

TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 June 07

2017 RESERVE / RESERVE FUND BALANCES

Recommendation

It is recommended that the Finance & Facilities Committee recommend that the Board of Health:

- 1. Receive the 2017–18 Reserve/Reserve Fund Overview ([Appendix A](#)) for information;*
- 2. Approve a \$52,570 drawdown from the Sick Leave Reserve Fund to fund the 2017 sick leave payment to eligible staff;*
- 3. Approve a \$29,462 drawdown from the Sick Leave Reserve Fund and a \$6,044 drawdown from the Environmental Reserve Fund – Septic Tank, and transfer these funds to the Stabilization Reserve Fund; and*
- 4. Forward Report 023-18FFC re: 2017 Reserve/Reserve Fund Balances to the City of London and the County of Middlesex for information.*

Key Points

- The 2017 Draft Financial Statements require a total of \$52,570 in drawdowns from reserve funds for 2017 for sick leave benefits paid out due to an eligible staff member retiring.
- A planned \$250,000 contribution to the Technology and Infrastructure Reserve Fund is included in the Board-approved operating budget for 2018.
- As reported in Appendix A, the balance of the reserve and reserve funds increased by a net amount of \$197,430 in 2017.
- As there are no longer any staff members eligible for a drawdown of the Sick Leave Reserve, it is recommended that the residual reserve of \$29,462 be redeployed in 2018.
- As there are no longer any potential claims related to septic tank inspections, it is recommended that the residual reserve of \$6,044 be redeployed in 2018.

Background

In accordance with Policy 4-150, “Reserve and Reserve Funds”, 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. 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. An overview of the reserve and reserve fund balances to December 31, 2017, with projections for 2018, is attached as [Appendix A](#).

Planned Contributions

Included in the Board-approved operating budget for 2017 was \$250,000, representing the annual contribution to the Technology and Infrastructure Reserve Fund. A contribution of \$250,000 to the Fund is also planned for 2018, and is included in the Board-approved operating budget.

2017 Reserve Fund Drawdowns

The 2017 audited Financial Statements include a total of \$52,570 in drawdown from the Sick Leave Reserve Fund for 2017. This drawdown is to cover the sick leave benefits paid out on the retirement of an eligible staff member.

2018 Reserve Fund Redistributions

A residual sick leave reserve of \$29,462 remains as of December 31, 2017. As there are no further employees eligible to receive accrued sick leave benefits, it is recommended that the residual reserve be redeployed in 2018.

A residual environmental reserve for septic tank inspections of \$6,044 remains as of December 31, 2017. As there is no likelihood of further claims against the Health Unit in connection with septic tank inspections, last performed in 1994, it is recommended that the residual reserve be redeployed in 2018.

The aggregate value of these reserve funds to be redeployed is \$35,506. It is recommended that these funds be transferred to the Stabilization reserve.

Conclusion

It is recommended that the Board of Health approve the \$52,570 drawdown to the Sick Leave Reserve Fund to cover sick leave payments made in 2017. Further, it is recommended that the reserves of \$35,506 be redeployed in 2018 to active reserve categories.

This report prepared by the Finance Team, Healthy Organization Division.



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