



Committee of the Whole

Meeting Date: August 10, 2021
Submitted by: Cindy Howard, General Manager Finance and Community Services/Treasurer
SUBJECT: 2020 SURPLUS REPORT

BACKGROUND

The Financial Statements for the 2020 year ending December 31st have been presented to Council.

ANALYSIS

The 2020 Financial Statements year end operating surplus as audited for the County of Middlesex was \$2,635,140.91. The 2021 budget allocation from the 2020 year end surplus is \$494,532.

The 2020 Financial Statements year end operating surplus as audited for the Library was \$1,545,442.04. The 2021 budget allocation from the 2020 year end surplus is \$665,000 (County) and \$335,000 (Library) for a total of \$1,000,000.

On March 12, 2020, the World Health Organization declared COVID-19 a global pandemic. Effective March 17, 2020 the Province of Ontario enacted the declaration of emergency in response to the COVID-19 global outbreak. The County of Middlesex declared an emergency on March 17, 2020 following the lead of the Province.

Operations across all County departments were impacted by the pandemic in 2020. The County was able to fund pressures (cost pressures and revenue loss) from COVID-19 predominantly from a variety of provincial funding sources and cost containment strategies. There were decreased costs in the areas of travel, conventions and training across the departments including Council. There was a delay in hiring of vacant and new positions. Temporary layoffs for some part-time staff in the library branches. The County incurred additional expenses to deliver programs, services mandated by upper-level governments in accordance with directives and orders of those governments. The costs related to COVID-19 were tracked separately.

The County received additional provincial and federal funding for COVID-19 which included: Safe Restart; Ministry of Long-Term Care; Ministry of Health; Ministry of Municipal Affairs and Housing and Ministry of Education. Funding in some situations had to be spent in 2020, reconciliations were required and funds clawed back as required (For example: Land Ambulance and Long Term Care). Funding such as Safe Restart Funding require reporting back to the Provincial Government in 2021 and funds not used in 2020 (\$1,259,091.01) were applied to Obligatory Deferred Revenue to support COVID-19 costs and pressures. Funding for Social Service Relief Fund (SSRF Phase 1 and 2) has to be spent by March 2021.

It has been the past practice of Council to allocate any surplus from the prior year less any current year Council recommendations, to the Tax Rate Stabilization Reserve in order to be utilized in future operating budgets. Regarding the 2021 budget, the Budget Committee recommended that the Tax Rate Stabilization reserve be used to limit the Tax Rate increase to be 1.7%. The rationale to limit the amount used from the reserve was based on potential future funding pressures including the impact of COVID-19 in 2021 and future years. The budget committee recommended that the 2021 Library budget include \$335,000 of the prior year surplus (2020), \$355,000 be funded from the One Time Modernization Provincial Funding instead of the 2020 surplus and \$665,000 of the 2020 library surplus be applied to the County budget. In addition, 50 percent of the winter maintenance 2020 surplus (\$494,532) be applied to the 2021 budget. Council approved these recommendations.

After the transfers the balance in the Tax Rate Stabilization reserve will be \$9,185,611.55.

RECOMMENDATION

That the yearend surplus from the 2020 operating accounts in the amount of \$2,686,050.95 (\$2,140,608.91 (County) +\$545,442.04 (Library)) be transferred to the tax rate stabilization reserve.