



To: Council
From: Yun Ke Ni Director of Finance/Treasurer
Date of Meeting: May 11, 2022
Subject: 2022 Excluded Expenses Report

Recommendation:

That Council approve the 2022 Excluded Expenses Report, dated March 31, 2022 as required by Ontario Regulation 284/09.

Background:

Ontario Regulation No. 284/09 permits a municipality to exclude three specific expenses from their annual budget. The three expenses that may be excluded are: amortization expenses, post-employment benefits expenses and solid waste landfill closure and post-closure expenses. If expenses are excluded, the municipality shall prepare a report on the impact and adopt the report by resolution.

Since 2009, section 3150 of the Public Sector Accounting Board Handbook (PSAB) requires municipalities to record the cost of tangible capital assets, related amortization expense, post-employment benefit expenses and solid waste landfill closure and post-closure expenses on their annual financial statements.

These accounting standards, however, do not require that budgets be prepared on the same basis. Property tax rates are determined on a cash basis without costs for non-cash transactions such as amortization, therefore most municipalities continue to prepare budgets on a cash basis.

The information in the attached report will be used to meet the financial statement reporting requirements but will not result in any budget to actual variances. This report was prepared to meet the requirements of the Ontario Regulation 284/09. The regulation further requires that this report be adopted by Resolution.

Note that the Municipality does not have material post-employment benefit expense exposure and on-going costs are included in the annual budget as required. Additionally, the solid waste landfill closure and post-closure expenses are considered to be immaterial as well and have also not been included in the attached report.

Options:

1. That Council approve the 2022 Excluded Expense Report, dated March 31st 2022. Approval of this report is in compliance with legislation and would result in these transactions being included in the Township of South Stormont's 2022 audited Financial Statements. This is the recommended option.
2. That Council not approve the 2022 Excluded Expense Report.

Risk Considerations:

Not approving the 2022 Excluded Expense Report would result in non-compliance with Ontario Regulation No. 284/09. Without an Excluded Expense Report, the 2022 approved budget would require an amendment to include these costs.

Financial Impact:

The 2022 Excluded Expense Report has no direct financial impact on the Township since it is simply providing information on non-cash transactions. The Township's budget is cash based and non-cash transactions such as amortization expenses, post-employment benefits expenses and solid waste landfill closure and post-closure expenses have not been included. The Excluded Expense Report is the reconciliation between the two reporting methods and this information will be included in the Township's 2022 audited financial statements.

Others Consulted:

Municipal Act, 2001
Ontario Reg. 284/09 Budget Matters – Excluded Expenses