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Report To: Council

From: Trevor Pinn, Deputy CAO/Treasurer

Date: May 30, 2022

Memo #: Memo-027-22

File No.:

Re: Status of Tax Rate Stabilization Reserve Fund

At its meeting on May 9, 2022, a request from Council was made for a status update on the Tax Rate Stabilization Reserve Fund in contemplation of a potential additional grant of funds to Hospice Clarington.

The following chart provides a summary of the Tax Rate Stabilization Reserve Fund, and two additional reserve funds that will be recommended to be consolidated into the Tax Rate Stabilization Reserve Fund. The Estimated Available Funding at January 1, 2022 includes the decisions of the 2022 Budget deliberations.

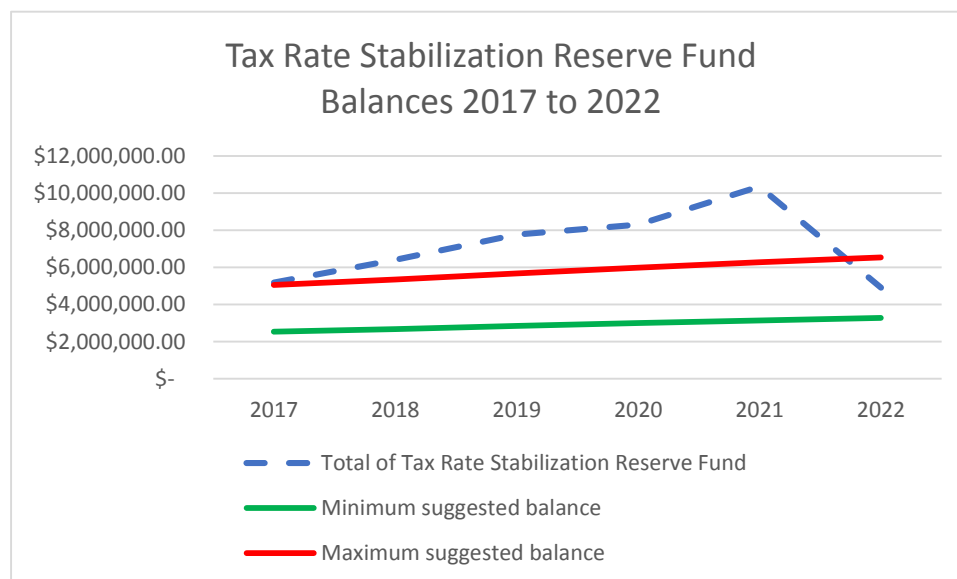
Reserve Fund	Opening Balance at January 1, 2021	Closing Balance at December 31, 2021	Committed and unspent prior to December 31, 2021	Committed during 2022 Budget	Approved Reallocation to Other Reserve Funds	Estimated Available Funding at January 1, 2022
Tax Rate Stabilization	\$ 7,325,181	\$ 9,376,171	\$(919,084)	\$(2,533,900)	\$(2,000,000)	\$3,923,187
Impact/Escrow	129,862	131,477	0	0	0	131,477
Clarington Station A	840,375	850,857	0	0	0	850,857
Total	\$8,295,418	\$10,358,505	\$(919,084)	\$(2,533,900)	\$(2,000,000)	\$4,905,521

The above does not include the 2021 surplus contribution as Staff are finalizing the year end.

The 2022 Budget includes operating (\$1,833,900) and capital funding (\$700,000) of projects, including one-time funding to support Community Services (\$1,250,000) during the re-opening of facilities and programming following the COVID-19 pandemic. During the 2022 Budget, Council also approved a transfer of \$2.0 million to other reserve funds for the purpose of funding capital replacement reserve funds.

Staff are working on a Reserve and Reserve Fund Policy that will formalize targets for certain reserve funds. Staff are recommending a range for the Tax Rate Stabilization Reserve Fund of five to ten percent of the prior year's tax levy. For 2022, the tax levy was \$68,174,213; therefore, the target range for this fund would be \$3.4 million to \$6.8 million (midpoint is \$5.1 million). At present time the Tax Rate Stabilization Reserve Fund is within this target range and near the midpoint target.

The following chart indicates the balances for the Tax Rate Stabilization Reserve Fund (including the Impact/Escrow and Station "A" Reserve Funds) as well as the target range for the balance in this fund. The increases in 2020 and 2021 are in part a result of grant funding received for COVID-19 relief as well as the mitigation of expenses during the pandemic. In 2022, the reserve fund has been rebalanced to transfer \$2 million to capital reserve funds.



To date, the Municipality has provided a grant to offset the development charges as well as the land for Hospice Clarington. At the time of approval, the estimated development charges were \$115,000, it is expected that this will increase based on changes in rates and changes in designs to over \$165,000. With indexation on July 1, 2022 there could be another \$28,000 increase to the grant.

If Council wishes to provide an additional contribution to the Clarington Hospice over and above the development charge grant, staff will need direction to do so.

Respectfully submitted,

Trevor Pinn, CPA, CA
Deputy CAO/Treasurer
Financial Services Department

cc: Department Heads
Michelle Pick, CPA, CGA – Accounting Services Manager/Deputy Treasurer