

**MIDDLESEX-LONDON BOARD OF HEALTH**

**REPORT NO. 72-24**

**TO:** Chair and Members of the Board of Health  
**FROM:** Emily Williams, Chief Executive Officer  
Dr. Joanne Kearon, Acting Medical Officer of Health  
**DATE:** 2024 October 17

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**2023 AUDITED FINANCIAL STATEMENTS - DRAFT**

**Recommendations**

*It is recommended that the Board of Health:*

- 1) *Receive Report No. 72-24 re: "2023 Audited Financial Statements-Draft" for information; and*
- 2) *Approve the audited Financial Statements for the Middlesex-London Health Unit for the year ending December 31, 2023.*

*FURTHER,*

*It is recommended that the Board of Health approve the use of reserve funds \$66,296 from 2023 to cover the outstanding amount of the unfunded/unbudgeted Voluntary Retirement balance of \$292,000.*

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**Report Highlights**

- The Financial Statements ([Appendix A](#)) for the twelve months ending December 31, 2023 are attached.
- The financial statements have been prepared in accordance with legislation and the Canadian Public Sector Accounting Standards (PSAS).
- A summary of significant accounting policies is provided in note 1 to the financial statements.

**Financial Overview**

This report provides an overview of the financial information found in both the Statement of Financial Position and the Statement of Operations and Accumulated Surplus. These statements can be found beginning on page 5 of the draft financial statements.

**Use of Reserve Funds**

The MLHU has three reserve accounts:  
23201, Employment Costs Reserve \$176,077  
23202, Technology & Infrastructure Reserve \$60,988

29000, Funding Stabilization Reserve \$100,000

Use of \$66,296 from the Employment Costs Reserve is recommended to cover the outstanding amount of the unfunded/unbudgeted Voluntary Retirement balance of \$292,000.

### **Statement of Financial Position:**

As of December 31, 2023, the Health Unit had approximately \$9.4 million in cash and near-cash financial assets to partially offset its \$15.4 million in financial liabilities to generate a net debt of \$6.0 million. This net debt is then offset by non-financial assets valued at \$7.5 million, to create an accumulated surplus of \$1.4 million.

Financial Assets decreased by \$2.9 million compared to 2022 primarily due to a decrease in cash of \$2.7 million. The Statement of Cash Flows on page 8 of the financial statements provides details for this decrease (opening cash balance is less by \$6.3 million and there was \$3.6 million less cash used in the operation).

Financial Liabilities also decreased by \$3.8 million compared to 2022 to include:

- Deferred Revenue decreased by \$1.9 million (*Seniors Dental Capital and School Focused Nurses Initiative*).
- Demand loan decreased by \$0.7 million (*includes the regular payments and the accelerated payment approved by both the City and the County*).
- Payable to the Province decreased by \$1.1 million (*settlements including Covid-19, Seniors Dental and School Focused Nurses Initiative*).
- Due to the City and County: both decreased with the approval to use funds to pay down the variable bank loan.

With regard to the \$3.4 million present value of Employee Future Benefits liability. This is the estimated current amount required to fund all future costs associated with providing post-retirement benefits. This liability is currently unfunded; however, each year an estimated amount required for the current year is appropriated from surplus. Details related to this liability are outlined in note 2, page 14.

The Non-Financial Assets, which total \$7.5 million, include the net book value of the Health Unit's tangible capital assets, such as leasehold improvements, computer systems, and prepaid expenses. Note 7, page 18 outlines a schedule of changes to the tangible capital assets during the year.

The last amount listed on the Statement of Financial Position is the Health Unit's accumulated surplus. This represents the net financial and physical resources available to provide future services. The details of what items make up this balance can be found in the draft financial statements on Note 10, page 20.

### **Statement of Operations and Accumulated Surplus**

It is important to note this statement contains entries required under PSAS which are not included when determining surplus or deficit for Ministry reporting. Below is a reconciliation from Ministry reporting to PSAS reporting.

	2023 Act \$'s
<b>Internal Reporting to the Ministry of Health</b>	
2023 Shared Funded Programs ( <i>balanced</i> )	<nil>
MLHU2 – Jan to Dec 2023 ( <i>timing</i> )	(54,000)
<b>PSAS Required Entries</b>	
-reduce expenses for reserve entries	80,812
-reduce expenses by principal portion of bank loan payments	692,827
-reduce expenses by amount of assets that have been capitalized	1,100,495
-add no-cash amortization expense	(824,954)
-account for rental incentive provided from Citi Plaza	98,997
<b>Annual Surplus under PSAS</b>	1,094,178

### Audit Findings

KPMG's Audit Findings Report will be circulated to Board of Health members. Common practice in presenting the report is for the Auditor Team to meet in private with Board Members, excluding staff.

Dale Percival, Senior Manager, KPMG LLP will be present at the October 17, 2024 Board of Health meeting to address any questions regarding this report.

### Next Steps

The Board of Health will be required to approve the 2023 Audited Financial Statements. Once approved, the statements will be sent to stakeholders.

This report was written by the Chief Executive Officer.



**Emily Williams, BScN, RN, MBA, CHE**  
Chief Executive Officer

### 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](#).
- The requirement for the Board of Health to prepare annual financial statements per the *Health Protection and Promotion Act*, R.S.O. 1990, c. H.7, section 59(1) and the Municipal Act