



## REPORT

---

**TO:** Mayor Lawlor and Members of Council

**FROM:** Kathryn Brott, Senior Financial Analyst – Cash Planning

**DATE:** January 20, 2025

**REPORT NO.:** CS-2025-001

**SUBJECT:** Ontario Regulation 284/09, 2025 Budget

---

### **RECOMMENDATION:**

THAT Report No. CS-2025-001 dated January 20, 2025 regarding Ontario Regulation 284/09, 2025 Budget be received;

AND FURTHER THAT Council approve this report, which meets the requirements of Regulation 284/09 and outlines the 2025 Operating and Capital Budgets in a format that is compliant with the Public Sector Accounting Board (PSAB).

### **KEY POINTS:**

The following are key points for consideration with respect to this report:

- Differences between cash-based accounting and PSAB compliant accounting of the 2025 Approved Budget are detailed in Tables 1 and 2 of this report. This report fulfills the requirements of Ontario Regulation 284/09. Finance staff will monitor actual results throughout the 2025 fiscal year.

### **BACKGROUND AND DISCUSSION:**

In 2009, accounting standards and financial reporting requirements changed significantly, with the most notable change being the reporting requirements on Tangible Capital Assets (TCA). However, these new accounting standards do not require budgets to be prepared on the same basis.

The Town of Halton Hills, like many municipalities, continues to prepare budgets on a traditional cash basis. These budgets do not include the Public Sector Accounting

Board (PSAB) requirements of accrual accounting and accounting for non-financial assets such as Tangible Capital Assets.

Ontario Regulation 284/09 requires municipalities that have excluded expenses in their budgets to prepare a report detailing those excluded expenses and adopt the report by resolution prior to adopting a budget for the year. Allowable excluded expenses as per Ontario Regulation 284/09 can be all or a portion of the following:

- a) Amortization expenses
- b) Post-employment benefit expenses
- c) Solid waste landfill closure and post-closure expenses

The Town excludes expenses related to amortization as they are non-cash expenses. Post-employment benefit expenses are included in the budget therefore no adjustment is required. The post-closure solid waste landfill expenses are included in the waste management levy from the Region as they monitor the former landfill site, which was closed in 1973.

The Regulation requires the report to contain at a minimum:

- a) An estimate of the change in accumulated surplus (revenues less expenditures) of the municipality to the end of the year resulting from the exclusion of expenses
- b) An analysis of the estimated impact of the exclusion of expenses on future tangible capital asset funding requirements

In addition to the excluded expenses mentioned, the Town's cash-based budgets include certain transactions that must be excluded for PSAB reporting purposes. While these exclusions are not specifically addressed by Ontario Regulation 284/09, they are incorporated into this report for transparency and consistency. The accumulated surplus presented here will align with the budget figures included in the 2025 published financial statements, as approved by Council. Consequently, the following items included in the cash-based budget will be excluded from the PSAB-based budget:

- a) Debenture principal repayment expenditures net of recoveries
- b) Transfers to reserve funds
- c) Contribution from reserve funds
- d) Tangible Capital Asset costs
- e) Cash inflows from debenture issuances reported as revenue in cash-based budgets.

Table 1 outlines the differences between the balanced 2025 approved budget of \$0, prepared under the cash basis of accounting to an annual surplus of \$7,410,038 under the PSAB compliant methodology.

<b>Table 1</b>	
<b><u>2025 Proposed Budget - Cash Based</u></b>	
Proposed 2025 Operating Budget Tax Levy	\$ 76,979,232
Proposed 2025 Operating Budget Other Revenues	24,978,702
Proposed 2025 Operating Budget Expenditures	<u>(101,957,934)</u>
Surplus/(Deficit)	<u>\$ -</u>
Proposed 2025 Capital Budget Funded	\$ 22,410,000
Proposed 2025 Capital Budget Expenditures	<u>(22,410,000)</u>
Surplus/(Deficit)	<u>\$ -</u>
Acton & Georgetown BIA Budget Revenues	\$ 471,137
Acton & Georgetown BIA Budget Expenditures	<u>(471,137)</u>
Surplus/(Deficit)	<u>\$ -</u>
<b>Add Revenues Excluded from Cash Based Budget</b>	
Donated Tangible Capital Assets	\$ 2,300,000
Equity Income on Investments	670,395
Exclusion Impact on Accumulated Surplus/(Deficit)	<u>\$ 2,970,395</u>
<b>Add Expenditures Excluded from Cash Based Budget</b>	
Amortization Expense	<u>(18,263,000)</u>
Exclusion Impact on Accumulated Surplus/(Deficit)	<u>\$ (18,263,000)</u>
<b>Remove Non PSAB Items from Cash Based Budget</b>	
Debenture Principal Repayments (Net of Recoveries)	1,056,200
Transfers to Reserves	18,180,145
Contribution from Reserves (Capital Budget)	(15,577,600)
Contribution from Reserves (Operating Budget)	(1,821,102)
Fixed Asset/TCA Expenditures	<u>20,865,000</u>
Total Impact on 2025 Accumulated Surplus/(Deficit)	<u>\$ 7,410,038</u>

Amortization of \$18,263,000 listed in Table 1 above has a major impact on the 2025 accumulated surplus amount. The amortization expense reduces the surplus amount and reduces the net book value of Tangible Capital Assets reported on the annual audited statement of financial position.

Fixed asset purchases of \$20,865,000 documented in Table 1 are higher than amortization in 2025.

Budgeted amortization amounts are calculated based on projections for existing assets and their annual amortization charges. These amounts do not account for assets not yet in service or new assets that have not yet been recorded in the fixed asset sub-ledger.

Table 2 presents the proposed budget in the PSAB-compliant format, which will serve as the basis for preparing the annual published financial statements.

<b>Table 2</b>		<b>2025 PSAB Format Budget</b>	
<b>Revenues</b>			
Taxation (Including Supps & PILs)		\$	79,421,702
User Fees & Charges			7,876,700
Government Transfers			
Federal			2,414,400
Provincial			3,013,700
Other Municipalities			854,382
Investment Income			1,156,000
Development Charges			3,200,000
Donated Tangible Capital Assets			2,300,000
Donations			-
Promissory Note Interest from HHCEC			210,900
Dividend Income from HHCEC			1,492,000
Equity Income from HHCEC			670,395
Other			7,255,685
			<u>109,865,864</u>
<b>Expenses</b>			
General Government			18,671,599
Protection Services			19,303,067
Transportation Services			28,358,759
Environmental Services			1,494,700
Health Services			551,300
Social & Family Services			1,127,085
Recreation & Cultural Services			27,808,282
Planning & Development			5,141,034
			<u>102,455,826</u>
<b>Annual Surplus/(Deficit)</b>		<b>\$</b>	<b>7,410,038</b>

**STRATEGIC PLAN ALIGNMENT:**

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

**RELATIONSHIP TO CLIMATE CHANGE:**

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

**PUBLIC ENGAGEMENT:**

Public Engagement was not needed as this report is administrative in nature.

**INTERNAL CONSULTATION:**

Consultations were held with other municipalities on the format of this report.

**FINANCIAL IMPLICATIONS:**

This report is administrative in nature and does not have any financial implications.

This report details the conversion of the approved budget, initially prepared on a cash basis, to a format compliant with Public Sector Accounting Board (PSAB) standards.

Reviewed and approved by,

Joseph Vandermeer, Deputy Treasurer

Moya Jane Leighton, Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer