

Audited Financial Statements of



Year ended December 31, 2008

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Financial Statements

Year ended December 31, 2008

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KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Fax (613) 549-6349
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of the Board of Kingston, Frontenac
and Lennox and Addington Public Health

We have audited the consolidated statement of financial position of Kingston, Frontenac and Lennox and Addington Public Health as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Kingston, Frontenac and Lennox and Addington Public Health as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada

February 27, 2009

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Consolidated Statement of Financial Position

As at December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Financial assets:		
Cash	\$ 5,831,022	\$ 5,156,948
Sundry accounts receivable	364,065	332,843
	<u>6,195,087</u>	<u>5,489,791</u>
Liabilities		
Trade accounts payable and accrued liabilities	1,653,714	1,014,051
Deferred revenue	130,131	218,126
Agency funds held in trust (note 6)	35,174	262,507
Long-term liabilities (note 4)	7,044,000	7,211,000
	<u>8,863,019</u>	<u>8,705,684</u>
	<u>\$ (2,667,932)</u>	<u>\$ (3,215,893)</u>

Financial Position

Excess of Recoveries over Allowable Costs:

Provincial share of excess of recoveries over allowable costs

to be repaid by deduction from provincial grants in following year:

Mandatory programs	\$ 7,184	\$ 7,184
West Nile and Vector Borne Diseases	13,092	25,924
Small Drinking Water Systems	13,692	-
Infection Control	125,398	224,023
Ontario Tobacco Strategy	42,253	116,413
Phred programs	20,627	100,315
Healthy babies	33,657	32,650
Preschool speech program and infant hearing program	78,186	327,590
Syndromic Surveillance Project	2,302	(80,646)
	<u>336,391</u>	<u>753,453</u>

Municipal share of excess of recoveries over allowable costs,
retained for future requirements (note 7)

3,842,618 3,031,934

Excess of recoveries over allowable costs, to be applied
to future private sewage system programs as prescribed in
Part VIII of the Building Code Act

97,165 77,951

4,276,174 3,863,338

Fund Balances:

 Building fund 99,894 131,769

Amounts to be recovered from future revenue (note 1(e))

(7,044,000) (7,211,000)

Lease commitment (note 5)

Total financial position

\$ (2,667,932) \$ (3,215,893)

See accompanying notes to financial statements.

On behalf of the Board:

Beth Pater, Chair Member Mary Golbourne Member
BETH PATER MARY GOLBOURNE

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Consolidated Statement of Financial Activities

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
Revenue:			
Municipal grants:			
City of Kingston	\$ 3,201,378	\$ 2,717,646	\$ 2,129,131
County of Frontenac	618,849	525,398	411,621
County of Lennox and Addington	1,033,853	877,723	687,650
	4,854,080	4,120,767	3,228,402
Provincial grants:			
Ministry of Health and Long-Term Care	5,517,463	5,269,554	4,954,621
Ministry of Health Promotion	4,822,425	4,780,144	4,053,601
Ministry of Children & Youth Services	2,495,761	2,597,637	2,235,153
	12,835,649	12,647,335	11,243,375
Other:			
Ontario Works Program	—	353,845	431,274
Special Project Grants	—	400,701	411,879
Environmental inspection fees	312,400	268,845	349,412
Interest earned	60,000	76,659	112,115
Sundry	35,000	218,208	247,952
	407,400	1,318,258	1,552,632
	18,097,129	18,086,360	16,024,409
Operating expenditures:			
Mandatory programs	12,911,411	12,459,275	11,192,994
Private sewage program	312,400	268,845	349,412
Infection control	431,500	431,500	307,477
Ontario Tobacco Strategy	987,548	945,267	584,028
Healthy Babies program	1,222,807	1,192,808	1,108,632
Preschool speech and infant hearing program	1,272,954	1,404,829	1,126,522
Public Health Research, Education and Development	274,692	199,610	174,378
West Nile and Vector Borne Diseases	128,182	119,139	93,618
Ontario Works program	—	353,845	431,274
Special project expenditures	—	400,701	411,879
Syndromic Surveillance Project	309,835	128,433	244,195
Small Drinking Water Systems	245,800	182,108	—
	18,097,129	18,086,360	16,024,409
Building fund expenditures	—	31,875	—
	18,097,129	18,118,235	16,024,409
Decrease in fund balances	\$ —	\$ (31,875)	\$ —

See accompanying notes to financial statements.

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Increase of excess of recoveries over allowable costs:		
Provincial share of programs	\$ (417,062)	\$ 418,072
Municipal share of programs	810,684	1,528,714
Private sewage program	19,214	(38,522)
Net expenditures - building fund	(31,875)	-
	380,961	1,908,264
Change in non-cash working capital:		
Increase in sundry accounts receivable	(31,222)	(225,583)
Increase in trade accounts payable and accrued liabilities	639,663	120,676
Increase (decrease) in deferred revenue	(87,995)	68,193
Increase (decrease) in agency funds held in trust	(227,333)	51,410
	293,113	14,696
Net change in cash	674,074	1,922,960
Cash, beginning of year	5,156,948	3,233,988
Cash, end of year	\$ 5,831,022	\$ 5,156,948

See accompanying notes to financial statements.

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2008

Kingston, Frontenac and Lennox and Addington Public Health is governed by a public health board as mandated by the Health Promotion and Protection Act for the purposes of promoting and protecting public health.

1. Significant accounting policies:

The financial statements of Kingston, Frontenac and Lennox and Addington Public Health (the "Agency") are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Agency are as follows:

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenditures and building fund activity of the reporting entity.

(b) Deferred revenue:

Deferred revenue represents special program grants which have been received but for which related program costs have yet to be incurred. These amounts will be recognized as revenue in the fiscal year that the program costs are incurred.

(c) Capital assets:

The historical cost and accumulated depreciation of capital assets are not reported for local government purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

(e) Amounts to be recovered from future revenue:

Amounts to be recovered from future revenue are comprised of outstanding long-term liabilities.

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2008

2. Changes in accounting policies:

Commencing with the fiscal year beginning January 1, 2009, the Agency will be adopting CICA Public Sector Accounting Handbook Section PS 3150, *Tangible Capital Assets*. This section establishes standards on how to account for and report tangible capital assets in government financial statements. Tangible capital assets include such diverse items as roads, bridges, buildings, vehicles, equipment, land, water systems and other utility systems.

As of December 31, 2008, the Agency does not have adequate information to disclose any of the tangible assets by major category.

3. Pension agreements:

The Agency makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 183 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.

The amount contributed to OMERS for current services in 2008 was \$727,461 (2007 - \$684,179) and is included as an expenditure on the "Consolidated Statement of Financial Activities".

4. Long-term liabilities:

(a) The long-term liabilities reported on the "Consolidated Statement of Financial Position" are made up of the following:

	2008	2007
Fixed rate term loan, maturing December 2013	\$ 7,044,000	\$ 7,211,000

This debt has a fixed interest rate of 6.09%, and is secured by a first collateral mortgage on the Agency's land and building and a general security agreement. Debt repayment costs will be recovered from future revenue.

(b) Principal due on long-term liabilities is summarized as follows:

2009	\$ 176,000
2010	188,000
2011	201,000
2012	211,000
2013 and thereafter	6,268,000
	\$ 7,044,000

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2008

4. Long-term liabilities (continued):

(c) Interest rate risk management:

The Agency entered into an interest rate swap agreement to reduce its exposure to fluctuations in interest expense over a 25 year period. This agreement allows them to raise the above long-term borrowings at floating rates and effectively swap the debt into fixed rates. Under the interest rate swap, the Agency agrees with the counterparty to exchange the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount. The net interest receivable or payable under the contract, including a 0.5% stamping fee, is settled monthly with the counterparty, which is a Canadian chartered bank.

5. Lease commitment:

The Agency leased a branch office in Napanee at an annual rental of \$39,489. The lease expired June 30, 2008 and is in the process of being renewed.

6. Agency funds held in trust:

The Agency acts as a host agency, which receives funds in trust and makes disbursements on behalf of the Public Health Branch of the Ontario Ministry of Health for a variety of programs.

Each of these programs represent provincial activities that are not specific to this Agency or its municipal boundaries. The Agency has no recourse to the funds or obligation to settle any debts incurred by these programs. As a result, program revenue and expenditures are not reported on the "Consolidated Statement of Financial Activities" of the Agency. Net unspent (unfunded) funds at year end are reported as assets or liabilities on the "Consolidated Statement of Financial Position".

	2008	2007
Funds held in trust as cash, beginning of year	\$ 262,507	\$ 211,097
Funds received during the year	534,654	907,347
Funds disbursed during the year	(761,987)	(855,937)
Funds held in trust as cash, end of year	\$ 35,174	\$ 262,507

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2008

7. Municipal share of excess of recoveries over allowable costs, retained for future requirements:

The change in municipal excess of recoveries over allowable costs retained for future requirements is as follows:

	2008	2007
Balance, beginning of year	\$ 3,031,934	\$ 1,503,220
Interest earned	77,551	54,485
Municipal surplus	733,133	1,474,229
Balance, end of year	\$ 3,842,618	\$ 3,031,934

8. Provincial grants:

Provincial grants received from the Ministry of Health and Long-Term Care, Ministry of Health Promotion and the Ministry of Children and Youth Services are subject to annual final reviews and approval by the Ministry. Any adjustments resulting from the review will be reflected in the year of Ministry approval as an adjustment to provincial grant revenue on the consolidated statement of financial activities.

9. Fair value of financial instruments:

The carrying values of cash, sundry accounts receivable, trade accounts payable and accrued liabilities and agency funds held in trust approximate their fair values due to the relatively short periods to maturity of these financial instruments.

The carrying value of long-term liabilities at December 31, 2008 approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

10. Budget figures:

Budget figures are compiled from the 2008 fiscal year operating budget approved by the Board of Health and are not subject to audit.

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Statement of Operating Fund

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
REVENUE:			
Municipal grants:			
City of Kingston	\$ 3,201,378	\$ 2,717,646	\$ 2,129,131
County of Frontenac	618,849	525,398	411,621
County of Lennox and Addington	1,033,853	877,723	687,650
	4,854,080	4,120,767	3,228,402
Provincial grants:			
Ministry of Health and Long-Term Care	5,517,463	5,269,554	4,954,621
Ministry of Health Promotion	4,822,425	4,780,144	4,053,601
Ministry of Children & Youth Services	2,495,761	2,597,637	2,235,153
	12,835,649	12,647,335	11,243,375
Other revenue:			
Ontario Works Program	—	353,845	431,274
Special Project Grants	—	400,701	411,879
Environmental inspection fees	312,400	268,845	349,412
Interest earned	60,000	76,659	112,115
Sundry	35,000	218,208	247,952
	407,400	1,318,258	1,552,632
TOTAL REVENUE	\$ 18,097,129	\$ 18,086,360	\$ 16,024,409

MANDATORY PROGRAMS:

Salaries, fees and benefits:

Salaries:

Medical	\$ 437,934	\$ 370,136	\$ 353,449
Program planning and evaluation	597,530	541,942	543,485
Family health	1,162,026	961,893	886,387
School health	1,258,209	1,192,344	1,073,712
Adult health	1,430,094	1,321,620	1,066,308
Infectious diseases	1,328,681	1,424,973	1,117,810
Environmental health	824,314	809,418	824,824
Corporate services	1,176,388	1,203,123	955,128
Dental program	295,172	296,342	281,702
	8,510,348	8,121,791	7,102,805

Fees for service and honoraria:

Board members	12,600	7,714	6,815
Consultants and professional fees	5,000	8,413	1,580
Legal	20,000	48,609	44,243
Audit	12,000	14,976	12,750
Children in need of treatment fees	220,000	203,974	183,919
	269,600	283,686	249,306

Carried forward	8,779,948	8,405,477	7,352,112
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KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Statement of Operating Fund (continued)

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
MANDATORY PROGRAMS (continued):			
Brought forward	\$ 8,779,948	\$ 8,405,477	\$ 7,352,112
Benefits	1,943,259	1,693,500	1,514,327
	10,723,207	10,098,977	8,866,439
Travel:			
Mileage and fixed allowances	181,000	144,918	138,681
	10,904,207	10,243,895	9,005,120
Building occupancy – principal and interest	631,410	628,422	631,744
	11,535,617	10,872,317	9,636,864
Materials and supplies:			
Infectious disease program	25,054	27,343	53,249
Medical and health promotion	233,045	261,677	261,898
Corporate services	161,500	198,755	204,574
Information technology	150,000	256,755	288,731
	569,599	744,530	808,452
Building occupancy:			
Main office:			
Heat and utilities	111,300	112,034	102,797
Maintenance of equipment, building and grounds and housekeeping supplies	194,985	207,752	190,087
Branch offices:			
Rent and utilities, maintenance	80,400	76,654	63,558
	386,685	396,440	356,442
Other:			
Postage	25,000	32,238	32,181
Insurance	62,000	62,346	58,209
Telephone	99,500	111,080	106,998
Subscriptions and membership fees	32,100	26,208	25,752
Bank charges and payroll	10,000	13,376	11,712
Maintenance and repairs of office equipment	52,500	92,595	81,078
Donations, staff meetings and remembrances	11,750	13,753	12,442
Professional development and staff education	138,060	99,943	69,416
Express, freight and miscellaneous	10,000	15,849	14,848
	440,910	467,388	412,636
MANDATORY PROGRAM EXPENDITURES BEFORE ALLOCATIONS	12,932,811	12,480,675	11,214,394
Carried forward	12,932,811	12,480,675	11,214,394

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Statement of Operating Fund (continued)

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
MANDATORY PROGRAMS (continued):			
Brought forward	\$ 12,932,811	\$ 12,480,675	\$ 11,214,394
Less expenditures allocated to: Private sewage program	(21,400)	(21,400)	(21,400)
TOTAL MANDATORY PROGRAMS EXPENDITURES	\$ 12,911,411	\$ 12,459,275	\$ 11,192,994
PRIVATE SEWAGE PROGRAM:			
Salaries and benefits	\$ 250,055	\$ 217,479	\$ 278,286
Materials, supplies and travel	62,345	51,366	71,126
TOTAL PRIVATE SEWAGE PROGRAM EXPENDITURES	\$ 312,400	\$ 268,845	\$ 349,412
INFECTION CONTROL:			
Salaries and benefits	\$ 396,884	\$ 359,181	\$ 250,486
Materials, supplies, and travel	34,616	72,319	56,991
TOTAL INFECTION CONTROL PROGRAM EXPENDITURES	\$ 431,500	\$ 431,500	\$ 307,477
HEALTHY BABIES PROGRAM:			
Salaries and benefits	\$ 1,063,338	\$ 1,057,686	\$ 1,017,406
Materials, supplies, and travel	159,469	135,122	91,226
TOTAL HEALTHY BABIES PROGRAM EXPENDITURES	\$ 1,222,807	\$ 1,192,808	\$ 1,108,632

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Statement of Operating Fund (continued)

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
PRESCHOOL SPEECH AND INFANT HEARING PROGRAMS:			
Salaries and benefits	\$ 811,666	\$ 1,030,285	\$ 781,333
Materials, supplies and travel	461,288	374,544	345,189
TOTAL PRESCHOOL SPEECH AND INFANT HEARING PROGRAMS	\$ 1,272,954	\$ 1,404,829	\$ 1,126,522
SYNDROMIC SURVEILLANCE PROJECT:			
Salaries and benefits	\$ 217,194	\$ 100,259	\$ 176,804
Materials, supplies and travel	92,641	28,174	67,391
TOTAL SYNDROMIC SURVEILLANCE PROJECT	\$ 309,835	\$ 128,433	\$ 244,195
PUBLIC HEALTH RESEARCH, EDUCATION AND DEVELOPMENT:			
Salaries and benefits	\$ 93,000	\$ 83,770	\$ 82,411
Materials, supplies and travel	181,692	115,840	91,967
TOTAL PUBLIC HEALTH RESEARCH, EDUCATION AND DEVELOPMENT	\$ 274,692	\$ 199,610	\$ 174,378
WEST NILE AND VECTOR BORNE DISEASES:			
Salaries and benefits	\$ 113,290	\$ 107,600	\$ 86,873
Materials, supplies and travel	14,892	11,539	6,745
TOTAL WEST NILE AND VECTOR BORNE DISEASES	\$ 128,182	\$ 119,139	\$ 93,618
SMALL DRINKING WATER SYSTEMS:			
Salaries and benefits	\$ 176,580	\$ 91,942	\$ -
Materials, supplies and travel	69,220	90,166	-
TOTAL SMALL DRINKING WATER SYSTEMS	\$ 245,800	\$ 182,108	\$ -

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Statement of Operating Fund (continued)

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
ONTARIO TOBACCO STRATEGY:			
Salaries and benefits	\$ 499,807	\$ 517,355	\$ 419,733
Materials, supplies and travel	487,741	427,912	164,295
TOTAL ONTARIO TOBACCO STRATEGY	\$ 987,548	\$ 945,267	\$ 584,028
ONTARIO WORKS PROGRAM – CONTRACT SERVICES			
	\$ –	\$ 353,845	\$ 431,274
SPECIAL PROJECT EXPENDITURES			
Salaries and benefits	\$ –	\$ 149,394	\$ 411,879
Materials, supplies and travel	–	251,307	
TOTAL SPECIAL PROJECT EXPENDITURE	\$ –	\$ 400,701	\$ 411,879
TOTAL OPERATING EXPENDITURE	\$ 18,097,129	\$ 18,086,360	\$ 16,024,409

KINGSTON, FRONTENAC AND LENNOX AND ADDINGTON PUBLIC HEALTH

Statement of Building Fund

Year ended December 31, 2008, with comparative figures for 2007

	2008		2007	
Revenue	\$	—	\$	—
Expenditures		31,875		—
Net expenditures		(31,875)		—
Opening building fund balance		131,769		131,769
Closing building fund balance	\$	99,894	\$	131,769