



TOWNSHIP OF NORTH HURON

REPORT

Item No.

REPORT TO: Reeve Vincent and Members of Council
PREPARED BY: Donna White
DATE: 15/05/2017
SUBJECT: Ontario Regulation 284/09
ATTACHMENTS: N/A

RECOMMENDATION:

THAT the Council of the Township of North Huron hereby receives the Ontario Regulation 284/09 – Budget Matters – Expenses report prepared by the Director of Finance for information purposes.

EXECUTIVE SUMMARY

In 2009, accounting standards and financial reporting changed significantly, most notably the inclusion of tangible asset accounts as required by The Public Sector Accounting Board (PSAB). The new standards however, do not require that budgets be prepared on the same basis. Therefore, the Township of North Huron, like many municipalities continues to prepare budgets on a traditional cash basis. Ontario Regulation 284/09 states that municipal budgets may exclude from estimated expenses: amortization expense on tangible capital assets, post-employment benefits expense and sold waste landfill closure costs and post-closure expenses.

DISCUSSION

The 2017 Township of North Huron Budget does not include the following expenses:

Amortization expense

Amortization expense, estimated in the amount of the \$2,049,657.41 is not included in the 2017 budget. In 2016, the Director completed an exercise to divide the historical cost, replacement cost and amortization into building components which results in an increase in the amount of amortization since some of the new components have a shorter useful life than the useful life set up for the original asset. However, the budget includes \$171,871.87 for principal repayment of municipal debt and funding for capital asset replacement in the amount of \$5,820,987.00. The changes to accounting and reporting requirements under PSAB are a financial accounting treatment only and do not affect operating surpluses. The difference is one of financial statement presentation only. The Accumulated Surplus as at December 31, 2016 is \$60,310,878.00 and is reported in Note 12 of the Draft Financial Statements.

The inclusion of funding for the capital asset replacement program will help to ensure that the Township's tangible assets are being replaced.

Solid Waste Landfill and Post Closure Expenses

The liability for the costs of solid waste landfill closure and post closure care requirements accrues as the capacity of the sites is used. Care requirements include final covering, landscaping and removal of ground water and leachates and ongoing monitoring and maintenance.

Reserves of \$166,258.54 have been designated for the Blyth/Hullett Landfill site and a report will be brought forward for council's consideration on reallocating an amount currently in the working reserve to a Post Closure Reserve Fund for the Wingham and East Wawanosh Landfills. The

balance of the future liability is expected to be funded through budget allocations to the landfill reserve funds.

Note - Post- Employment Liabilities

Post-employment liabilities are for dental and health benefits that the Township provides for employees of the Wingham Police Department between the time an employee retires and when that employee reaches age 65. The cost of this benefit premium in the amount of \$3,366.00 is included in the annual budget.

FINANCIAL IMPACT

N/A

FUTURE CONSIDERATIONS

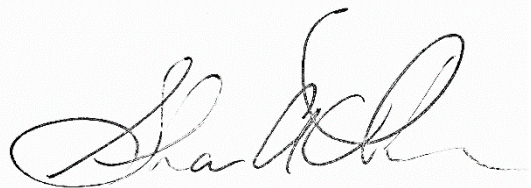
A report will be presented to Council later in 2017 to transfer funds currently in the working reserve to a Landfill Post Closure Reserve Fund.

RELATIONSHIP TO STRATEGIC PLAN

Goal #4 – Our administration is fiscally responsible and strives for operational excellence.



Donna White, Director of Finance



Sharon Chambers, CAO