

June 19, 2018

CAO/Clerk Treasurer's Report

Re: Estimated Expenses Excluded from 2018 Budget

Recommendation:

That Council for the Township of the Corporation of the Township of Chapple acknowledge acceptance of this report and adopt it by resolution as required by Ontario Regulation #284/09, a copy of which is attached.

Background:

Ontario Regulation #284-09 allows the Township, when preparing the annual budget, to exclude from the estimated expenses all or a portion of the following:

- Amortization expense
- Post-employment benefit expenses; and
- Solid waste landfill closure and post-closure expenses.

The regulation requires that, before a budget is adopted for the year that excludes any of the above expenses, that

- Report is prepared about the excluded expenses
- That the report is adopted by Council by way of resolution

Analysis:

It is anticipated that the straight-line amortization/depreciation of Tangible Capital Assets (TCA) for the year 2018 will be approximately the same as 2017 (\$332,619.00). The Township of Chapple realized an increase in assessment in the amount \$ 5,247,137.00 on the Returned Roll for taxation purposes in 2018. There will also be supplemental assessment in 2018 for Industrial New Construction - \$17,684,362.00 and Commercial New Construction - \$491,422.00. Capital purchases of \$ 506,609.93 and contributions to reserves in the amount of \$ 469,953.12 (\$ 976,563.05) are included in the 2018 budget.

Financial Implications:

The amortization incurred over the course of the year reduces accumulated surplus. The Township of Chapple has offset the exclusion of amortization in the 2018 Budget with the replacement and improvement of capital assets. Funds have also been transferred to reserve funds. Maintenance of assets is a priority for Council as it extends the useful life.