

MIDDLESEX-LONDON BOARD OF HEALTH

REPORT NO. 07-24FFC

TO: Chair and Members of the Finance and Facilities Committee
FROM: Emily Williams, Chief Executive Officer
Dr. Alexander Summers, Medical Officer of Health
DATE: 2024 February 15

2023 RESERVE, BANK LOAN AND ANNUAL SURPLUS

Recommendation

It is recommended that the Finance and Facilities Committee recommend to the Board of Health to:

- 1) *Receive Report No. 07-24FFC re: "2023 Reserve, Bank Loan and Annual Surplus" for information;*
 - 2) *Approve the adjusted 2023 entries for Reserve and Accelerated Bank Loan payment;*
 - a) *Approve the transfer of 2023 surplus up to \$107,935 to the Technology & Infrastructure Reserve, pending approval from the City of London and County of Middlesex; and*
 - b) *Approve the drawdown of this reserve in 2024 to purchase IT related equipment that was paused during 2023 Q4 (drawdown to equal contribution not exceeding \$107,935); and*
 - 3) *Direct staff to collaborate with the City of London and County of Middlesex; seek their approval on alternate use of 2023 surplus funds not exceeding \$107,935.*
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Report Highlights

- The Board of Health must approve any contributions or drawdowns to reserves under Policy G-250 Reserve and Reserve Funds and further, municipal council must be consulted.
- Staff are recommending cancelling the drawdown from the Employment Costs Reserve while continuing with the contribution to the Funding Stabilization Reserve.
- Staff are recommending cancelling the accelerated variable bank loan payment due to the shortage of available cash.
- Staff are recommending transferring the 2023 surplus (up to \$107,935) to the Technology & Infrastructure Reserve to facilitate IT equipment spending that was previously budgeted in 2023.

Background

Reserve and bank loan payments are aligned with the Board approved budget and surplus from Shared Funded Programs is usually returned to the funders in the ratio by which the funding was provided. With Board, City and County approval, the 2022 surplus was directed to pay down the variable bank loan – this was an exception to previously mentioned procedures.

Adjusted 2023 Entries (Reserves & Accelerated Bank Loan Payment)

The 2023 Board approved budget included drawing down \$86,868 from the Employment Costs Reserve (approved by the Board in November 2022) to assist with staff wage increases. It also included contributing \$100,000 to the Funding Stabilization Reserve.

It is recommended that the drawdown of \$86,868 be cancelled due to 2023 already being in a surplus position and the budgeted \$100,000 to the Funding Stabilization Reserve continue as budgeted.

The 2023 Board approved budget also included a \$100,000 accelerated payment to the variable bank loan. It is recommended to cancel this payment due to a shortage of cash (currently the MLHU is in a deficit position due to not yet receiving any funding for 2023 COVID-19 expenditures).

2023 Surplus

The draft, non-audited financial results for 2023 indicate a surplus of \$107,935 from Shared Funded Programs. This draft surplus excludes the \$86,868 drawdown, includes the \$100,000 contribution to reserve and excludes the \$100,000 accelerated payment to the bank loan.

It is recommended to make an additional, non-budgeted, contribution to the Technology & Infrastructure Reserve in an amount equal to the final 2023 surplus not to exceed \$107,935.

Equipment refresh (*budgeted in 2023*) was partially paused during 2023 Q4 to ensure the Health Unit would not overspend its budget (*as supported in computer equipment favourable by \$104k*). If this reserve entry is approved, the drawdown of these funds and purchase of the equipment would take place in 2024.

Policy

Per Policy G-250 Reserve and Reserve Funds, any planned contribution and drawdown to the reserves or reserve funds will be included in the annual operating budget approved by the Board of Health. Further, the policy also notes that any audited unexpended municipal funds are eligible for transfer to a reserve or reserve fund by resolution of the Board of Health, subject to consultation with municipal councils.

Next Steps

If approved, cancel the \$86,868 drawdown from the Employment Costs Reserve.

If approved, cancel the \$100,000 accelerated payment to the variable bank loan.

If approved, collaborate with the City of London and County of Middlesex to seek their approval to transfer the 2023 surplus, not to exceed \$107,935 to the Technology & Infrastructure Reserve.

This report was prepared by the Chief Financial Officer/Associate Director, Finance and Operations.



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Chief Executive Officer



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Medical Officer of Health

This report refers to the following principle(s) set out in Policy G-490, Appendix A:

- The fiduciary requirements as outlined in the [Ontario Public Health Standards: Requirements for Programs, Services and Accountability](#).

This topic has been reviewed to be in alignment with goals under the Middlesex-London Health Unit's [Anti-Black Racism Plan](#) and [Taking Action for Reconciliation](#), specifically recommendation #43 (Governance and Leadership, Anti-Black Racism Plan).