statements in the period in which they become known.

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, 2017 (2016 \$Nil). This line of credit is unsecured and bears interest at prime less 0.75%.

Cash and cash equivalents comprised of:

	2017	2016
	\$	\$
Cash	570,217	944,408
Investment (at cost)	1,035,865	992,976
	1,606,862	1,937,384
Unrealized gain on investments	189,530	173,960
	1,795,612	2,111,344

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 financial statements.

The amount contributed to OMERS was \$968,228 (2016 \$965,750) for current services and is included as an expenditure on the Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

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

Notes to the Financial Statements

December 31, 2017

4. Long Term Liabilities

	2017	2016
	\$	\$
RBC Bank mortgage (2.45%), repayable in blended monthly payments of \$7,561, amortized over 16 years, secured by Smiths Falls property.	1,063,899	1,127,579

Principal payments fall due as follows:

	\$
2018	65,539
2019	67,162
2020	68,826
2021	70,532
2022	72,279
2023 and thereafter	719,561
	1,063,899

5. Commitments

The Heath 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:

	\$
2018	81,860
2019	81,860
2020	81,860
	245,580

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

Notes to the Financial Statements

December 31, 2017

6. Accumulated Surplus

Accumulated surplus consists of:

	2017	2016
	\$	\$
Invested in Tangible Capital Assets		
Tangible capital assets	3,574,563	3,909,119
Long term liabilities	(1,063,899)	(1,127,579)
Total Invested in Tangible Capital Assets	2,510,664	2,781,540
Operating Surplus		
Unrealized gain on investments	189,530	173,960
General	90,109	242,674
	279,639	416,634
Land Control Program	268,795	220,329
Reserves (Schedule 1)		
Payment of sick leave credits	2,871	2,871
General reserve	595,684	595,684
	598,555	598,555
Total Operating Surplus	1,146,989	1,235,518
Total Accumulated Surplus	3,657,653	4,017,058

7. Tangible Capital Assets

	2017	2016
	\$	\$
Land	250,000	250,000
Building Improvements	378,953	404,996
Buildings	2,197,475	2,294,251
Vehicles	---	5,474
Furniture and Equipment	462,209	602,314
Computer Equipment	261,237	316,053
Multi-Media Equipment	24,689	36,031
	3,574,563	3,909,119

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

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

Notes to the Financial Statements

December 31, 2017

8. Segmented Information

The Health Unit provides a range of programs and services, that are reported in the 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 financial statements as disclosed in note 1.

2017	Salaries, & Benefits	Fees for Services	Travel	Materials & Supplies	Rents & Utilities	Admini- strative	Other Expenses	Total
	\$	\$	\$	\$	\$			\$
Mandatory Programs	8,483,375	306,876	282,757	481,215	354,436	188,378	---	10,097,037
MOH Top Up	128,320	---	---	---	---	---	---	128,320
Vector Borne	20,126	4,462	436	4,443	---	---	---	29,467
Small Drinking Water	116,461	---	6,982	340	2,700	---	---	126,483
Enhanced Food Safety	34,430	555	1,790	835	---	---	---	37,610
Enhanced Safe Water	15,113	---	387	---	---	---	---	15,500
Infection Control Program	407,421	---	7,650	4,499	1,230	---	---	420,800
Healthy Smiles	294,510	64	13,465	12,845	6,516	---	---	327,400
Smoke Free	383,086	7,841	21,215	5,648	---	---	---	417,790
Needle Exchange	---	---	502	30,445	---	---	---	30,947
Chief Nursing Officer	121,500	---	---	---	---	---	---	121,500
Social Determinants of Health	174,797	---	4,707	996	---	---	---	180,500
Harm Reduction	142,508	---	7,309	183	---	---	---	150,000
One Time MOH Funded Projects	133,317	---	---	120,802	---	---	---	254,119
Preschool Speech	390,093	51,490	7,668	18,631	36,150	---	---	504,032
Healthy Babies	1,002,983	1,500	42,592	15,244	---	---	---	1,062,319
Healthy Kids Community Challenge	99,577	1,621	4,373	141,600	---	---	---	247,171
Other Related Grants - Expenditures	77,055	18,278	11,903	27,161	---	---	---	134,397
Ontario Works	---	185,416	---	---	---	---	---	185,416
Land Control Programs	336,549	11,193	34,466	4,269	58,643	---	---	445,120
Amortization	---	---	---	---	---	---	387,002	387,002
2017	12,361,221	589,296	448,202	869,156	459,675	188,378	387,002	15,302,930

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

Notes to the Financial Statements

December 31, 2017

8. Segmented Information / continued

2016	Salaries, & Benefits	Fees for Services	Travel	Materials & Supplies	Rents & Utilities	Admini- strative	Other Expenses	Total
	\$	\$	\$	\$	\$			\$
Mandatory Programs	8,203,388	329,630	153,982	492,903	360,885	---	131,393	9,672,181
MOH Top Up	129,498	---	---	---	---	---	---	129,498
Vector Borne	21,854	---	---	7,613	---	---	---	29,467
Small Drinking Water	113,706	---	9,378	370	2,700	---	---	126,154
Enhanced Food Safety	36,556	---	---	1,040	---	---	---	37,596
Enhanced Safe Water	8,212	---	---	7,288	---	---	---	15,500
Infection Control Program	418,939	6,107	---	6,509	1,230	---	---	432,785
Healthy Smiles	297,993	4,777	9,236	13,626	---	---	5,908	331,540
Smoke Free	370,431	9,034	25,297	28,785	---	---	---	433,547
Needle Exchange	---	---	42	42,682	---	---	---	42,724
Chief Nursing Officer	122,762	---	---	---	---	---	---	122,762
Social Determinants of Health	179,196	---	---	---	---	---	---	179,196
One Time MOH Funded Projects	114,381	---	---	99,771	---	---	---	214,152
Preschool Speech	376,105	85,059	8,906	12,290	15,971	33,302	---	531,633
Healthy Babies	1,001,178	---	40,989	26,753	---	---	---	1,068,920
Healthy Kids Community Challenge	65,398	2,000	3,249	21,232	---	---	128,288	220,167
Other Related Grants - Expenditures	192,528	15,240	14,746	34,591	---	---	---	257,105
Ontario Works	---	213,484	---	---	---	---	---	213,484
Land Control Programs	355,356	13,440	36,206	4,217	3,306	55,337	---	467,862
Amortization	---	---	---	---	---	---	430,878	430,878
2016	12,007,481	678,771	302,031	799,670	384,092	88,639	696,467	14,957,151

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, 2016.

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.

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

Notes to the Financial Statements

December 31, 2017

9. Risk Management / continued

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.

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 June 7, 2018, 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.

11. Budget Figures

The operating budget approved by the Health Unit, for 2017 is reflected on the 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.

12. Comparative Figures

Some reclassification of prior year's figures was necessary in order to conform to this year's presentation.

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

For the year ended December 31	2017	2016
	\$	\$
Net Transfers From/(To) Other Funds		
Transfers to operations	---	---
Total Net Transfers	---	---
Reserves and Reserve Fund Balances, Change in Year	---	---
Reserves and Reserve Fund Balances, Beginning of Year	598,855	598,855
Reserves and Reserve Fund Balances, End of Year	598,855	598,855

Composition of Reserves and Reserve Funds

For the year ended December 31	2017	2016
	\$	\$
Reserves set aside for specific purposes:		
▶ payment for sick leave credits	2,871	2,871
▶ general reserve	595,684	595,684
Total Reserves and Reserve Funds	598,555	598,555

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

The Corporation of the Leeds, Grenville & Lanark District Health Unit
Schedule 2 ► 2017 Tangible Capital Assets

Asset Class	Cost 01/01/17	Additions	Disposals	Cost 31/12/17
	\$	\$	\$	\$
Land	250,000	---	---	250,000
Building Improvements	795,809	39,121	---	834,930
Buildings	3,005,834	---	---	3,005,834
Vehicles	54,737	---	---	54,737
Furniture & Equipment	1,581,386	6,796	(57,662)	1,530,520
Computer Equipment	965,832	4,103	(54,917)	915,018
Multi Media Equipment	111,669	2,426	---	114,095
	6,765,267	52,446	(112,579)	6,705,134

Asset Class	Accumulated Amortization 01/01/17	Amortization	Disposals	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$	\$	\$	\$
Land	---	---	---	---	250,000
Building Improvements	390,813	65,163	---	455,976	378,954
Buildings	711,583	96,776	---	808,359	2,197,475
Vehicles	49,263	5,474	---	54,737	---
Furniture & Equipment	979,072	146,901	(57,662)	1,068,311	462,209
Computer Equipment	649,780	58,919	(54,917)	653,782	261,236
Multi Media Equipment	75,637	13,769	---	89,406	24,689
	2,856,148	387,002	(112,579)	3,130,571	3,574,563

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

The Corporation of the Leeds, Grenville & Lanark District Health Unit
Schedule 2 ► 2016 Tangible Capital Assets

Asset Class	Cost 01/01/16	Additions	Disposals	Cost 31/12/16
	\$	\$	\$	\$
Land	250,000	---	---	250,000
Building Improvements	770,023	25,786	---	795,809
Buildings	3,005,834	---	---	3,005,834
Vehicles	54,737	---	---	54,737
Furniture & Equipment	1,579,626	27,560	(25,800)	1,581,386
Computer Equipment	815,629	182,966	(32,763)	965,832
Multi Media Equipment	109,550	2,119	---	111,669
	6,585,399	238,431	(58,563)	6,765,267

Asset Class	Accumulated Amortization 01/01/16	Amortization	Disposals	Accumulated Amortization 31/12/16	Net Book Value 31/12/16
	\$	\$	\$	\$	\$
Land	---	---	---	---	250,000
Building Improvements	325,768	65,045	---	390,813	404,996
Buildings	614,807	96,776	---	711,583	2,294,251
Vehicles	38,315	10,948	---	49,263	5,474
Furniture & Equipment	831,135	147,937	---	979,072	602,314
Computer Equipment	556,795	92,985	---	649,780	316,052
Multi Media Equipment	58,450	17,187	---	75,637	36,032
	2,425,270	430,878	---	2,856,148	3,909,119

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

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

For the year ended December 31	2017	2016
	\$	\$
Revenues		
Sewage inspection fees and extensions	411,520	391,400
Subdivisions and variances	6,620	11,000
Severance fees and s-permits	53,230	47,275
Interest	1,610	142
File search fees	20,606	21,760
	493,586	471,577
Expenditures		
Salaries and wages	268,114	284,010
Employee benefits	68,435	71,346
Fees for service	11,193	13,440
Travel	34,465	36,206
Materials and supplies	4,269	4,217
Rent	3,306	3,306
Administrative and allocated costs	55,338	55,337
	445,120	467,862
Net Revenues for the Year	48,466	3,715

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

For the year ended December 31	2017	2016
	\$	\$
Revenues		
Provincial Grant ▶ MCYS	1,060,739	1,060,739
Other revenues	520	348
	1,061,259	1,061,087
Expenditures		
Salaries and wages	793,046	801,866
Employee benefits	209,937	199,312
Travel	42,592	40,989
Program supplies	15,244	21,713
Administrative	1,500	---
	1,062,319	1,063,880
Net Expenditures for the Year	(1,060)	(2,793)