



Staff Report

Report Title: 2021 Budget Excluded Expenses

Prepared By: Jodi MacArthur, Treasurer

Department: Treasury

Date: Feb. 26, 2021

Report Number: TR-2021-02-11

File Number:

F05-BUD21

Attachments:

Recommendation:

That Township of Huron-Kinloss Council hereby reviews and receives Report Number TR2021-02-11 prepared by Jodi MacArthur, Treasurer and approves the exclusion of certain expenses from the 2021 budget as per Ontario Regulation 284/09.

Background:

The introduction of accounting for tangible capital assets in 2009 resulted in changes to accounting methods in the municipal sector. The new standards do not demand that municipalities change the way they prepare their budget and most municipalities have opted to continue 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 2019 accumulated surplus is \$70,899,775, which has grown every year since 2009. Therefore the exclusion of the expenses has not negatively impacted the Township's financial position.
- Amortization – The 2019 total amortization was \$2.44 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 2021 budget. Impact on the current operating budget would be minimal, but

would negatively impact the accumulated surplus the longer an employee is with the Township. The liability is already recorded as a note to the financial statements.

- Landfill Closure and Post Closure – A contribution of \$15,000 is included in the 2021 for future costs related to landfill 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 is recorded as a note to the financial statements.

At this time, I am recommending no change to our current practice of excluding these expenses.

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

Approved By:

Mary Rose Walden, Chief Administrative Officer