



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2015 June 11

2014 RESERVE / RESERVE FUND BALANCES

Recommendation

That the Finance & Facilities Committee recommends that the Board of Health:

- 1) Approve a \$23,438 drawdown from the Accumulated Sick Leave Reserve Fund to fund the 2014 sick leave payments to eligible staff; and further,*
- 2) Approve a \$25,736 drawdown from the Dental Treatment Reserve Fund to fund the 2014 Dental Treatment Clinic operating deficit; and further,*
- 3) Receive the 2014 -2015 Reserve / Reserve Fund Overview (Appendix A) for information, and*
- 4) Forward Report No. 17-15FFC, 2014 Reserve / Reserve Fund Balances to the City of London and the County of Middlesex for information.*

Key Points

- The purpose of the report is to request approval of drawdowns from reserve funds for sick leave payments made in 2014, Dental Treatment Clinic operating deficit in 2014, and to provide a year over year account for the changes in the Reserves and Reserve Fund Balances as reported in the 2014 Financial Statements of the Middlesex-London Health Unit.
- The balance of the reserve and reserve funds increased by a net amount of \$376,903.

Background

In accordance to Policy 4-015, "Reserve /Reserve Fund Policy" planned contributions and drawdowns to the reserves or reserve funds will be included in the annual operating budget approved by the Board of Health. Any unplanned drawdowns will be approved by resolution of the Board of Health. The policy also states that each year a report will be provided to the obligated municipalities outlining the transactions of the reserve and reserve funds. Attached as [Appendix A](#), is an overview of the reserve and reserve fund balances to December 31, 2014 and projections for 2015.

Planned Contributions

Included in the Board approved 2014 operating budget was \$450,000 for contributions to two new reserve funds. In 2014 total contributions of \$426,077 were made to two reserve funds. \$176,077 (budget was \$200,000) was contributed to the Employment Costs Reserve Fund, and \$250,000 (budget was \$250,000) was made to the Technology & Infrastructure Reserve Fund. A further \$250,000 contribution to the Technology & Infrastructure Reserve Fund is planned for and is included in the 2015 Board approved operating budget.

Unplanned / Projected Drawdowns

The draft 2014 Financial Statements, as audited, also includes a total of \$49,174 in drawdowns from reserve funds for 2014. A \$23,438 drawdown is being recommended for a sick leave payout that was experienced due to an eligible staff retiring, and \$25,736 is being recommended to cover the 2014 operating deficit of the Dental Treatment Clinic. Both drawdowns are in keeping with the intended purpose of the respective reserve funds.

A total of \$237,430 in drawdowns are currently projected for the 2015 operating year and may require future Board of Health approvals. The projections consist of payments to eligible staff who are expected to retire in 2015, a drawdown of \$120,000 to partially fund the anticipated shortfall resulting from a payment to OMERS, and an anticipated deficit in the Dental Treatment Clinic.

Conclusion

It is recommended that the Board of Health approve \$49,174 in drawdowns to reserve funds to fund sick leave payments made in 2014 and to offset the operating deficit from the Dental Treatment Clinic.

Mr. John Millson, Director of Finance & Operations will be in attendance at the June 11th Committee meeting to address any questions regarding the report.



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Medical Officer of Health