

Finance + Audit Committee Report BH.04.SEP0821.R08

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Report to: Finance + Audit Committee, Board of Health

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Approved by: David Kingma, Director Administrative Services/CAO

Submitted by: Dr. Nicola Mercer, Medical Officer of Health & CEO

Subject **Increase to TD Bank Line of Credit**

Recommendations

That the Finance + Audit Committee makes recommendation to the Board of Health to receive this report, as presented, for information.

Key Points

- Temporary financing is required to cover significant extraordinary costs of COVID-19 pandemic response incurred by the Agency since March 2020, similar to most other public health units (PHUs) in the province.
- Ministry of Health (Ministry) has approved base funding advances during 2021 to help ease current cashflow challenges for most PHUs in Ontario.
- Further COVID-19 cost reimbursement has recently been approved by the Ministry and will continue to be requested by the Agency throughout the remainder of 2021 and into early 2022.
- Increase to the Line of Credit held by TD Bank from \$0.5M to \$3.0M is only temporary in nature, until COVID-19 costs have been fully reimbursed by 2022, and WDGPH is back to more normal operations.
- TD Bank has agreed that this increase will remain until 2022 or longer, if the need arises.

Background

Following discussions with the Ministry around the delayed approval timelines for the 2021 Annual Budget Allocations, including the “one-time extraordinary” funding for COVID-19 expenditures during 2021, the Agency accepted an offer from the Ministry for an immediate advance of base funding. This funding flowed to the Agency within a few weeks of its approval in December 2021.

Despite this funding, cashflow analysis completed by Finance staff showed that the Agency required additional cash flexibility in 2021 to maintain its pandemic response efforts. As a result, a formal request was made to TD Bank to temporarily increase the Agency's Line of Credit from its current balance of **\$500,000** to a maximum of **\$3,000,000**. This formal request, signed by the MOH/CEO, CAO and the Board Chair, was approved by TD Bank following the provision of the appropriate financial documentation (e.g. Audited 2020 Financial Statements, BOH-approved 2021 Annual Budget, 2021 Cashflow analysis, etc). While requested only as a temporary measure to aid during the pandemic, TD Bank approved this change as a permanent adjustment to allow the Agency additional flexibility for future needs, whenever they occur.

The limit increase to \$3,000,000 has allowed WDGPH to continue its pandemic response operations uninterrupted and without need for further assistance from other partners. WDGPH Finance staff continue to track cashflow closely given the unprecedented service requirements placed on the Agency during COVID-19.

The Finance team will continue to keep the Board of Health apprised of any further changes to this Agreement

Public Health and/or Financial Implications

The increase to WDGPH's Line of Credit from \$0.5M to \$3.0M was essential to allow the Agency to continue without any potential operational breaks, until the Ministry finalized its approved funding of COVID-19 costs for 2021 and flowed these funds in early August. The increase also allowed the Agency to avoid further requests for advanced cash payments from its funding partners, including the three municipalities.

References

None.