



Committee of the Whole

Meeting Date: July 19, 2022
Submitted by: Cindy Howard, General Manager Finance and Community Services, County Treasurer
SUBJECT: 2021 SURPLUS REPORT

BACKGROUND

The Financial Statements for the 2021 year ending December 31st have been presented to Council.

ANALYSIS

The 2021 Financial Statements year end operating surplus as audited for the County of Middlesex was \$3,962,597.51. The 2022 budget allocation from the 2021 year end surplus is \$200,000.

The 2021 Financial Statements year end operating surplus as audited for the Library was \$640,336.51. The 2022 budget allocation from the 2021 year end surplus is \$60,000 (County) and \$300,000 (Library) for a total of \$360,000.

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 2021. 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. 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 2022, 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 2021 (\$758,137.71) were applied to Obligatory Deferred Revenue to support COVID-19 costs and pressures.

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 2022 budget, the Budget Committee recommended that the Tax Rate Stabilization reserve be used to limit the Tax Rate increase to be 0.00%. Council approved this recommendation, as they wanted to recognize the impact that COVID-19 had on the community. The Tax Rate Stabilization reserve may be needed for potential future funding pressures including the impact of COVID-19 in 2022 and future years. The budget committee recommended that the 2022 Library budget include \$300,000 of the prior year surplus (2021) and \$60,000 of the 2021 library surplus be applied to the County budget. In addition, it was recommended that 20 percent of the winter maintenance 2021 surplus (\$200,000) be applied to the 2022 budget. Council approved these recommendations.

After the transfers, the balance in the Tax Rate Stabilization reserve will be \$9,171,129.06.

RECOMMENDATION

THAT the yearend surplus from the 2021 operating accounts in the amount of \$3,402,597.51 (\$3,122,261.00 (County) +\$280,336.51 (Library)) be transferred to the tax rate stabilization reserve.