ACTION REQUEST – Financial Services	
To:	**Warden and Members of Council**
Date of Meeting:	**June 16, 2025**
Subject:	**2025 Excluded Expenses Report**

RECOMMENDATION(S):
THAT the Council of the United Counties of Stormont, Dundas and Glengarry approve the 2025 Excluded Expenses Report as required under Ontario Regulation 284/09.

EXECUTIVE SUMMARY:
Ontario Regulation 284/09 permits a municipality to exclude three specific expenses from their annual budget. If excluded, the municipality must prepare a report on the impact of the excluded expenses and adopt the report by resolution. The three expenses that may be excluded from the budget are: amortization (depreciation), post-employment benefits, and solid waste closure/post closure expenses. SDG Counties is impacted by amortization and post-employment benefits, but solid waste sites are not applicable.

BACKGROUND:
Since 2009, Section 3150 of the Public Sector Accounting Board Handbook (PSAB) has required municipalities to include the cost of tangible capital assets and related amortization expenses in their annual financial statements. However, these accounting standards do not require municipal budgets be prepared on the same basis. Property tax rates are determined on a cash basis which exclude non-cash transactions such as amortization; therefore, most municipalities continue to prepare budgets using a cash basis of accounting.

OPTIONS AND DISCUSSION:

1. Do not approve the 2025 Excluded Expenses Report. This option would result in the Counties not being compliant with legislated requirements. Without an Excluded Expenses Report, the approved budget would require an amendment to include these costs.
2. Approve the 2025 Excluded Expenses Report. Approving this report is compliant with legislation and would result in the transactions being included in the Counties' audited financial statements. This option is recommended.

FINANCIAL ANALYSIS:
The Excluded Expenses Report does not have a direct financial impact as it primarily presents information on non-cash transactions. The Counties operates

on a cash basis budget, which excludes non-cash transactions like amortization. This report serves to reconcile differences between cash-based and accrual accounting methods, and its findings will be incorporated into the County's 2025 audited financial statements.

As outlined in the attached report, for 2025, the County plans to acquire capital assets totaling $29,672,500, with depreciation expected at $12,493,744. These projections indicate a net increase in the total value of the County's capital assets. Overall, this demonstrates the Counties' proactive approach to replacing its capital assets, ensuring they are replenished adequately rather than deteriorating faster than they are renewed

LOCAL MUNICIPAL IMPACT:
The Excluded Expenses Report relates to SDG Counties only and does not impact any local municipality.

RELEVANCE TO STRATEGIC PRIORITIES:
N/A

OTHERS CONSULTED:
Deputy Treasurer/Manager of Finance

ATTACHMENTS:
2025 Excluded Expenses Report

RECOMMENDED BY:
Rebecca Russell
Director of Financial Services/Treasurer

APPROVED BY:
Maureen Adams
CAO