

AGENDA
MIDDLESEX-LONDON BOARD OF HEALTH
Finance and Facilities Committee

50 King Street, London
Middlesex-London Health Unit – Room 3A
Thursday, September 3, 2015 9:00 a.m.

1. DISCLOSURE OF CONFLICTS OF INTEREST

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES (July 2, 2015)

4. BUSINESS ARISING FROM MINUTES

5. NEW BUSINESS

- 5.1. Financial Update – June 2015 (Report 020-15FFC)
- 5.2. MLHU – March 31st Draft Financial Statements (Report 021-15FFC)
- 5.3. 2016 Board of Health Budget - Financial Parameters (Report 022-15FFC)
- 5.4. 50 King Street Re-Zoning Process – Verbal Report
- 5.5. 2015-2016 Draft Finance and Facilities Committee Work Plan – Verbal Report

6. CONFIDENTIAL

The Finance and Facilities Committee will move in camera to discuss matters concerning a proposed or pending acquisition of land by the Middlesex-London Health Unit.

7. OTHER BUSINESS

Next meeting Thursday, October 1, 2015 at 9:00 a.m.

8. ADJOURNMENT



PUBLIC MINUTES
Finance and Facilities Committee
50 King Street, MLHU Board Room
MIDDLESEX-LONDON BOARD OF HEALTH
2015 July 2 9:00 a.m.

COMMITTEE

MEMBERS PRESENT: Ms. Trish Fulton (Committee Chair)
Mr. Jesse Helmer
Mr. Marcel Meyer
Mr. Ian Peer
Ms. Joanne Vanderheyden

OTHERS PRESENT: Dr. Christopher Mackie, Medical Officer of Health and CEO
Ms. Laura Di Cesare, Director, Human Resources and Corporate Strategy
Mr. John Millson, Director, Finance and Operations
Ms. Sherri Sanders, Executive Assistant to the Board of Health (Recorder)
Mr. Steve Goodine, Vice Chair, London InterCommunity Health Centre
Dr. Trevor Hunter, Board of Health Member
Ms. Michelle Hurtubise, Executive Director, London InterCommunity Health Centre

At 9:05 a.m., Ms. Trish Fulton, Committee Chair, welcomed everyone to the meeting.

1. DISCLOSURES OF CONFLICT(S) OF INTEREST

Ms. Fulton inquired if there were any disclosures of conflict of interest to be declared. None were declared.

2. APPROVAL OF AGENDA

It was moved by Ms. Vanderheyden, seconded by Mr. Peer *that the [AGENDA](#) of the July 2, 2015 Finance and Facilities meeting be approved with the Confidential session being moved to Item #3.*

Carried

3. CONFIDENTIAL

At 9:10 a.m., it was moved by Ms. Vanderheyden, seconded by Mr. Peer *that the Finance and Facilities Committee move in camera to discuss matters concerning matters about a proposed or pending acquisition of land by the Middlesex-London Board of Health.*

Carried

At 10:40 a.m., it was moved by Ms. Vanderheyden, seconded by Mr. Meyer *that the Finance and Facilities Committee return to public form and report that matters were discussed concerning a proposed or pending acquisition of land by the Middlesex-London Board of Health.*

Carried

4. APPROVAL OF MINUTES

It was moved by Mr. Peer, seconded by Ms. Vanderheyden *that the [MINUTES](#) from the June 11, 2015 Finance and Facilities Committee Meeting be approved.*

Carried

5. BUSINESS ARISING FROM MINUTES – none

6. NEW BUSINESS

6.1. Financial Update – May 2015 ([Report 18-15FFC](#))

Dr. Christopher Mackie, Medical Officer of Health & CEO, and Mr. John Millson, Director, Finance and Operations, summarized the report and identified the outstanding risks for the current budget year to include the following:

1. Provincial funding (will not learn about Ministry of Health and Long-Term Care funding until late fall) and
2. Potential continuation of the trend of a seasonal increase in benefit costs to the Health Unit.

It was moved by Mr. Meyer, seconded by Mr. Peer *that the Finance & Facilities Committee receive Report No. 18-15FFC re Financial Update – May 2015 for information.*

Carried

6.2. 2016 PBMA Process, Criteria and Weighting ([Report 019-15](#))

Dr. Mackie summarized the Program Budgeting Marginal Analysis process and presented the criteria that were originally developed in 2013 for the 2014 budget process. Based on feedback from Health Unit Staff and the Board of Health, the Board approved revisions to the criteria in 2014.

In response to a question about the sensitivity of the impact of changes to the criteria have on the final budget, Dr. Mackie explained that a change in criteria weight of a couple of points has little impact. However, changes to the criteria weights do influence the direction the proposals take e.g., a change in the weighting of culture.

It was moved by Mr. Helmer, seconded by Ms. Vanderheyden *that the Finance and Facilities Committee recommend that the Board of Health endorse the criteria presented in Report No. 19-15FFC re Proposed Criteria for 2016 PBMA Process.*

Carried

7. OTHER BUSINESS

- 7.1.** Annual Work Plan – Ms. Fulton reported that she has revised the annual work plan. She will email the plan to Committee members for review, and she will meet with Mr. Millson during summer. The Committee will review the Terms of Reference at its September meeting which will include a review of the Terms of Reference of the Finance and Facilities Committee.
- 7.2.** The next scheduled meeting of the FFC is Thursday, September 3, 2015 at 9:00 a.m. in room 3A.

8. ADJOURNMENT

At 11:10 a.m., it was moved by Mr. Meyer, seconded by Mr. Helmer *that the meeting be adjourned.*

Carried

TRISH FULTON
Committee Chair

CHRISTOPHER MACKIE
Secretary-Treasurer



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2015 September 3

FINANCIAL UPDATE – JUNE 2015

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No. 20-15FFC re Financial Update – June 2015 for information.

Key Points

- This past May it was reported ([Report No. 013 – 15FFC](#)) re Q1 Financial Update Report that an operating deficit was projected for 2015 and guidance was sought whether to scale back operations accordingly. The Committee provided direction to continue as planned and provide notification to the City and County.
- The projected deficit has improved marginally to \$112,071 from \$157,093 resulting from additional expected position gapping.

Background

At its meeting in May 2015 the Committee received [Report No. 013 – 15FFC](#), re Q1 Financial Update Report for information. The report identified and projected variances to the end of 2015. At the time it was projected that a deficit of \$157,093 was likely to occur as a result of receiving no additional funding from the MOHLTC for Mandatory Programs in 2015. The Committee provided direction to continue program operations as planned (which included an estimate 1% increase in Mandatory Program funding from the MOHLTC) and to provide notification to both the City of London and County of Middlesex.

This report provides an update to these projections using expenditures and revenues as of June 30, 2015.

Financial Update

Attached as Appendix A is the Budget Variance Summary which provides actual and budgeted expenditures for the first six months and projections to the end of the operating year for the programs and services governed by the Board of Health.

The projected deficit position has improved marginally to \$112,071 from \$157,093 mainly due to updated information regarding the duration and number of vacancies. In addition, favourable variances are expected in Children In Need Of Treatment (CINOT) claims as a result of a provincial initiative to consolidate claims management across the province. It is expected that CINOT claims will be 100% funded as of August 1, 2015.

Conclusion

Given Ministry staff direction to plan for no increase in funding to Mandatory Programs, analysis to June 30, 2015 suggests a projected year-end deficit position of roughly \$112,071 as shown in [Appendix A](#).

Ministry grant approvals are not expected until the Fall.

This report was prepared by Mr. John Millson, Director of Finance & Operations.

A handwritten signature in black ink, appearing to read 'C. Mackie', is positioned below the text of the report's preparation.

Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health

**MIDDLESEX-LONDON HEALTH UNIT
BUDGET VARIANCE SUMMARY**

As at June 30, 2015

APPENDIX A

	2015 YTD ACTUAL (NET)	2015 YTD BUDGET (NET)	VARIANCE (OVER) / UNDER	% VARIANCE	DECEMBER FORECAST	2015 ANNUAL NET BUDGET	DECEMBER SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Oral Health, Communicable Disease & Sexual Health Services									
Office of the Associate Medical Officer of Health	\$ 390,309	\$ 400,034	\$ 9,725	2.4%	\$ 832,058	\$ 832,058	\$ -	0.0%	\$20,000 favourable variance due to Program Evaluator vacancy, partially offset by lower than anticipated OHIP billings and lecture revenue (\$20,000).
Vaccine Preventable Diseases	609,498	684,737	75,239	11.0%	1,448,215	1,448,215	-	0.0%	No anticipated variance, Q1 resources shifted to Panorama project work.
Infectious Disease Control	678,073	657,722	(20,351)	-3.1%	1,431,229	1,396,229	(35,000)	-2.5%	Increased costs associated with complex Tuberculosis case management.
The Clinic & Sexual Health Promotion	991,075	1,091,169	100,094	9.2%	2,216,805	2,264,305	47,500	2.1%	\$42,500 favourable variance due to vacant Health Promoter, and a PHN position on medical leave. \$5,000 relates to fewer purchases of oral contraceptives.
Oral Health	982,851	956,309	(26,542)	-2.8%	1,832,201	1,985,201	153,000	7.7%	\$18,000 due to delay in implementing PBMA proposal for Dental Hygienist position. \$145,000 fewer CINOT claims due to program integration to Health Smiles Ontario 2.0 offset by (\$10,000) shortfall in Dental Treatment Clinic revenue.
Total Oral Health, Comm. Disease & Sexual Health Services	\$ 3,651,806	\$ 3,789,971	\$ 138,165	3.6%	\$ 7,760,508	\$ 7,926,008	\$ 165,500	2.1%	
Environmental Health & Chronic Disease & Injury Prevention									
Office of the Director	\$ 241,679	\$ 267,189	\$ 25,510	9.5%	\$ 514,004	\$ 572,561	\$ 58,557	10.2%	Vacant Program Evaluator and Epidemiologist positions.
Chronic Disease Prevention and Tobacco Control	612,680	599,838	(12,842)	-2.1%	1,215,851	1,254,379	38,528	3.1%	Delay in hiring new Dietitian resources.
Food Safety	619,953	628,205	8,252	1.3%	1,309,703	1,324,953	15,250	1.2%	Additional food handler training revenue expected as a result of delayed disinvestment.
Healthy Communities and Injury Prevention	486,061	504,654	18,593	3.7%	1,187,141	1,197,141	10,000	0.8%	Favourable variance in PHN resources due to expected maternity leaves.
Health Hazard Prevention and Management/Vector Borne Disease	541,472	582,867	41,395	7.1%	1,236,891	1,276,891	40,000	3.1%	PHI vacancies and 0.2 FTE Manager assigned to the Vector-Borne Disease program.
Safe Water and Rabies Team	356,653	387,037	30,384	7.9%	814,212	814,212	-	0.0%	
Southwest Tobacco Control Area Network	189,551	212,359	22,808	10.7%	436,500	436,500	-	0.0%	
Total Environmental Health & Chronic Disease & Injury Prev	\$ 3,048,049	\$ 3,182,149	\$ 134,100	4.2%	\$ 6,714,302	\$ 6,876,637	\$ 162,335	2.4%	
Family Health Services									
Office of the Director - Epidemiology & Program Evaluation	\$ 277,112	\$ 324,467	\$ 47,355	14.6%	\$ 732,980	\$ 752,980	\$ 20,000	2.7%	Vacant Program Evaluator position and fewer casual PHN hours expected.
Early Years Team	725,504	752,523	27,019	3.6%	1,559,231	1,582,731	23,500	1.5%	Delay in implementing PBMA proposal for CYN coordinator
Reproductive Health Team	668,202	714,839	46,637	6.5%	1,455,077	1,500,752	45,675	3.0%	Delay in implementing 0.5 PHN, and Health Promoter (PBMA proposals)
Best Beginnings Team	1,509,448	1,518,363	8,915	0.6%	3,314,092	3,338,294	24,202	0.7%	Favourable variance due to MLOA, and Family Home Visitor vacancies.
Young Adult Team	494,256	546,731	52,475	9.6%	1,110,390	1,171,990	61,600	5.3%	Favourable variance due to Program Manager vacancy, and MLOAs.
Child Health Team	680,965	739,120	58,155	7.9%	1,562,614	1,582,814	20,200	1.3%	Delay in implementation of PBMA proposal for 0.5 FTE Dietitian, and Program Mgr. gapping
Screening Assessment and Intervention (SAI)	602,580	705,741	103,161	14.6%	2,822,962	2,822,962	-	0.0%	
Total Family Health Services	\$ 4,958,067	\$ 5,301,784	\$ 343,717	6.5%	\$ 12,557,346	\$ 12,752,523	\$ 195,177	1.5%	

	2015 YTD ACTUAL (NET)	2015 YTD BUDGET (NET)	VARIANCE (OVER) / UNDER	% VARIANCE	DECEMBER FORECAST	2015 ANNUAL NET BUDGET	DECEMBER SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Office of the Medical Officer of Health									
Office of the Medical Officer of Health & Travel Clinic	\$ 242,931	\$ 235,472	\$ (7,459)	-3.2%	\$ 498,133	\$ 498,133	\$ -	0.0%	
Communications	165,491	173,845	8,354	4.8%	363,397	363,397	-	0.0%	
Emergency Preparedness	88,178	79,098	(9,080)	-11.5%	166,922	166,922	-	0.0%	
Total Office of the Medical Officer of Health	\$ 496,600	\$ 488,415	\$ (8,185)	-1.7%	\$ 1,028,452	\$ 1,028,452	\$ -	0.0%	
Finance & Operations	\$ 331,092	\$ 340,422	\$ 9,330	2.2%	\$ 741,884	\$ 749,884	\$ 8,000	1.1%	Favourable variance due to process automation (implementation of My-Time an on-line time tracking system).
Human Resources & Corporate Strategy									
Human Resources & Labour Relations	\$ 425,655	\$ 451,836	\$ 26,181	5.8%	\$ 997,430	\$ 997,430	\$ -	0.0%	
Privacy/Occupational Health & Safety	84,668	87,923	3,255	3.7%	181,497	181,497	-	0.0%	
Strategic Projects	54,762	64,416	9,654	15.0%	135,287	135,287	-	0.0%	
Total Human Resources & Corporate Strategy	\$ 565,085	\$ 604,175	\$ 39,090	6.5%	\$ 1,314,214	\$ 1,314,214	\$ -	0.0%	
Information Technology Services	\$ 530,643	\$ 553,062	\$ 22,419	4.1%	\$ 1,092,591	\$ 1,142,591	\$ 50,000	4.4%	Fewer software requirements in 2015 (Windows licencing) \$42,000, and \$8,000 from the proceeds of selling old desktop computers.
General Expenses & Revenues (rent, utilities and other)	\$ 1,305,772	\$ 802,722	\$ (503,050)	-62.7%	\$ 2,282,766	\$ 1,589,683	\$ (693,083)	-43.6%	Favourable variances of \$5,000 for general office supplies, \$10,000 in telephone charges, \$11,500 additional savings in insurance costs more than offset by (\$60,000) in anticipated group benefit costs, (\$10,000) for higher after-hours on-call costs, (\$157,093) for 1% reduction in expected MOHLTC grants, and (\$234,151) relates to future expected gapping to be reported in Q3-Q4.
TOTAL BOARD OF HEALTH NET EXPENDITURES	\$ 14,887,114	\$ 15,062,700	\$ 175,586	1.2%	\$ 33,492,063	\$ 33,379,992	\$ (112,071)	-0.3%	



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2015 September 3

MIDDLESEX-LONDON HEALTH UNIT – MARCH 31ST DRAFT FINANCIAL STATEMENTS

Recommendation

It is recommended that the Finance & Facilities Committee recommend that the Board of Health approve the audited Consolidated Financial Statements for the Middlesex-London Health Unit, March 31st, 2015 as appended to Report No. 21-15FFC.

Key Points

- Attached as Appendix A are the draft Consolidated Financial Statements for the Middlesex-London Health Unit relating to the programs with an operating year from April 1st, 2014 to March 31st, 2015.

Background

A requirement of the Board of Health is to provide audited financial reports to various funding agencies for programs that are funded from April 1st – March 31st each year. The purpose of this audited report is to provide the agencies with assurance that the funds were expended for the intended purpose. The agencies use this information for confirmation and as a part of their settlement process.

The following 100% funded programs are included in the audited consolidated financial statements attached as [Appendix A](#):

Ministry of Children & Youth Services:

- Blind-Low Vision
- Preschool Speech and Language (tykeTALK)
- Infant Hearing Screening

Ministry of Health & Long-Term Care:

- Healthy Communities Partnership Fund
- Bed Bug Initiative (payable to MOHLTC only)
- Panorama Implementation Project

Public Health Ontario:

- Library Shared Services

Government of Canada:

- Smart Start for Babies Programs
- FoodNet Canada

The above programs represent approximately \$3.5 million of the Health Unit's total operating budget of \$34.7 million.

These programs are also reported in the main audited financial statements of the Middlesex-London Health Unit which was approved by the Board of Health this past June, however this report included program revenues and expenditures of these programs during the period of January 1st 2014 to December 31st, 2014

which does not coincide with the reporting requirements of the funding agencies. Therefore, a separate audited statement is required.

Financial Review

The consolidated balance sheet can be found on page 2. Its purpose to provide the current value of assets (cash and prepaid expenses) which are balanced with current liabilities (deferred revenue which is bring brought forward into the next operating year and accumulated amount that must be repaid to the funding agencies).

The consolidated statement of operation can be found on page 3. Its purpose is to provide information regarding how programs are funded and how these revenues are used in fulfilling the requirements of the programs. The following are key points that can be taken from this statement:

- 1) Revenue – the majority of the revenue (99%) is comprised of grants from the funding agencies (Province of Ontario, Government of Canada, and Public Health Ontario).
- 2) Expenditures – the majority of program costs, \$3,072,779 (88.8%) relate to personnel costs. Program resources and public awareness account for \$237,733 (6.9%), and the remaining expenses (travel, office supplies, equipment, telephone, and rent) account for \$151,180 (4.3%).

Combined the programs completed the operating year with a surplus of \$24,267 which primarily was generated from the Healthy Communities Partnership Fund and Library Shared Services programs.

A breakdown by program can be found on pages 8 and 9 of Appendix A.

This report was prepared by Mr. John Millson, Director of Finance & Operations.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health

DRAFT Consolidated Financial Statements of

**MIDDLESEX-LONDON HEALTH UNIT
MARCH 31ST PROGRAMS**

Year ended March 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Middlesex-London Board of Health

We have audited the accompanying consolidated financial statements of Middlesex-London Health Unit March 31st Programs, which comprise the consolidated balance sheet as at March 31, 2015, the consolidated statement of operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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.

Auditors' 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 about whether the consolidated financial statements are free from 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Middlesex-London Health Unit March 31st Programs as at March 31, 2015, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

September xx, 2015

London, Canada

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

Consolidated Balance Sheet

DRAFT

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Prepaid expenses	\$ 12,155	\$ 18,583
Due from Middlesex-London Health Unit	111,409	225,578
	\$ 123,564	\$ 244,161

Liabilities

Current liabilities:		
Due to funding agencies (note 3)	\$ 66,155	\$ 227,920
Deferred revenue	57,409	16,241
	\$ 123,564	\$ 244,161

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

On behalf of the Middlesex-London Health Unit:

Mr. Ian Peer, Chair
Board of Health

Dr. Christopher Mackie, MD, MHSC, CCFP, FRCPC
Chief Executive Officer and Medical Officer of Health

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

Consolidated Statement of Operations

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Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Programs revenue, funding agencies (note 4)	\$ 3,441,419	\$ 3,441,419	\$ 3,298,440
Interest income	-	872	1,377
Other income	42,835	43,668	35,400
	<u>3,484,254</u>	<u>3,485,959</u>	<u>3,335,217</u>
Expenditures:			
Personnel costs:			
Salaries and wages	655,894	681,426	636,520
Contract services	1,898,018	1,888,747	1,711,999
Allocated benefits	506,228	502,606	453,455
	<u>3,060,140</u>	<u>3,072,779</u>	<u>2,801,974</u>
Operating costs:			
Office and supplies	11,475	12,236	12,677
Office equipment, computers	10,181	13,064	38,022
Professional development	4,650	1,581	3,304
Travel	53,021	32,322	58,120
Public awareness	56,070	46,967	43,988
Program resources	177,230	190,766	152,887
Audit	6,163	6,621	6,406
Rent	47,341	50,049	48,110
Board fees and expenses	600	-	111
Telephone	19,311	18,246	14,641
Equipment	37,072	17,061	58,459
Equipment maintenance	1,000	-	-
	<u>424,114</u>	<u>388,913</u>	<u>436,725</u>
Net surplus (note 2)	-	24,267	96,518
Due to funding agencies, beginning of year (note 3)	-	227,920	178,551
Repayments during the year	-	(186,032)	(47,149)
Due to funding agencies, end of year (note 3)	\$ -	\$ 66,155	\$ 227,920

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

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

Consolidated Statement of Cash Flows

DRAFT

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 24,267	\$ 96,518
Changes in non-cash operating working capital:		
Prepaid expenses	6,428	(27)
Deferred revenue	41,168	(112,782)
	71,863	(16,291)
Financing activities:		
Due from Middlesex-London Health Unit	114,169	63,440
Repayments to funding agencies	(186,032)	(47,149)
	(71,863)	16,291
Change in cash, being cash, end of year	\$ -	\$ -

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

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Notes to Consolidated Financial Statements

Year ended March 31, 2015

The Middlesex-London Health Unit March 31st Programs (the "Programs") are 100% funded by the Province of Ontario, the Government of Canada, and Public Health Ontario and is delivered by Public Health Units in partnership with local and social service agencies.

1. Significant accounting policies:

(a) Basis of accounting:

Revenue and expenditures are reported using the accrual basis of accounting with the exception of employees' sick leave and vacation benefits which are charged against operations in the year in which they are paid.

Government transfers are recognized in the consolidated financial statements as revenue 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. Government transfers not received at year end are recorded as grants receivable due from the related funding organization in the consolidated balance sheet.

(b) Capital assets:

The historical cost and accumulated amortization of capital assets are not recorded in the consolidated financial statements. Capital asset additions and the related grant income are reflected in the consolidated statement of operations as incurred and earned respectively.

(c) Deferred revenue:

Funds received for expenses of future periods are deferred and recognized as income when the costs for which the revenue is received are incurred.

(d) Use of estimates:

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenses during the year. Actual results could differ from those estimates.

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

2. Surplus repayments:

The Programs funding agreements with funding agencies (the "Agencies"), provide for repayment of any Programs surpluses to the Agencies. Programs deficits are the responsibility of the Programs and must be funded through efficiencies in future years. As such, surpluses net of any deficits from prior years are recorded on the consolidated balance sheet as accounts payable to the Agencies.

3. Due to funding agencies:

Due to funding agencies consists of the following:

	2015	2014
Ministry of Children and Youth Services:		
Blind-low vision	\$ 201	\$ 88
Preschool speech and language	294	6,765
Infant hearing	83	328
	<u>578</u>	<u>7,181</u>
Ministry of Health and Long-Term Care:		
Healthy communities	53,238	38,957
Bed bugs	-	14,745
Panorama project	(19,900)	116,430
	<u>33,338</u>	<u>170,132</u>
Public Health Ontario:		
Library shared services	30,611	21,383
Government of Canada:		
Smart start for babies	1,628	29,224
	<u>\$ 66,155</u>	<u>\$ 227,920</u>

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS
DRAFT Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

4. Program revenue, funding agencies:

Program revenue, funding agencies consists of the following:

	2015	2014
Ministry of Children and Youth Services:		
Blind-low vision	\$ 160,870	\$ 158,702
Preschool speech and language	1,659,657	1,487,315
Infant hearing	888,498	888,494
	<u>2,709,025</u>	<u>2,534,511</u>
Ministry of Health and Long-Term Care:		
Healthy communities	98,235	118,770
Panorama project	217,155	230,332
Smoke Free Ontario (SFO) - workplace demonstration	-	83,900
	<u>315,390</u>	<u>433,002</u>
Public Health Ontario:		
Library shared services	119,910	168,497
Government of Canada:		
Smart start for babies	152,430	162,430
FoodNet Canada program	144,664	-
	<u>297,094</u>	<u>162,430</u>
	<u>\$ 3,441,419</u>	<u>\$ 3,298,440</u>

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Schedule - Consolidated Balance Sheet

Year ended March 31, 2015

	Blind-low vision	Preschool speech and language	Infant hearing	Smart start for babies	Healthy communities	Panorama project	Shared library services	Total
Balance Sheet:								
Assets:								
Receivable from Middlesex-London Health Unit	\$ 201	\$ 55,931	\$ 83	\$ (8,755)	\$ 53,238	\$ (19,900)	\$ 30,611	\$ 111,409
Prepaid expenses	-	1,772	-	10,383	-	-	-	12,155
Total assets	\$ 201	\$ 57,703	\$ 83	\$ 1,628	\$ 53,238	\$ (19,900)	\$ 30,611	\$ 123,564
Liabilities:								
Due to funding agencies	\$ 201	\$ 294	\$ 83	\$ 1,628	\$ 53,238	\$ (19,900)	\$ 30,611	\$ 66,155
Deferred revenue	-	57,409	-	-	-	-	-	57,409
Total liabilities	\$ 201	\$ 57,703	\$ 83	\$ 1,628	\$ 53,238	\$ (19,900)	\$ 30,611	\$ 123,564

MIDDLESEX-LONDON HEALTH UNIT MARCH 31ST PROGRAMS

DRAFT Schedule - Consolidated Statement of Operations

Year ended March 31, 2015

	Blind-low vision	Preschool speech and language	Infant hearing	Smart start for babies	Healthy communities	Bed bugs	Panorama project	Shared library services	FoodNet Canada program	Total
Revenues:										
Program revenue, funding agencies	\$ 160,870	\$ 1,659,657	\$ 888,498	\$ 152,430	\$ 98,235	\$ -	\$ 217,155	\$ 119,910	\$ 144,664	\$ 3,441,419
Interest income	113	294	83	268	-	-	-	114	-	872
Other income	-	-	42,835	833	-	-	-	-	-	43,668
	160,983	1,659,951	931,416	153,531	98,235	-	217,155	120,024	144,664	3,485,959
Expenditures:										
Personnel costs:										
Salaries and wages	20,015	140,285	130,637	63,883	-	-	164,450	58,652	103,504	681,426
Contract services	98,681	1,141,852	606,881	17,931	20,402	-	-	-	3,000	1,888,747
Allocated benefits	30,140	283,373	106,548	6,765	-	-	36,863	13,218	25,699	502,606
Total salaries, wages and benefits	148,836	1,565,510	844,066	88,579	20,402	-	201,313	71,870	132,203	3,072,779
Services and supplies:										
Office and supplies	-	2,216	7,906	413	1,596	-	-	105	-	12,236
Professional development	-	434	1,127	20	-	-	-	-	-	1,581
Travel	7,108	10,993	7,872	1,757	(129)	-	3,363	919	439	32,322
Public awareness and promotion	-	1,182	-	-	45,785	-	-	-	-	46,967
Program resources and supplies	2,922	19,404	45,155	58,227	16,300	-	642	36,737	11,379	190,766
Audit	1,031	1,118	1,118	1,118	-	-	1,118	1,118	-	6,621
Rent, Strathroy	-	44,786	3,663	1,600	-	-	-	-	-	50,049
Telephone	-	12,473	2,854	215	-	-	2,014	47	643	18,246
Equipment	973	1,541	17,572	1,334	-	-	8,705	-	-	30,125
Total services and supplies	12,034	94,147	87,267	64,684	63,552	-	15,842	38,926	12,461	388,913
Total expenditures	160,870	1,659,657	931,333	153,263	83,954	-	217,155	110,796	144,664	3,461,692
Net surplus (note 2)	113	294	83	268	14,281	-	-	9,228	-	24,267
Due to funding agencies, beginning of year (note 3)	88	6,765	328	29,224	38,957	14,745	116,430	21,383	-	227,920
Repayments, during the year	-	(6,765)	(328)	(27,864)	-	(14,745)	(136,330)	-	-	(186,032)
Due to funding agencies, end of year (note 3)	\$ 201	\$ 294	\$ 83	\$ 1,628	\$ 53,238	\$ -	\$ (19,900)	\$ 30,611	\$ -	\$ 66,155



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2015 September 3

2016 BOARD OF HEALTH BUDGET – FINANCIAL PARAMETERS

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health on budget targets for the 2016 Board of Health budget.

Key Points

- On July 16th the Board of Health approved the 2016 PBMA process, criteria and weighting for PBMA proposals
- Financial parameters are also required in developing the operating budget.

Background

In the health system, it is generally accepted that resources are scarce. That is, there are not enough resources available to meet all the claims on those resources. This concept is built into the Board of Health's budget process by using the Program Budget Marginal Analysis (PBMA) process. The PBMA process is a criteria-based budgeting process that facilitates reallocation of resources based on maximizing service impact. At the July 16th meeting the Board approved the process, criteria and weighting in which proposals will be reviewed as explained in [Report No. 19-15FFC](#), re: "Proposed 2016 PBMA Process, Criteria and Weighting."

2016 Budget – Financial - Parameters

Developing high level planning parameters is an integral part of any budget development process. They help guide and inform planning and resource allocation decisions. Ideally the parameters should be linked to the organization's strategic direction. The City of London's 2016 budget is being developed using a multi-year budget. That is, the City is seeking approval of their 2016-2019 operating plans. On May 12, 2015, City Council approved an overall average annual tax levy increase between 2.2% and 2.9% over the 2016-2019 period. This amount could vary year to year, but on average would not exceed 2.9% when averaged over the four year period. In order to ensure the City's budget is submitted within the tax levy increase ranges approved by Council, Civic Administration have set service area targets. All Civic Departments and Boards & Commissions have been provided a direction of 1.5% increase in each of the four years except for the Middlesex-London Health Unit and the London Police Service which has been asked to submit a 0% and 1.0% respectively for each of the four years. For the purpose of developing a draft 2016 Board of Health budget, the following three financial planning parameters are being considered:

1) 0% municipal funding increase

This parameter is consistent with the Board's strategic decision made in 2005 to maintain the level of municipal investment and use provincial grant increases to maintain and or enhance public health programs and services in Middlesex-London. Given this parameter along with the expectation of little to no growth in provincial grants, the Health Unit will need to explore administrative and program efficiencies to maintain or lessen the impact on services to the community.

2) 1.5% increase in municipal funding

This planning parameter will support the municipal components of both the current CUPE and ONA contracts, although the provincial component would continue to be pressured. It is consistent with the guidance received from City staff for other Boards and Commissions. It mitigates expected inflationary pressures on existing public health programs and services and impacts on programs due to expected reductions in provincial funding. However, it is not consistent with the Board of Health's approach taken since 2005 as explained above, nor with City staff's 2016 request of 0% for the Board of Health.

3) Other - as directed by the Finance & Facilities Committee

The Committee may wish to examine and/or recommend other options at the September 3rd meeting.

Conclusion

Developing high level planning parameters is an integral part of any budget development process. They help guide and inform planning and resource allocation decisions and prioritize options for management to bring forward recommendations to the Finance and Facilities Committee and the Board of Health.

This report was prepared by Mr. John Millson, Director of Finance & Operations.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health