



# The Corporation of the Township of Huron-Kinloss

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## Staff Report

**Report Title: 2025 Budget Excluded Expenses**

**Date: Feb. 21, 2025**

**Report Number: TRE-2025-09**

**Department: Treasury**

**File Number: C11 TRE 25**

**Prepared By: Christine Heinisch, Manager of Financial Services/Treasurer**

**Attachments: None**

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### **Recommendation:**

THAT the Township of Huron-Kinloss Council hereby receives for information Report TRE-2025-09 prepared by Christine Heinisch, Treasurer

AND FURTHER approves the exclusion of certain expenses from the 2025 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 the budget and many municipalities have opted to prepare their budgets in the same manner.

### **Discussion/Analysis/Overview:**

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 2023 accumulated surplus is \$93,544,670 and has grown every year since 2009. Therefore, the exclusion of the expenses has not negatively impacted the Township's financial position.
- Amortization – The 2023 total amortization was \$3 million. To date we have not considered funding amortization, as capital expenditures are expected to match or exceed the amount of amortization representing significant investment in asset rehabilitation and/or replacement.
- Post Employment Benefits – Accumulated sick leave is not included in the 2025 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 \$221,117 is already recorded as a note to the financial statements.
- Asset Retirement Obligations – Effective January 1, 2023 the municipality adopted new Public Sector Accounting Handbook Standard PS 3280 – Asset

Retirement Obligations. The new standard resulted in the withdrawal of the existing Landfill Closure and Post Closure liability. Full funding of future costs in the current budget would negatively impact the accumulated surplus. The amount of the estimated future liability of \$1,625,461 is recorded as a note to the financial statements.

Staff recommend no change to the traditional practice of excluding these expenses from the budget.

**Financial Impacts:**

A change in methodology to include any or all these expenses would require increasing the budget.

**Performance Measurement:**

N/A

**Strategic Area:**

- |   |  |
|---|--|
| <input type="checkbox"/> Embrace a thriving rural lifestyle | <input type="checkbox"/> Enhance Municipal Service Delivery    |
| <input type="checkbox"/> Prepare for Inclusive Growth       | <input checked="" type="checkbox"/> Ensure Financial Stability |

**Strategic Goal: Commit to financial health and sustainability**

**Respectfully Submitted By:**

Christine Heinisch, Manager of Financial Services/Treasurer

**Report Approved By:**

Jodi MacArthur, Chief Administrative Officer