



The Corporation of the Township of Huron-Kinloss

Staff Report

Report Title: 2024 Year End Projection

Date: Mar. 17, 2025

Report Number: TRE-2025-13

Department: Treasury

File Number: C11 TRE 25

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

Attachments: Draft Revenue and Expenditure Report to December 31, 2024

Recommendation:

THAT the Township of Huron-Kinloss Council hereby receives Report TRE-2025-13 prepared by Christine Heinisch, Treasurer.

AND FURTHER authorizes that the 2024 surplus be transferred into the Capital Asset Renewal and Replacement Reserve and Tax Mitigation Reserve, divided equally.

Background:

Historically, any surplus funds remaining at the end of the fiscal year have been automatically brought forward as a revenue for the following year's budget. Staff use the tax mitigation reserve to flow the funds from year to year. The 2023 surplus was transferred to the newly created Capital Asset Renewal and Replacement Reserve for future replacement of existing capital assets.

Discussion/Analysis/Overview:

Although the 2024 year end is not finalized, the Township is on track to have a significant surplus in the 2024 budget. There are several factors affecting it, specifically capital projects with unused contingencies, favourable winter weather and increased supplemental taxation revenue.

While awaiting a few final invoices and verifying project costs, the surplus is currently at \$817,513.57. Staff are recommending that we transfer half ½ of the final surplus to the reserve for Capital Asset Renewal and Replacement to be used for future renewal and replacement of existing capital assets that are part of a Council approved asset management plan. The other half ½ of the 2024 final surplus Staff is recommending transferring to the Tax Mitigation Reserve to offset any potential increase of policing costs in 2025 and the anticipated increase in winter maintenance expenses or to apply to future budgets.

Reinvesting part the surplus into asset renewal and replacement would bring our reinvestment rate from 2.6% as reported in the 2022 Asset Management Plan to 3.3%, with the targeted rate calculated at 3.47%.

Financial Impacts:

Increase to reserve funds for future budgets representing a fair distribution of how the surplus was generated and intended to be used (operating versus capital).

Performance Measurement:

Surplus is approx. 7.5% of 2024 amount raised by taxation

Strategic Area:

- Embrace a thriving rural lifestyle
- Enhance Municipal Service Delivery
- Prepare for Inclusive Growth
- Ensure Financial Stability

Strategic Goal: Commit to financial health and sustainability

Respectfully Submitted By:

Christine Heinish, Manager of Financial Services/Treasurer

Report Approved By:

Jodi MacArthur, Chief Administrative Officer