



Staff Report

Report Title: 2023 Budget Excluded Expenses

Prepared By: Jodi Mac Arthur, Treasurer

Department: Treasury

Date: Feb. 17, 2023

Report Number: TR-2023-02-6

File Number: C11

Attachments:

Recommendation:

That Township of Huron-Kinloss Council hereby receives Report Number TR-2023-02-6 prepared by Jodi MacArthur, Treasurer and approves the exclusion of certain expenses from the 2023 budget as per Ontario Regulation 284/09.

Background:

The introduction of accounting for tangible capital assets in 2009 resulted in significant changes in accounting methods in the municipal sector. The revised standards do not require municipalities to change the way they prepare their budget and most municipalities have opted to prepare their budgets in the same manner.

Discussion:

Ontario Regulation 284/09 allows a municipality to exclude certain expenses for amortization, post employment benefits and landfill closure and post closure, however the regulation does require the municipality to report on the impact of these exclusions.

- Accumulated Surplus – The 2021 accumulated surplus is \$77,259,923 and has grown every year since 2009. Therefore, the exclusion of the expenses has not negatively impacted the Township's financial position.
- Amortization – The 2021 total amortization was \$2.8 million. To date we have not considered funding amortization, as capital expenditures are expected to match or exceed the amount of amortization representing a significant investment in asset rehabilitation and/or replacement.
- Post Employment Benefits – Accumulated sick leave is not included in the 2023 budget. Impact on the current operating budget would be minimal, but

would negatively impact the accumulated surplus the longer the employee is with the Township. The liability of \$242,061.00 is already recorded as a note to the financial statements.

- Landfill Closure and Post Closure – A contribution of \$15,000 is included in the 2023 budget for future costs related to closure and post closure obligations. Full funding of future costs in the current budget would negatively impact the accumulated surplus. The amount of the estimated future liability of \$1,096,136.00 is recorded as a note to the financial statements.

At this time, I am recommending no change to the traditional practice of excluding these expenses from the budget.

Financial Impacts:

Change in practice to include some or all of these expenses would require increasing the budget.

Strategic Alignment / Link:

Not applicable; annual review is required by legislation.

Respectfully Submitted By:

Jodi MacArthur, Treasurer

Report Approved By:

Mary Rose Walden, Chief Administrative Officer