



TO: Chair and Members of the Board of Health
FROM: Christopher Mackie, Medical Officer of Health
DATE: 2013 June 20

2012 RESERVE / RESERVE FUND BALANCES

Recommendations

It is recommended:

- 1) *That the Board of Health approve the additions, withdrawals, and adjustments to the reserve and reserve funds as identified in [Appendix A](#) “Reserve & Reserve Fund Overview” to Report No. 079-13 “2012 Reserve / Reserve Fund Balances”; and further,*
- 2) *That Report No. 079-13, “2012 Reserve / Reserve Fund Balances” be forwarded to the City of London and the County of Middlesex.*

Key Points

- The purpose of the report is to provide a year over year account for the changes in the Reserves and Reserve Fund Balances as reported on the 2012 Consolidated Financial Statements of the Middlesex-London Health Unit.
- The balance of the reserve and reserve funds fell by a net amount of \$210,721.

Background

At the May 16 meeting, the Board reviewed [Report No. 067-13](#) “Draft Reserve/Reserve Fund Policy” and approved the Reserve / Reserve Fund Policy. This policy states that each year, when the draft audited financial statements are presented to the Board of Health, the Director of Finance & Operations will present a report on the funds available for transfer to reserves and/or reserve funds, and make recommendations for any contributions to be made.

2012 Funds Available For Transfer

Included in this agenda is [Report No. 077-13](#) “2012 Consolidated Financial Statements” which provides the results of the 2012 operating year for the various programs and services. In the report an amount of \$198,170 is identified as owing to The Corporation of the City of London (\$166,465) and to The Corporation of the County of Middlesex (\$31,705) and would therefore be available for transfer to either the Funding Stabilization Reserve or a Reserve Fund. However, in January 2013, the Board of Health passed a resolution to use up to \$135,000 of any 2012 operating surplus to fund the PricewaterhouseCoopers report. This leaves a remaining balance of \$63,170. This is the amount that would be available for the Board of Health to consider transferring to the reserve; however, at this point, staff have not been able to meet with the staff from the City of London or County of Middlesex to discuss the new policy or execute a Memorandum of Agreement. As such, staff are not making a recommendation to this effect.

Reserve Limits

In accordance with Policy 4-015, “Reserve / Reserve Funds”, the maximum annual contribution to reserves is 2% of gross revenues as found on the annual statement of operations. For 2012 this would amount to \$691,101 (2% of \$34,555,061). The maximum cumulative amount of reserves is 10% of gross revenues found on the annual statement of operations which for 2012 would be \$3,455,506. Attached as [Appendix A](#), is a schedule summarizing the reserve and reserve fund balances as presented in the draft 2012 consolidated financial statements. As can be seen the current balance of \$765,957 is within the cumulative maximum amount allowed under the policy.

Withdrawals and Adjustments

Also included in the 2012 Reserve & Reserve Fund overview ([Appendix A](#)) are changes that have been previously approved by the Board of Health or are being recommended as part of the draft “2012 Consolidated Financial Statements”. As can be seen, the overall balances have fallen by \$210,721 to fund the 2012 operating deficit in the Dental Treatment Clinic, sick leave payments made to eligible staff upon retirement, and the amount held by Manulife Financial Ltd. who, in 2012, administer the health unit’s employer paid benefits. The detail of the 2012 transactions to the reserve and reserve funds can be found in Appendix A.

Mr. John Millson, Director of Finance & Operations, will be in attendance at the June 20 Board of Health meeting to address any questions regarding the report.

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Medical Officer of Health