



STAFF REPORT ACTION REQUIRED

Residents' Interest Reserve Fund – 2010 Budget

Date:	January 26, 2010
To:	Advisory Committee on Long-Term Care Homes & Services
From:	General Manager, Long-Term Care Homes & Services
Wards:	All
Reference Number:	

SUMMARY

The Residents' Interest Reserve Fund is used for the general benefit of the residents of the Long-Term Care Homes to enhance their quality of life through social and recreational activities. In past years, total budgeted dollars available were based on 90 percent of all interest recorded in the fund in the previous year. Due to exceptionally low rates of return on investments in 2009, the application of the 90 percent formula results in insufficient funds to provide our residents with the enriched activities enjoyed in previous years. To supplement the 2010 budget, it is proposed that the unused available funds from the years 2002 to 2009 be included. With these additional funds, total funds available for distribution in 2010 are \$30,618.00. The fund balance as at December 31, 2009 is \$1,849,800.21.

RECOMMENDATION

The General Manager recommends that the Advisory Committee on Long-Term Care Homes and Services endorse the Residents' Interest Reserve Fund 2010 Budget.

Financial Impact

There is no impact on the 2010 operating budget.

COMMENTS

The Residents' Interest Reserve Fund was established by an amendment to the *Municipality of Metropolitan Toronto Act* and was given third reading and Royal Assent on May 29, 1984.

Section 163a states: “The trust fund, composed of un-disbursed interest accumulated prior to the 1st day of January, 1982 on the trust accounts of residents of Metropolitan Toronto Homes for the Aged, is vested in the Metropolitan Corporation for distribution of both the fund and interest accruing thereon by the Metropolitan Council in its absolute discretion for the general benefit of the residents of Metropolitan Toronto Homes for the Aged, provided that no expenditure shall be made for the ordinary operation and maintenance of the Homes.”

In 1987, the division established that “annual expenditures shall not exceed 90 percent of the income generated by the fund without the express authority from the Advisory Committee on Homes for the Aged”.

Income generated by the fund in 2009 is substantially lower than in previous years due to the exceptionally low rates of return on investment. The low interest rates and the application of the 90 percent rule result in a budget total of just \$12,375, an insufficient amount to provide the enhanced activities and entertainment enjoyed by residents in recent years from this Fund. It is proposed that the unused allocated funds for the years 2002 to 2009 amounting to \$18,244 be included in the 2010 budget, resulting in a budget amount of \$30,618. It is expected that homes will augment this fund with donation money, as appropriate, in 2010.

Year	Interest Earned	Budget Amount (90%)	Funds Unspent
2002	\$87,112	\$78,400	\$2,054.06
2003	\$43,832	\$43,949	\$1,568.71
2004	\$57,040	\$51,336	\$3,389.63
2005	\$45,490	\$40,941	\$2,113.52
2006	\$52,480	\$47,233	\$2,473.41
2007	\$80,478	\$72,430	\$2,885.70
2008	\$95,515	\$85,963	\$2,810.51
2009	\$71,438	\$64,294	\$948.78
2010	\$13,749	\$12,375	

CONTACT

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SIGNATURE

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ATTACHMENTS

1. Residents' Interest Fund Allocation Schedule – 2010
2. Residents' Interest Fund Allocation of Funds – 2010