
Financial Overview

Accrual Based Budget

The City prepares two main sets of financial documents annually: the Business Plan & Budget, and the annual financial statements.

The Business Plan & Budget document is a spending control document, a revenue rate-setting document and the means to calculate a property tax levy, as specified in sections 290 and 312 of the *Municipal Act, 2001*. The Business Plan & Budget is prepared using the cash basis of accounting.

The *Municipal Act, 2001* requires that municipalities prepare annual financial statements that use the accrual basis of accounting in accordance with Public Sector Accounting Standards (PSAS) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

Ontario Regulation 284/09 was introduced to reconcile the major differences between annual financial statements and budgets that result from using the two different accounting bases. The main differences include:

- Certain revenue and expenses, such as contributed assets received through development, or changes in employment and other liabilities, are not included in the budget, but are in the financial statements
- In the Business Plan & Budget, transfers in or out of the Operating Fund or Capital Fund from reserves are recorded as either revenue or expenses; these transfers are not recorded as revenue or expenses in the financial statements
- Liabilities are fully recognized in the financial statements, but are not fully funded in the Business Plan & Budget as they are an estimate of future possible expenditures. Levying an amount to fully fund liabilities would significantly increase the tax levy
- The Business Plan & Budget does not provide for amortization, although it does set aside funds in reserves to pay for the future renewal of City infrastructure

Regulation 284/09 requires the City to identify the impacts of not including amortization expenses, post-employment retirement benefits, solid waste landfill closure and post-closure expenses in its budget.

The proposed 2025 operating budget summary, presented on a PSAS-consistent accrual basis, is outlined in the table on the following page. This is also followed by a PSAS-consistent four-year summary.

Volume III of this document outlines a PSAS-consistent budget by service area for revenue and expenses.