

Municipality of South Huron

**2026 Budget Basics, Asset Management Recap and
Budget Process under Strong Mayor's Powers**

Presented by the Acting Treasurer and Clerk
September 29, 2025





Budget Basics



Legislative Requirements

- Section 290 of the Municipal Act

- “for each year, a local municipality shall, in the year or the immediately preceding year, prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality”
- O. Reg 284/09 – Budget Measures-Expenses
 - “municipality may exclude amortization expenses, post employment expenses and solid waste landfill closure and post closure expenses in preparing their budget, however if municipality choose to do so, the municipality before adopting the budget for the year shall prepare a report about the excluded expenses and adopt the report by resolution”

Legislative Requirements – Strong Mayor



- Section 284 of the Municipal Act Special Powers and Duties of the Head of Council
- Section 284.16– Powers and duties re. budget
 - “In accordance with this section and subject to the regulations, the powers and duties of a municipality with respect to proposing and adopting a budget are assigned to the head of council of the municipality”

How your Municipal Budget Works: Municipal Finance Officers' Association Video



Operating vs. Capital Budget

Operating Budget

- Pays for all the day to day activities of the corporation.
- Examples of operating expenses include; wages, benefits, insurance, supplies, general repairs and maintenance, fuel, utilities, etc.

Capital Budget

- Pays for all large investments, replacements or rehabilitation of assets under the municipality's control.
- Examples of capital expenditures include; rehabilitation of roads, watermains and sewer mains, new facilities, rolling stock and/or equipment

Levy vs Special Area rate vs User Fee Budgets

Levy

Budgets are supported mainly by property tax dollars collected on all assessed property and include the following:

Policing, Planning, By-Law Enforcement, Fire, Transportation, Recreation, Economic Development, Conservation Authorities, Library, General Administration, Council, Community Grants, Cemetery, Animal Control

User Fee

Budgets are supported by user fees and permit fees, are full cost recovery and include the following services:

- Water
- Sewer
- Solid Waste; and
- Building

Special Area Rate

These budgets are supported by particular property tax dollars levied on specific benefitting areas. Streetlighting budget is a special area rate budget.

Property Taxes

User Fees

Permits and License
Fees

Interest on
Investments

Sales

Donations

Grants



How are Municipal Services Funded?



Funding Sources: Grants

OMPF – Ontario Municipal Partnership Fund

- Provinces main general assistance grant to municipalities
- Primarily supports northern and rural municipalities , supporting areas with limited property assessment
- Receive annual allocation notice specifying funding for the calendar year

| Year | Funding Allocation |
|------|--------------------|
| 2026 | Unknown |
| 2025 | \$1,788,300 |
| 2024 | \$1,527,100 |
| 2023 | \$1,512,600 |
| 2022 | \$1,404,200 |
| 2021 | \$1,344,700 |

Funding Sources: Grants

CCBF – Canada Community-Building Fund (formerly known as Gas Tax)

- Federal grant flowed through the province
- Support local infrastructure priorities
- Funds not used in any given year must be maintained in a reserve fund
- Asset Management plan (2021) recommendation to utilize this source for transportation asset replacement and that has continued through 2024 and 2025 plans

| Year | Funding Allocation |
|------|--------------------|
| 2026 | \$328,713 |
| 2025 | \$328,713 |
| 2024 | \$315,564 |
| 2023 | \$334,118 |
| 2022 | \$320,196 |
| 2021 | \$628,010 |

Funding Sources: Grants

OCIF – Ontario Community Infrastructure Fund

- Formula Based – Changed funding formula calculation beginning in 2023
- Receive annual allocation notice specifying funding for the calendar year
- Asset Management plan (2021) recommended this funding be used for transportation asset replacement and this practice has continued

| Year | Funding Allocation |
|------|--------------------|
| 2026 | \$905,349 |
| 2025 | \$1,005,943 |
| 2024 | \$1,183,462 |
| 2023 | \$1,392,308 |
| 2022 | \$1,210,703 |
| 2021 | \$688,269 |

- Strategic document for Council in moving Municipality forward
- Budget numbers contained in the document are “ Budget Estimates”



Budget Document

- Budget estimates adopted
- Quarterly reports of YTD status and explanation of variances
- Detailed report from department Manager on any budget lines anticipated to be over
- Year end report advises of any overall surplus/deficit
- Surplus/deficit is transferred to/from working fund reserves



Operating Budget

Capital Budget



- Budget estimates adopted
- Procurement method used to determine actual costs
- Request for Tender, Request for Proposal, Request for Quotes
- Council authorizes the award of the project, including any amount over the budget estimate if applicable
- Quarterly capital project status report
- Year end report advising of any projects to be carried forward





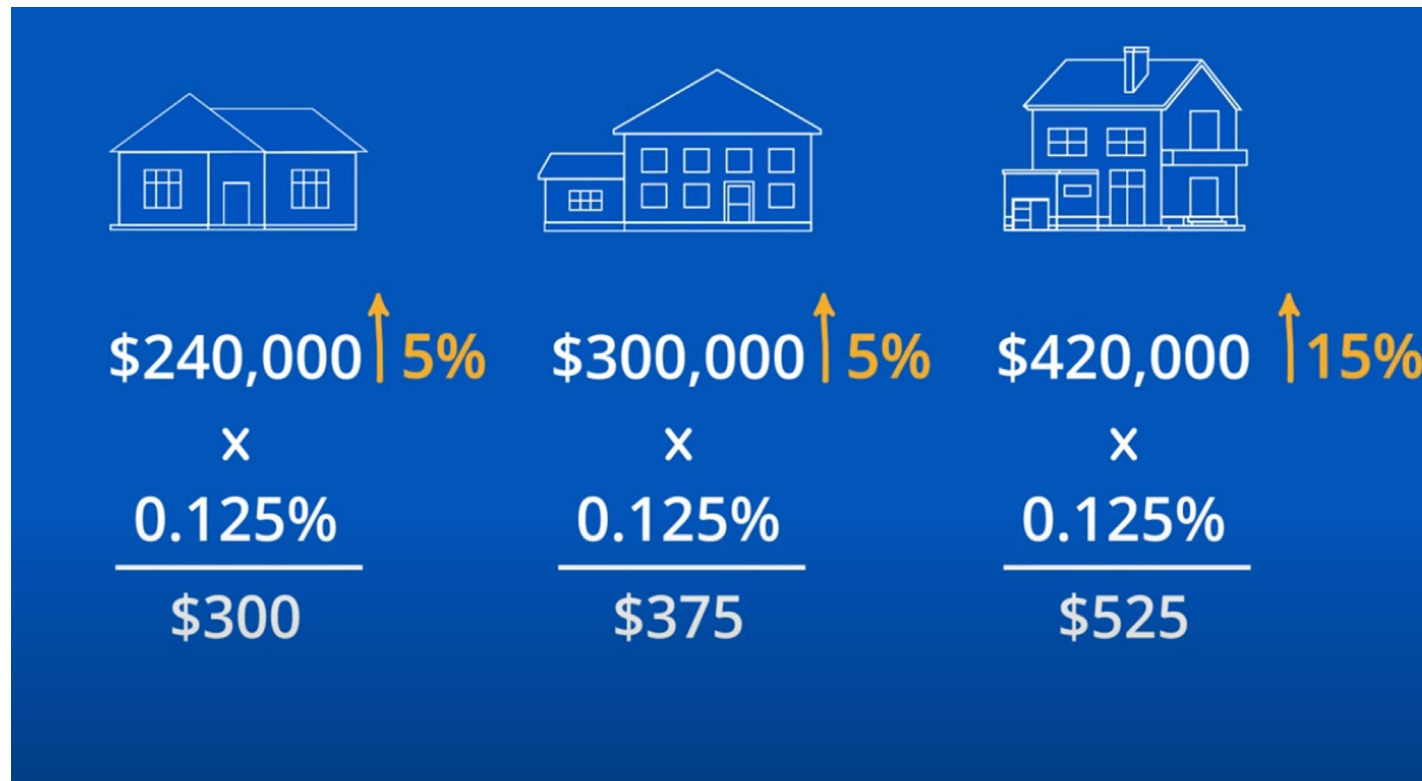
- 2016 was last reassessment year, based on a valuation date of January 1, 2016
- Market increase was phased in equally over 4 years - 2017-2020
- Re-assessment postponed for 2021-2025
- Province has not provided any definitive information on strategy for next re-assessment
- Anticipate some assessment growth, return roll by mid December

MPAC Assessment

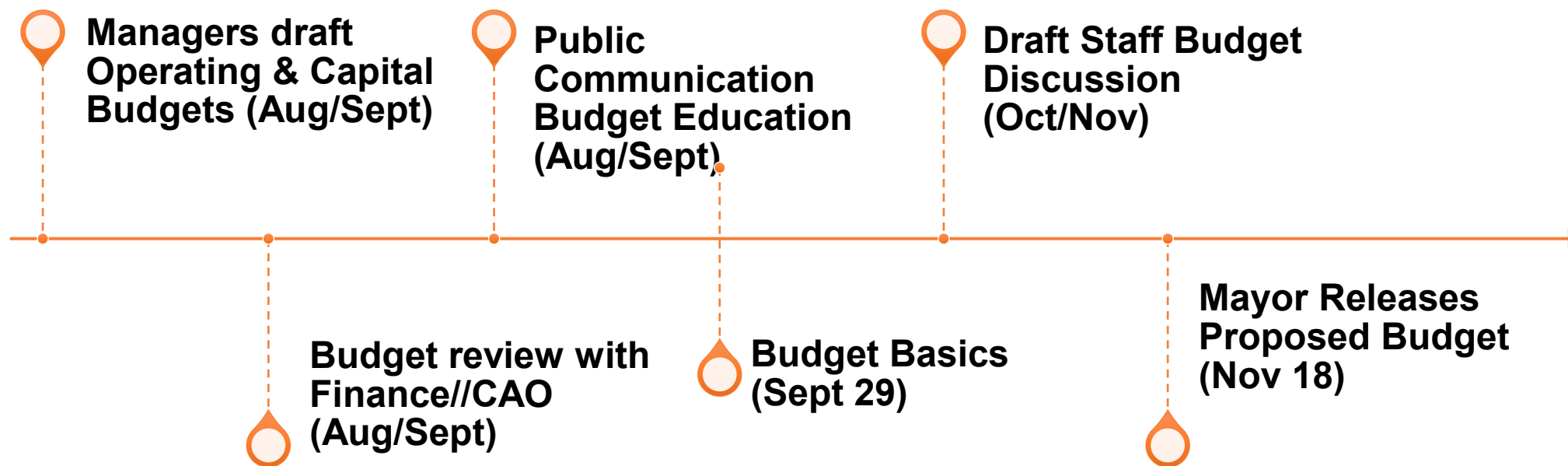
Tax Levy vs Tax Rate

- **Tax Levy** is the amount of money collected through taxes that is required to fund services and support capital plan
- **Tax rate** is the rate used to calculate taxes to be collected based on levy amount required to fund services.
- Assessment Value * Tax Rate = Tax Levy (amount of Tax \$ collected)

MPAC Video: How your property tax is calculated



Building the Budget



- 2026 Municipal Budget project page on website
- Series of posts on social media throughout October

MUNICIPALITY OF
South Huron

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PROJECTS AND INITIATIVES
2026 Municipal Budget

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Budget Meeting Schedule
South Huron Council has set Special Council meetings for 2026 Budget purposes on the following dates:

- Monday, September 29, 2025
- Monday, October 27, 2025
- Monday, November 10, 2025
- Monday, December 8, 2025
- Thursday, December 18, 2025 (if required)

Overview
The Municipality of South Huron prepares an annual budget that is approved by Council. The annual budget allocates resources to public services and projects and balances the resources drawn from the community against the demands for services and projects, while keeping municipal taxes and user fees within acceptable limits and

Project Status:
In progress - preparation of draft budget by staff.



Communication Strategy

2026 Budget Development Strategy

- Maintain current levels of service
- Debt Management Strategies
 - Debt Management policy adopted November 2021
- Principles of Asset Management Plan
 - Long term capital plan
 - Continuation of financial strategy identified within 2023 budget
- Levy increase on base budget for lines impacted by cost-of-living increases, contracts, utilities, etc



Community Grants/Commitments

\$59,631 committed through Memorandums of Understanding

- Exeter Business Improvement Area
- South Huron Chamber of Commerce
- South Huron Medical Recruitment
- Thames Road Elimville Community Park
- United Way Perth-Huron

\$25,000/year sponsorship of Huron Country Playhouse (2020-2029)

- Due to COVID sponsorship extended to 2031 at no additional cost

Debt: MMAH Guidelines and Limits

- Ministry of Municipal Affairs and Housing (MMAH) offers guidance in the form of a 25% annual repayment limit (ARL) for municipalities (o. Reg 403/02)
- Debt cannot extend beyond the lifetime of the capital work for which the debt was incurred and cannot exceed 40 years.

Debt: How is the ARL Calculated?

The Ministry calculates 25% of the municipality's annual own-source revenue:

$$\text{Municipal Own-Source Revenue} \times 25\% = 25\% \text{ of Own-Source Revenue}$$

Then subtracts municipal debt and other financial obligations to determine the ARL:

$$25\% \text{ of Own-Source Revenue} - \text{Annual payments for existing debt \& other financial commitments} = \text{ARL}$$

Annual Repayment Limit (ARL) = max amount that a municipality can pay each year in principal and interest payments for its long-term debt and other long-term financial commitments.



“Projected” Debt amount as of Dec. 31, 2025 - \$20,294,983

“Projected” Debt Servicing as of Dec. 31, 2025 - \$2,199,358

South Huron’s projected ARL with commitments is 9.2%

Provincial maximum is 25% and Ministry considers anything over 10% high risk

| Debt Allocation by Category (including 2025 commitment) | Debt (projected Dec. 31, 2025) |
|---|--------------------------------|
| Water Infrastructure | \$ 7,259,139 |
| Sewer Infrastructure | 6,602,863 |
| Recreation Facilities | 6,432,980 |
| Total | \$ <u>20,294,983</u> |

Debt: South Huron’s Current Position

Debt Management Strategies

- Debt Management policy adopted November 2021
 - Established debt limits
 - Maximum annual debt servicing limit of 12.5%
 - Intention to reduce to 10% by the year 2030
 - Term restrictions
 - Term of debt will not exceed the lessor of (i) expected useful life of the capital investment and (ii) 30 years
 - Direction for retiring debt
 - Types of debt
 - Parameters on internal borrowing from reserves and reserve funds

Reserves

Reserves are an appropriation from net revenues at the discretion of Council

- Do not reference any specific asset
- Do not require segregation as in the case of a reserve fund
- Are often referred to as “contingency” funds
- Interest earned is reported as part of the general fund revenue
- Protects taxpayers from any major volatility in tax rates
- Drawn upon when unforeseen or non-recurring events occur

Examples

- Capital replacement reserves
- Winter control stabilization reserve

Reserves - Activity Schedule



| <u>RESERVES</u> | BALANCE | Contributed from | BALANCE | ESTIMATED Amounts | ESTIMATED BALANCE |
|--|--------------------|---------------------|--------------------|---|----------------------|
| | DEC.31,2024 | General | DEC.31,2025 | Committed to (Projects) Contribution | DEC.31,2025 |
| Working Fund Reserve | 6,963,122.88 | | 6,963,122.88 | (1,615,765.19) | 5,347,357.69 |
| Benefits Contingency Reserve | 211,185.85 | | 211,185.85 | 87,322.50 | 298,508.35 |
| Insurance Claims Contingency Reserve | 5,939.50 | | 5,939.50 | | 5,939.50 |
| Green Initiatives (Energy) | 9,175.86 | | 9,175.86 | | 9,175.86 |
| Election Reserves | 28,500.12 | 6,333.36 | 34,833.48 | 3,166.68 | 38,000.16 |
| Community Improvement Program | 315,000.00 | | 315,000.00 | | 315,000.00 |
| OPP Contract Stabilization Reserve | 303,839.00 | | 303,839.00 | | 303,839.00 |
| Winter Control Stabilization Reserve | 600,350.36 | | 600,350.36 | | 600,350.36 |
| SHRC Rodeo | 89,020.61 | | 89,020.61 | | 89,020.61 |
| SH Early Childhood LC | 9,915.75 | | 9,915.75 | | 9,915.75 |
| Huron Park Fire (Dept Specific Reserve) | 7,681.00 | | 7,681.00 | | 7,681.00 |
| Transportation Reserve (Dept Specific Reserve) | 57,332.00 | | 57,332.00 | | 57,332.00 |
| Tree Replacement Reserve | 10,000.00 | | 10,000.00 | | 10,000.00 |
| Streetlight Reserve (Dept Specific Reserve) | 290,825.15 | | 290,825.15 | | 290,825.15 |
| South Huron Water (Dept Specific Reserve) | 2,613,067.92 | | 2,613,067.92 | (564,812.74) | 2,048,255.18 |
| South Huron Sewers (Dept Specific Reserve) | 408,134.59 | | 408,134.59 | (124,327.74) | 283,806.85 |
| Solid Waste (Dept Specific Reserve) | 74,433.76 | | 74,433.76 | - | 74,433.76 |
| Exeter Cemetery Fence | 101,260.47 | | 101,260.47 | (98,205.00) | 3,055.47 |
| | 12,098,784.82 | 6,333.36 | 12,105,118.18 | (2,312,621.49) | 9,792,496.69 |



Reserves – Capital Replacement Reserves

| <u>RESERVES</u> | BALANCE | Contributed from | BALANCE | ESTIMATED Amounts | ESTIMATED BALANCE |
|--|---------------|---------------------|---------------|---|----------------------|
| | DEC.31,2024 | General | DEC.31,2025 | Committed to (Projects) Contribution | DEC.31,2025 |
| CAPITAL REPLACEMENT RESERVE-USER FEE PRGS | 3,674,169.74 | | 6,767,427.95 | (4,883,928.68) | 1,883,499.27 |
| Sewers Capital Replacement Reserve | 1,178,060.12 | 1,518,734.00 | 2,696,794.12 | (1,764,013.00) | 932,781.12 |
| Water Capital Replacement Reserve | 2,438,964.01 | 1,561,659.57 | 4,000,623.58 | (3,126,348.00) | 874,275.58 |
| Landfill Capital Replacement Reserve | 57,145.61 | 12,864.64 | 70,010.25 | 6,432.32 | 76,442.57 |
| CAPITAL REPLACEMENT RESERVE-LEVY PRGS | 10,621,122.81 | | 11,490,935.74 | (2,372,956.41) | 9,117,979.33 |
| General Admin Capital Replacement Res | 537,212.92 | 31,978.51 | 569,191.43 | 15,855.32 | 585,046.75 |
| Fire Capital Replacement Reserve | 1,636,256.44 | 141,709.28 | 1,777,965.72 | (1,371,432.36) | 406,533.36 |
| Building/Dev Capital Replacement Reserve | 40,364.17 | 1,639.36 | 42,003.53 | 819.68 | 42,823.21 |
| Bridges/Culverts Replacement Reserve | 265,000.00 | | 265,000.00 | | 265,000.00 |
| Transportation Capital Replacement Reserve | 6,769,868.85 | 580,104.64 | 7,349,973.49 | (586,640.12) | 6,763,333.37 |
| Streetlighting Capital Replacement Reserve | 430,850.42 | 19,012.80 | 449,863.22 | (65,629.00) | 384,234.22 |
| Cemetery Capital Replacement Reserve | 144,243.16 | 4,452.64 | 148,695.80 | 2,226.32 | 150,922.12 |
| Recreation Capital Replacement Reserve | 797,326.85 | 90,915.70 | 888,242.55 | (368,156.25) | 520,086.30 |

Reserves/Reserve Funds

Reserve Funds are established by Council and/or when a statute requires

- Must remain segregated from general operating funds
- Based on statutory requirements or future financial commitments
- Usually have restrictions and rules around collection and use

Example: Development Charges Revenues

Reserves/Reserve Funds Continued

Obligatory

- Created when provincial or federal statute requires that revenues are segregated from general municipal revenues
- Can also be created as a result of a legal agreement
 - e.g. Canada Community Building Fund (Gas tax)

Discretionary

- Created when Council wishes to earmark revenue to ensure funds re available as required to finance expenditure
 - e.g. Exeter-Cemetery Columbarium



Reserve Funds – Activity Schedule

| <u>RESERVES</u> | BALANCE | Contributed from | BALANCE | ESTIMATED Amounts | ESTIMATED BALANCE |
|--|--------------|---------------------|--------------|---|----------------------|
| | DEC.31,2024 | General | DEC.31,2025 | Committed to (Projects) Contribution | DEC.31,2025 |
| <u>OBLIGATORY RESERVE FUNDS-DEFERRED REVENUE</u> | | | | | |
| DEVELOPMENT CHARGES-Other Services | 37,174.17 | 3,427.09 | 40,601.26 | (11,100.00) | 29,501.26 |
| DEVELOPMENT CHARGES - Fire | 109,068.65 | 6,734.97 | 115,803.62 | | 115,803.62 |
| DEVELOPMENT CHARGES-Transportation | 444,667.79 | 20,479.71 | 465,147.50 | | 465,147.50 |
| DEVELOPMENT CHARGES-Sewers System | 238,928.66 | 18,361.01 | 257,289.67 | - | 257,289.67 |
| DEVELOPMENT CHARGES-Water System | 87,466.76 | 25,825.67 | 113,292.43 | (560,204.00) | (446,911.57) |
| DEVELOPMENT CHARGES-Parks & Recreation | 658,854.87 | 58,172.67 | 717,027.54 | | 717,027.54 |
| TOTAL DEVELOPMENT CHARGES | 1,576,160.90 | 133,001.12 | 1,709,162.02 | (571,304.00) | 1,137,858.02 |
| Parkland Reserves | 242,554.55 | 151,500.00 | 394,054.55 | (239,000.00) | 155,054.55 |
| Canada Community-Building Fund (gas tax) | 205,624.11 | 164,356.51 | 369,980.62 | (235,643.49) | 134,337.13 |
| OCIF Funding | 559,122.13 | 586,798.00 | 1,145,920.13 | (586,798.00) | 559,122.13 |
| OCLI (Cannabis) | 27,515.85 | - | 27,515.85 | | 27,515.85 |
| TOTAL OBLIGATORY RESERVES FUNDS & DEFERRED REVENUE | 2,610,977.54 | 1,035,655.63 | 3,646,633.17 | (1,632,745.49) | 2,013,887.68 |
| DEFERRED Revenue-Sidewalks/Curbing | 34,977.24 | - | 34,977.24 | (32,380.23) | 2,597.01 |
| Deferred Revenues - Building Permits | 203,893.28 | 180,973.02 | 384,866.30 | | 384,866.30 |
| Deferred Revenues - Septic Permits | 3,373.00 | 5,760.00 | 9,133.00 | | 9,133.00 |
| Deferred Revenues - Sign Permits | 2,270.00 | 2,400.00 | 4,670.00 | | 4,670.00 |
| Deferred Revenues - Demolition Permits | 1,200.00 | 1,125.00 | 2,325.00 | | 2,325.00 |
| Deferred Revenues - Pool Enclosure Permits | 200.00 | 400.00 | 600.00 | | 600.00 |
| Deferred Revenues - Plumbing Permits | 37,107.35 | 27,985.50 | 65,092.85 | | 65,092.85 |



Reserve Funds – Activity Schedule

| | BALANCE | Contributed | BALANCE | Estimated | BALANCE |
|---|---------------------|-------------|---------------------|-------------------------|---------------------|
| | Dec 31 2024 | from | Dec 31 2025 | Amounts | Dec 31 2025 |
| DISCRETIONARY RESERVE FUNDS | | General | | Committed to | |
| | | | | (Projects) Contribution | |
| Dashwood Community Development Fund | 98,552.32 | | 98,552.32 | (44,000.00) | 54,552.32 |
| Webber Pit Reserve Fund | 41,269.29 | | 41,269.29 | | 41,269.29 |
| HURON PARK WATER | (0.00) | | (0.00) | | (0.00) |
| HURON PARK SEWER | (0.00) | | (0.00) | | (0.00) |
| Exeter Cemetery - Expansion | 1,583.88 | | 1,583.88 | | 1,583.88 |
| Exeter Cemetery-Columbarium | 77,198.30 | | 77,198.30 | (55,539.00) | 21,659.30 |
| Landfill Perpetual Care Fund | 1,234,670.28 | | 1,234,670.28 | - | 1,234,670.28 |
| AMENITY FEE-Community Funding-Goshen | 874,127.69 | | 874,127.69 | (213,204.08) | 660,923.61 |
| AMENITY FEE-Community Funding-Grand Bend | 265,426.67 | | 265,426.67 | 13,472.45 | 278,899.12 |
| BLDG CODE- Revenue Stabilization Reserve Fund | 154,538.01 | | 154,538.01 | (131,929.00) | 22,609.01 |
| BLDG CODE-Legal/Insurance Reserve Fund | 409,103.19 | | 409,103.19 | | 409,103.19 |
| BLDG CODE-Capital Reserve Fund | 149,011.63 | | 149,011.63 | | 149,011.63 |
| Modernization Fund | 377,749.92 | | 377,749.92 | (32,819.00) | 344,930.92 |
| RESERVE FUNDS - Sub Total | 3,683,231.18 | | 3,683,231.18 | | 3,219,212.55 |
| Kirkton Woodham Pool | 49,699.38 | | 49,699.38 | (49,699.38) | - |
| TOTAL DISCRETIONARY RESERVE FUNDS | 3,732,930.56 | - | 3,732,930.56 | (513,718.01) | 3,219,212.55 |

Budget Pressures

Asset Management

- Infrastructure deficit
- Annual capital requirements to maintain
- Inflation index
- Contribution to reserves for future replacement
- Tariffs and unknowns

No Assessment Increase

- Re-assessment deferred since 2021
- Impact of hike in real estate prices unknown
- Ontario government to conduct review of property assessment and taxation system

Cost of Living

- Last year CPI was 1.9% as of Sept 2024
- Most recent CPI available is 1.7% as of Aug 2025
- Impacts on gravel prices, vehicle costs, fuel, utilities, etc

Staffing

- Minimum wage increases continue
- Difficulties maintaining competitiveness during recruitment
- Overall wage/benefits increases (grid movement, COLA, mandatory benefits)

South Huron's Residential Tax Rate Increases by Year



| Year | Urban Tax Rate (increase over previous year) | Rural Tax Rate (increase over previous year) | Consumer Price Index |
|-----------------------|--|--|----------------------|
| 2025 | 2.36% | 3.20% | 1.9% |
| 2024 | 1.92% | 3.91% | 3.6% |
| 2023 | 0.78% | 2.21% | 6.9% |
| 2022 | 1.72% | 2.48% | 4.4% |
| 2021 | 0.00% | 0.00% | 0.5% |
| Data Source: | Tax Rate By-Law | | |
| 2025 Tax Rates | 0.0073584 | .00645961 | |



**Any questions
or comments?**



Asset Management Recap



Asset Management

- **2009 Adoption of Public Sector Accounting Standard PS3150**
- **Inventory of municipal assets**
- **Establishing historical and replacement costs**
- **Calculate amortization**
- **Disclosure on financial statements**
- **O. Reg. 588/17 Regulations – Strategic Asset Management Policy and Asset Management Plans**



Budget will include recommendations on the following:

- Continuation of dedicated asset management budget
- Annual investment in capital infrastructure
- Continued commitment to annual capital replacement reserves
- Asset Management levy increases

2026 Asset Management Budget

2009 Capital Funding Strategy

-
- **Recognized the need to:**
 - Enhance capital funding plans
 - Set funds aside for future replacement of assets

 - **Established financial strategy**
 - Annual contribution to capital replacement reserve
 - Annual increases to the reserve (dependent on budget pressures)



Reserve contributions– Levy Funded Programs

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Dedicated capital levy | | | | | | 44,650 | 44,650 | 90,869 | | | |
| General Admin | 19,620 | 40,424 | 44,287 | 47,566 | 47,566 | 47,566 | 47,566 | 47,566 | 47,566 | 47,566 | 47,566 |
| Emergency | 137,963 | 138,645 | 169,686 | 172,231 | 172,231 | 172,231 | 172,231 | 172,231 | 172,231 | 172,231 | 212,564 |
| Transportation | 566,056 | 630,108 | 690,497 | 700,854 | 700,854 | 700,854 | 700,854 | 700,854 | 816,752 | 842,729 | 870,157 |
| Recreation | 60,527 | 79,433 | 104,204 | 133,173 | 133,173 | 133,173 | 133,173 | 133,173 | 133,173 | 133,173 | 133,173 |
| Cemetery | 5,035 | 5,000 | 6,580 | 6,679 | 6,679 | 6,679 | 6,679 | 6,679 | 6,679 | 6,679 | 6,679 |
| Streetlights | 20,210 | 23,119 | 23,118 | 23,119 | 26,519 | 28,519 | 28,519 | 28,519 | 28,519 | 29,948 | 19,832 |
| | 809,411 | 916,729 | 1,038,372 | 1,083,622 | 1,087,022 | 1,133,672 | 1,133,672 | 1,179,891 | 1,204,920 | 1,232,326 | 1,289,971 |
| | 22% | 13% | 13% | 4% | 0% | 4% | 0% | 4% | 2% | 2% | 5% |



Reserve contributions– Rate Funded Programs

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Building | 3,229 | 3,279 | 3,231 | 3,279 | 3,279 | 2,459 | 2,459 | 2,459 | 2,459 | 2,459 | 2,459 |
| Water | 800,000 | 800,000 | 800,000 | 816,000 | 816,000 | 1,210,253 | 1,687,021 | 1,838,534 | 2,007,292 | 2,173,402 | 2,331,462 |
| Sewer | 571,591 | 391,281 | 468,584 | 475,613 | 428,678 | 524,711 | 704,054 | 964,472 | 1,573,230 | 2,200,399 | 2,278,101 |
| Landfill | 15,708 | 19,012 | 19,012 | 19,297 | 19,297 | 19,297 | 19,297 | 19,297 | 19,297 | 19,297 | 19,297 |
| | 1,390,528 | 1,213,572 | 1,290,827 | 1,314,189 | 1,267,254 | 1,756,720 | 2,412,831 | 2,824,762 | 3,602,278 | 4,395,557 | 4,631,319 |
| | 47% | -13% | 6% | 2% | -4% | 39% | 37% | 17% | 28% | 22% | 5% |

Asset Management Plan



- **AMP recommendations:**

- Government transfer revenues (OCIF and CCBF) allocated to road network, storm sewer system and bridges & culverts asset categories

- **Annual increase to tax rate for infrastructure deficit**

- 2023 budget proposed an asset management levy increase for each of the following four years.
- Continuing of this strategy 0.25% asset management levy increase – resulting in an additional \$28,543

- **2025 AMP recommendations – levy funded programs**

- Annual increase to tax rate for infrastructure deficit
- 1.9% average annual tax change over 15 years
- Motion #259-2025 from June 16 2025 meeting that the financial strategy recommended in the 2025 Asset Management Plan be considered during 2026 budget discussions



**Any questions
or comments?**



Budget Process under Strong Mayor Powers



Strong Mayor Power's

- As of May 1, 2025, Part VI.1 of the [Municipal Act, 2001](#), along with [O.Reg 530/22](#) applies to the Municipality of South Huron
- Section 284.16(1) In accordance with this section and subject to the regulations, the powers and duties of a municipality with respect to proposing and adopting a budget are assigned the head of Council of the Municipality
- (2) The head of council shall, in accordance with the regulations, prepare a proposed budget for the municipality and provide the proposed budget to the council for the council's consideration.

Municipal Act, Section 284.16 - continued

- (3) After receiving the proposed budget, council may, in accordance with the regulations, pass a resolution making an amendment to the proposed budget.
- (4) The head of council may, in accordance with the regulations, veto a resolution passed under subsection (3).
- (5) Council may, in accordance with the regulations, override the head of council's veto under subsection (4) if two-thirds of the members of council vote to override the veto
- (6) The budget for the municipality shall be adopted in accordance with the regulations.

O.Reg 530/22

- O.Reg 530/22 sets out requirements for the annual budget process
 - The head of Council shall, on or before February 1 of each year
 - (a) prepare a proposed budget for the municipality that includes the estimates of sums required under subsection 289 (1) or 290 (1) of the Act, as the case may be;
 - (b) provide the proposed budget to each member of council and to the clerk; and
 - (c) make the proposed budget available to the public.
- Note:** this cannot be delegated
- If the head of council does not propose a budget to council by February 1 in accordance with subsection (1), the council shall prepare and adopt the budget for the municipality.

Note: The authority given to the Head of Council regarding the proposed budget is not tied to Provincial Priorities. Further, no by-law or resolution is required to adopt the budget. It is deemed adopted following the expiry of timelines noted below.

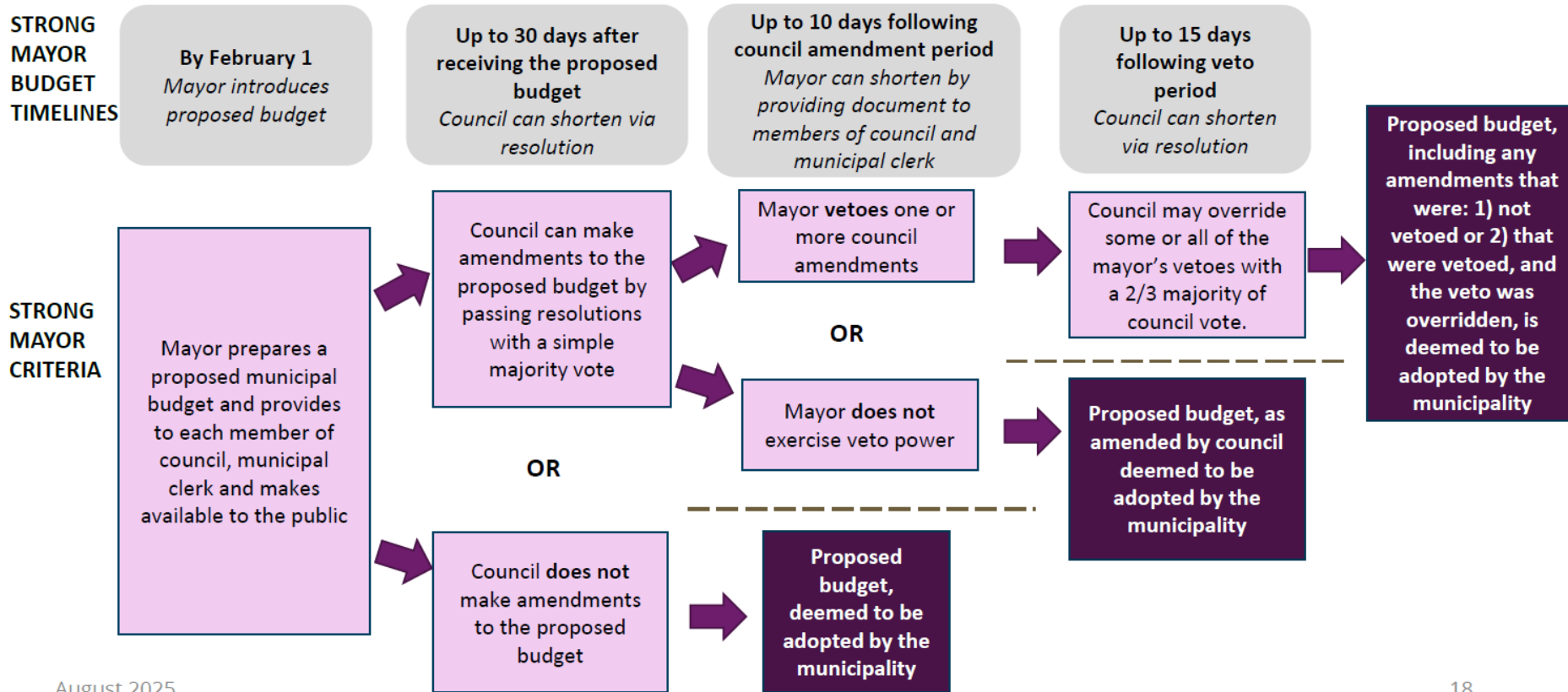
Conflict of Interest

- The process for conflicts of interest during the budget process remains the same, any Council members with conflicts are to declare and refrain from taking part in discussion on the specific budget item(s).
- If under section 5.3 of the Municipal Conflict of Interest Act, the Head of Council is prohibited from using the power and exercising the duty under 284.16(2) of the Act to prepare the proposed budget for the municipality with respect to a matter
 - a) Council may pass a resolution to amend the proposed budget with respect to the matter; and
 - b) The head of Council may not veto the resolution

Legislative Timelines

- Council Amendment Period – 30 days from release of the proposed budget
 - **Important:** this is the only opportunity for changes to the proposed budget released by the Mayor. No new budget items can be brought forward following the expiry of the amendment period.
- Mayor Veto Period – 10 days after the expiry of Council Amendment Period
 - **Important:** during this period, the Mayor can only veto amendments that were made to the proposed budget during the Council Amendment Period. No other changes can be made, and no new budget items can be brought forward.
- Override Period – 15 days after the expiry of the mayor veto period
 - **Important:** during this period Council can only override Mayor vetoes. No other changes can be made, and no new budget items can be brought forward.
- Budget is deemed adopted 55 days from the Mayor's release of the proposed budget, if not sooner

Visual - Strong Mayor Budget Process



August 2025

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Source: Ministry of Municipal Affairs and Housing: Strong Mayor Framework: Technical Overview: August 2025



2026 Budget Process

- 2026 Draft Budget to be brought forward using practices and processes used in previous years per Mayoral Directive MDI02-2025.
- Reports included in the September 29th Budget Basics Meeting are provided to Council for information purposes for budget deliberations per previous Council resolutions.

The Corporation of the Municipality of South Huron

Mayoral Directive No. MDI-02-2025

Direction re: 2026 Annual Budget

In accordance with section 284.16 of the Municipal Act, 2001, (the "Act") and section 7 of Ontario Regulation 530/22, the Mayor shall, on or before February 1 of each year, prepare a proposed budget for the Municipality of South Huron.

I, George Finch, Mayor of the Municipality of South Huron, am issuing a Mayoral Directive to the Chief Administrative Officer and Acting Treasurer to bring forward the 2026 capital and operating draft budget following practices and processes that generally conform with the budget and business planning processes used in previous years by October 31, 2025 and to schedule meetings and publish agendas for budget meetings as required.

This direction remains in effect unless and until such time that it is amended, rescinded or revoked in writing and filed with the Municipal Clerk in accordance with the Act.

Dated this 18th day of July, 2025

A handwritten signature in blue ink, appearing to read "D. Finch".

George Finch, Mayor

2026 Draft Staff Budget

- October 27 and November 10 Budget Meetings have been set for staff to present the draft staff budget based on current service levels and the 10-year capital forecast.
- During the meetings where the draft staff budget is presented, Council can make recommendations to the Mayor for the proposed budget.

Examples:

“That Council recommends the Mayor include {insert project} funded from {insert source of funding} for the proposed budget.” or;

“That Council recommends the Mayor remove {insert project} for the proposed budget.”

Mayor's Release of Proposed Budget

- The Mayor will complete forms outlining changes to draft staff budget
- The Mayor will release the proposed budget on November 18th.
- The proposed budget will be circulated to Council and published on the municipal website.
- There will be a memo published highlighting any changes between the draft staff budget and the proposed budget released by the Mayor

In-Year Budget Amendments in 2026

- Any in year budget amendments that do not affect the tax levy can occur as the current practice (ie. Council resolution approving a budget amendment)
- Any in year budget amendments that affect the tax levy must follow a similar process to the budget adoption, with shorter timelines (21-day council amendment period, 5-day veto, 10-day override)





**Any questions
or comments?**