



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: RESERVE / RESERVE FUNDS
SECTION: Financial Management

POLICY NUMBER: 4-015
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IMPLEMENTATION DATE: November 20, 2014
REVISION DATE: N/A

APPROVED BY: Board of Health
SIGNATURE:

PURPOSE

The purpose of this policy is to provide a process for establishing, maintaining, and using reserves and reserve funds.

The maintenance of a reserve and reserve funds is an acceptable business practice, and will help protect the Health Unit and its funders from future funding liabilities. In order for the Health Unit to address one-time or short-term expenditures, either planned or unplanned, which arises, it is necessary to maintain reserve and/or reserve funds.

POLICY

The Health Unit will attempt to offset any unexpected expenditures within the annual operating budget for all Health Unit programs where possible without jeopardizing programs.

The Health Unit will, where possible, leverage the use of reserve and reserve funds for requesting funding grants from provincial funders or other sources.

Establishment of Reserves and Reserve Funds

Any reserve and reserve fund will be established by resolution of the Board of Health which will provide the purpose or use, maximum contributions, and expected timelines for contributions and drawdowns.

Any reserve or reserve fund is to be held in an interest-bearing account at a Canadian Chartered Bank with the same signing officers as other Health Unit bank accounts.

Contributions / Drawdowns

Any planned contributions and drawdowns to the reserve or reserve funds will be included in the annual operating budget approved by the Board of Health. Any audited unexpended municipal funds are eligible for transfer to a reserve or reserve fund by resolution of the Board of Health subject to consultation with municipal councils.

Any unplanned withdrawals from the reserve or reserve funds will be approved by resolution of the Board of Health.

Any contributions to or drawdowns from reserve or reserve funds that include funding from municipal sources will be made using the same municipal apportionment used for funding public health programs.

Limits

The maximum contributions to a reserve fund shall be the amount required to fulfill the specific requirement.

The maximum contributions to reserves for any particular operating year shall be 2% of gross revenues found on the annual statement of operations of the audited financial statements.

The maximum cumulative reserves shall be 10% of gross revenues found on the annual statement of operations of the audited financial statements.

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Annual Reporting

An annual report will be provided to the obligated municipalities outlining the transactions of the reserve and reserve funds during the previous year. Where possible, planned or future contributions and drawdowns will be included.

DEFINITIONS

Reserves: are amounts set aside by resolution of the Board of Health that are carried year to year mainly as contingencies against unforeseen events or emergencies.

Reserve Funds: are amounts set aside for specific purposes by resolution of the Board of Health. They are carried from year to year unless consumed or formally closed.