



FORTFRANCES
BOUNDLESS

**2022 ONTARIO REGULATION 284/09-
BUDGET MATTERS**

ADMINISTRATIVE REPORT

Date: 2022-03-28
From: Dawn Galusha, Treasurer
To: Committee of the Whole
File Number: TRE 2022-16

1. ISSUE

The Town of Fort Frances is required under the Ontario Regulation 284/09 (O. Reg. 284/09) to report on whether amortization expenses, post-employment benefits and solid waste landfill closure and post-closure expenses are included in the budget. The purpose of this report is to explain Ontario Regulation 284/09 and illustrate the impact on the 2022 budget if all these expenses had been included.

2. STRATEGIC IMPACT

N/A

3. OPTIONS & ALTERNATIVES

Council will receive the Ontario Regulation 284/09- Budget Matters disclosure report as presented for the 2022 Operating Budget.

4. ADMINISTRATIVE RECOMMENDATION

RECOMMENDED THAT the Committee of the Whole receives the Ontario Regulation 284/09- Budget Matters disclosure report as presented for the 2022 Operating Budget.

5. ANALYSIS

Financial Impact

The Town of Fort Frances developed its 2022 Operating Budget excluding only amortization. The budget this year includes annual post-employment benefits for fire fighters and solid waste landfill closure and post-closure expenses.

- 1) The 2022 Operating Budget does not include expense for the amortization of its tangible capital assets estimated in the sum of \$5,100,000. However, the Capital budget includes Contributions from Reserve Funds in the amount of \$7,989,596 (\$9,289,596 less FGT \$1,280,000, less Cemetery reserves \$20,000) for capital asset replacement as shown in **Schedule 2** attached to this report.
- 2) The 2022 Operating Budget includes the estimated cost of the post-employment benefit expenses incurred in the current year for any retirees resulting from the 2011 firefighter arbitration award. The Town engages LifeWorks to provide a post-retirement non-pension benefits actuary report providing an accounting valuation. The post-retirement liability continues to be an unfunded liability.
- 3) The 2022 Operating budget includes the current year expense for landfill closure and

post-closure expense, which is estimated at \$23,918. In 2012 EBA Engineering Consultants Ltd. completed a review of our landfill to determine the remaining life of the permitted landfill footprint and provided an update of the closure and post closure liabilities for the site. The Post Landfill Closure Reserve Fund as at December 31, 2021 was \$924,912.16 and estimated to have a closing balance of \$953,359.18 at December 31, 2022.

6. HISTORY

Accounting standards and reporting requirements changed dramatically in 2009, the most significant change being the introduction of tangible capital asset accounting. The accounting standards, however, do not require that budgets be prepared on the same basis. The Town of Fort Frances, like most municipalities, continues to prepare budgets based on the traditional cash basis.

For 2011 and subsequent years, the municipality or local board shall prepare a report about the excluded expenses and adopt the report by resolution before adopting a budget for that year that excludes from their estimated budget expense costs related to amortization expenses, post-employment benefit expenses and solid waste landfill closure and post-closure expenses.

The regulation requires that the report contain information regarding:

- 1) An estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of those expenses; and
- 2) An analysis of the estimated impact of the exclusion of any of those expenses on the future tangible capital asset funding requirements of the municipality.

7. CONSULTATION

N/A

8. SUPPORTING DOCUMENTS

N/A