



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: March 17, 2025

Report No: ES-009-25

Subject: Financial Policies Update

Recommendation: THAT the updates outlined in this report to the following Financial Management policies be approved:

- Policy No. 110 Financial Principles (Appendix A)
- Policy No. 111 Taxation and Assessment (Appendix B)
- Policy No. 112 Procurement and Disposal (Appendix C)
- Policy No. 113 Budget Management Policy (Appendix D)
- Policy No. 114 Asset Management (Appendix E)
- Policy No. 115 Accounting (Appendix F)
- Policy No. 116 Treasury (Appendix G)
- Policy No. 117 Development Finance (Appendix H)

THAT Council approve the transfer of the balance of the Project Variance Account to the newly created Project Variance Reserve, as described herein.

THAT the Chief Financial Officer / Treasurer, or designate, be authorized to execute agreements related to the collection of Development Charges for Rental Housing Developments, in accordance with Town Policy 117 and Provincial Legislation.

EXECUTIVE SUMMARY

- Financial policies are central to a strategic, long-term approach to financial management and safeguarding the Town's assets.
- The Town's existing financial management policies were last updated primarily over the period 2018 to 2022.

EXECUTIVE SUMMARY

- The updates proposed herein are largely administrative in nature, and include updates to reflect changes in legislation, procedures and best practices. The key updates are summarized in the body of the report below and the proposed policies are attached in their entirety as appendices.

REPORT

Background

The last comprehensive update to the Town's financial policies occurred primarily during the period 2018 to 2022 with the goals of:

- Ensuring that the Town's financial assets are appropriately safeguarded
- Enhancing the existing policy framework in an effort to find more efficient, accurate, transparent, timely and economical ways of delivering service to internal and external stakeholders
- Be responsive to the needs of the Town's Departments, residents and businesses
- Ensure that the latest legislative requirements are reflected in all policies
- Consolidate policies to create a more streamlined and manageable structure

Following the implementation of those updates, legislation and best practices have continued to evolve, and Town staff have identified other revisions that would benefit the administration of the programs. As such, an update to the Town's financial policies is timely.

Remaining financial policies still to be updated include a user fee policy (expected following the recreation master plan update and subsequent user fee update) and risk policy (expected to be introduced by early 2026). Further updates to several of the Town's policies may also be beneficial following the implementation of the two major financial software transitions that the Town is currently working through.

Discussion

Provided below is a summary of the notable changes that are recommended for each policy through this update. The appendices present each of these policies, as updated, in their entirety as well.

1. Financial Principles (Policy 110) Updates

- a. Minor language updates to reflect the changes that were introduced through the Strong Mayors, Building Homes Act, 2022;
- b. Other minor amendments to provide administrative clarity or provide consistency with other policies.

Discussion

2. Taxation and Assessment Base Management (Policy 111) Updates

- a. Clarification has been added to address bank closures that occur on Federal National Truth and Reconciliation day in relation to the tax due date;
- b. An expansion to the number of enrollment deadlines has been added in relation to the pre-authorized due date payment plan;
- c. Clarity with regards to the delivery of electronic tax bills via a digital service has been provided (i.e. the requirement of such a service being available to the Town at the time of any particular billing process);
- d. Clarity has been added to confirm that the Town does not accept cheques issued in foreign currency for the purposes of property taxes;
- e. The list of circumstances where penalty and interest (not typically exceeding one-month's value) may be waived was expanded to consider a one-time courtesy for accounts with a strong payment history where extenuating circumstances existed (example - hospitalization), as well as situations where payment was to an incorrect tax roll number;
- f. Clarity in language was added throughout the tax arrear section in alignment with current policy and practice;
- g. The policy has been updated to recognize the collection of other fees and charges that are imposed by the Town, Region or School Boards (example - overdue water billing), and delegates authority to the Manager, Tax and Assessment to provide for the efficient administration of such collections;
- h. Clarity in language was added within the Assessment Base Management portion of the policy, in alignment with legislation and existing practices.

3. Procurement and Disposal (Policy 112) Updates

- a. Update to ensure alignment in language with other policies with respect to the Town Issued Credit Card (TICC) program;
- b. Updated job titles within the Procurement business unit.

4. Budget Management (Policy 113) Updates

- a. Updates to reflect the changes that were introduced through the Strong Mayors, Building Homes Act, 2022, including the revised responsibility of the Head of Council as well as the revised process for finalizing the Town's Budget each year;
- b. Re-classify the Project Variance Account (PVA) to a Project Variance Reserve (PVR), in anticipation of the Town's transition to a new Financial Management System. All other aspects of utilization of the PVR will remain consistent with the previously utilized PVA.

5. Asset Management (Policy 114) Updates

Discussion

- a. Minor language updates to reflect the changes that were introduced through the Strong Mayors, Building Homes Act, 2022;
 - b. Reflection of Ontario Regulation 193/21.
6. Accounting (Policy 115) Updates
 - a. Amending the cheque signing authority such that the utilization of an electronic signature on behalf of the Mayor (in addition to the physical signatories) is now optional as opposed to mandatory;
 - b. The period at which stale-dated cheques are transferred to corporate revenue is recommended for reduction from two years to one;
 - c. The Town's Purchasing Card program has been renamed as the Town Issued Credit Card (TICC) program in order to avoid any potential lack of clarity relative to the new Financial Management System;
 - d. The delegation thresholds for accounts receivable write-offs have been updated to align with current thresholds utilized in procurement. As such, the Manager, Accounting has authority for up to \$10,000, the Treasurer has authority for up to \$25,000, and Council approval is required for any amounts above \$25,000;
 - e. Clarity has been added for the situations for which the Town will consider the acceptance of post-dated cheques, as well as the related recognition and procedures;
 - f. Additional clarity has been reflected related to Returned Items (including non-sufficient fund situations), including the identification of credit card payments that are reversed as a result of a chargeback request;
 - g. Distinction has been made between on-line and off-line donations in relation to the procedures for the issuance of a donation receipt. Further, the delegation threshold for the issuance of donation receipts (between the Manager, Accounting and Payroll and the Treasurer) has been updated from \$10,000 to \$25,000;
 - h. A new section has been added to reflect the policy language necessary to implement the Asset Retirement Obligation accounting standard that was introduced by the Public Sector Accounting Board. As the Town has already enacted the required accounting changes in accordance with legislation, the new policy language is aligned with current practice;
 - i. Similarly, a section related to the Liability for Contaminated Sites accounting standard has been added to the policy document;
 - j. Further clarity has been provided within the roles, responsibilities and definition sections, especially with respect to the new contaminated site and asset retirement obligation accounting standard changes.
7. Treasury (Policy 116) Updates

Discussion

- a. Recognition of the re-classification of the Project Variance Account (PVA) to a Project Variance Reserve (PVR), in anticipation of the Town's transition to a new Financial Management System. All other aspects of utilization of the PVR will remain consistent with the previously utilized PVA.
 - b. Enhanced clarity in several areas to ensure alignment with existing Town practices as well as the Strong Mayors, Building Homes Act, 2022.
8. Development Finance (Policy 117) Updates
- a. Language was added to provide the policy framework to implement the legislated programs related to:
 - i. Installment agreements for payment of development charges (DCs) for Institutional Developments (including the payment of such DCs at the time of building permit issuance if requested by the proponent);
 - ii. Rental Housing Developments including the requirement for an agreement to be executed between the Town and the proponent to ensure the requirements of legislation are met during the installment period;
 - iii. Affordable Housing Developments including the requirement for an agreement to be executed between the Town, the Region and the proponent to ensure the requirements of legislation are met to warrant the DC exemptions (see report ES-006-25);
 - b. The application of interest section was updated to simplify the language and ensure alignment with DC legislation;
 - c. The form of security section was update to recognize Surety Bonds (only for land use planning matters as described further in report ES-007-25);
 - d. The unclaimed financial security section was updated to align with current practice.

Financial Impact

The establishment of a strong financial policy framework is critical to supporting sound decision making in support of Council's strategic priorities and vision for the community. The proposed polices promote the safeguarding of the Town's assets, and the effective, efficient and economical delivery of Town services on a sustainable basis.

The update to the financial policies has been undertaken with existing staff resources.

Respectfully submitted,

Glen Cowan



The Corporation of the Town of Milton

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Chief Financial Officer / Treasurer

For questions, please contact: Glen Cowan

Phone: Ext. 2151

Attachments

Appendix A - Policy No. 110 Financial Principles

Appendix B - Policy No. 111 Taxation and Assessment

Appendix C - Policy No. 112 Procurement and Disposal

Appendix D - Policy No. 113 Budget Management

Appendix E - Policy No. 114 Asset Management

Appendix F - Policy No. 115 Accounting

Appendix G - Policy No. 116 Treasury

Appendix H - Policy No. 117 Development Finance

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.

Approval Report/By-law Number: ES-009-25
Appendix A

Approval Date: March 17, 2025
Effective Date: March 18, 2025

Policy Statement: The [Financial Principles Policy](#) provides a high level framework to guide the Town's strategy and decision-making processes towards financially sound outcomes.

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1. Policy Purpose

To outline financial principles that will guide staff in developing reports, strategies and the annual budget, and guide financial decisions pertaining to the implementation of Council approved programs. These principles are essential to achieving financial strength and stability, and to achieve Council's strategic priorities and vision for the Town.

2. Guiding Principles & Objectives

Section 11(2) of the Municipal Act, 2001, permits Council to pass by-laws regarding the Financial Management of the Town. As such, the Town shall establish a financial management framework that is:

- i. **Accountable** - targets and outcomes are measured and assessed
- ii. **Balanced** - the service levels provided are affordable and undertaken in a sustainable manner

- iii. **Flexible** - allows for opportunities and changing circumstances
- iv. **Pragmatic** - financial decisions take measured risks while ensuring appropriate safeguards are provided
- v. **Prudent** - the care, skill, diligence and judgment expected aligns with what one would expect in making such decisions or undertaking such processes on one's own behalf
- vi. **Responsive** - to the needs and goals of the community
- vii. **Sufficient** - revenues and expenses support the services and long-term goals
- viii. **Transparent** - financial strategies, processes and results are accessible and visible

3. Scope

The financial principles outlined herein shall be utilized by Town Staff and the Milton Public Library in preparing reports, strategies and the annual budget reference document for Council consideration, and they will provide guidance to decisions made as a part of the delivery of Town services.

4. Policy

4.1 Financial Management Framework

i. Financial Planning & Prioritization Framework

The following interdependent studies and planning exercises will be undertaken to inform sound financial planning:

- a) Council Strategic Plan
- b) Official Plan
- c) Secondary Plans
- d) Master Plans & Strategies
- e) Asset Management Plans
- f) Fiscal Impact Studies
- g) Development Charges Studies
- h) Annual Operating and Capital Budget

ii. Financial Policy Framework

To ensure financial integrity, the Town will maintain policies with respect to the following (at minimum):

- a) Procurement of Goods & Services
- b) Sale and Other Disposition of Land
- c) Budget Management
- d) Taxation & Assessment Base Management
- e) Treasury
- f) Accounting
- g) Risk Management
- h) Asset Management

iii. Integrating Conceptual Planning to Implementation

The following graphic summarizes the iterative phases of the process that links the planning to service delivery:



This process generally starts with the establishment of Council's **vision** for the Town of Milton through a strategic planning process, along with the resulting **priorities**. When combined with **financial principles** that ensure the stability of the municipality in the long-term planning horizon, a basis is created upon which policy can be established. Such **policy** provides important guidance with respect to the objectives, principles, and parameters within which Council wants the services of the Town to be developed and delivered. This policy framework can then be reflected across the broad array of **master planning** and strategy processes undertaken (including secondary plans, fiscal impact studies, etc.), in order to ensure consistency within the organization as well as alignment with the broader vision of Council. The **budget process** provides an avenue to prioritize and balance the allocation of available resources to achieve the various master plan targets and priorities. Finally, based on the service levels and resources provided for through the Budget process, **service delivery** to the community occurs and performance can be measured in order to inform future decision making as this is very much an iterative process.

4.2 Financial Sustainability

Staff will reflect the following in developing budget material and financial strategies for Council consideration and approval:

- i. The results of the numerous long-range planning exercises undertaken such as official plan reviews, master plans, fiscal impact studies, and Asset Management Plans
- ii. Multi-year budget planning will be utilized, including long-term forecasting of debt and reserve balances
- iii. Operating and Capital Budgets are interdependent, capital investments and program changes will invariably have tax rate implications in the following budget year(s). As such:
 - a. the estimated financial impacts (operating and capital) and risks will be identified prior to approval of any new or revised program, service level or strategy; and
 - b. operating impacts that result from the construction or assumption of capital infrastructure will be identified and planned for at the time of budget development
- iv. Capital Financing
 - a. The existing capital financing base in the operating budget will be increased annually with consideration for inflation and assessment growth
 - b. An annual lifecycle provision for future rehabilitation and replacement will be budgeted for any new assets constructed or assumed
 - c. An additional contribution (in excess of a & b above) will be recommended annually through the budget process in order to reduce the existing annual infrastructure deficit
 - d. The Town will look to identify and pursue other non-tax base funding sources and non-financial methods to reduce the infrastructure deficit
- v. Prior year surplus will not consistently be incorporated into subsequent year's operating budgets for the purposes of funding annual operating costs
- vi. The portion of the annual budget for Supplementary Revenue that will be used to offset annual operating costs will be limited in order to avoid future budget deficits and pressures should the pace of growth slow. Any excess budgeted or actual supplementary revenues over the established limit will be transferred to reserve
- vii. The annual budget, and actual transfer made, for investment income that will be used to offset annual operating costs will be limited in order to avoid future budget deficits or pressures should the size of the portfolio or market conditions change. Any excess investment income revenue transferred over the established limit will be transferred to reserve
- viii. The Municipal Price Index will be used as a tool to estimate the impact of inflationary pressures on the services delivered by the Town, as it provides a more accurate reflection of the costs incurred by the Town relative to other measures

4.3 Affordability

Milton respects taxpayers through a commitment to continuous improvement and a high regard for the economy, efficiency and effectiveness of Town Programs. The following measures will support the Town's efforts to ensure value for money:

- i. The Town shall limit the impact to existing taxpayers that results from financing growth-related infrastructure and use Development Charges, Cash-in-lieu, and any other available sources to finance growth projects to the maximum extent allowable.
- ii. The Town will leverage external funding opportunities made available from the Federal and Provincial Governments, as well as other organizations.
- iii. User fees will form an important part of the Town's cost recovery structure in accordance with the prevailing User Fee Policy and By-law.
- iv. Planning for growth will consider staging development in a manner that reduces financial risks, including supporting a balanced residential to employment ratio.
- v. The Town will consider periodic internal or external reviews of service delivery to identify opportunities and as a part of a dedication to continuous improvement
- vi. The Town will leverage private sector expertise where appropriate through partnerships including those acquired through the Town's procurement program.
- vii. The Assessment Base Management program will strive to ensure fairness in the valuation of property and the resulting apportionment of cost to support Town services
- viii. The Town will leverage procurement strategies that are intended to maximize the value acquired through externally sourced goods and services
- ix. The Town will maintain internal controls for financial transactions in order to safeguard Town assets

4.4 Service Levels

- i. All services, both existing and new, must be aligned with the Town's priorities and reviewed regularly
- ii. The full financial cost of service and staff requirements should be understood by Council and administration
- iii. Future changes in service levels, including personnel resourcing requirements, will be considered in the long-term planning horizon

5 Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	<ol style="list-style-type: none"> i. to represent the public and to consider the well-being and interests of the municipality ii. to evaluate and approve the policies and programs of the municipality iii. to determine which services the municipality provides along with the related service levels iv. to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council v. to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality vi. to maintain the financial integrity of the municipality

Town Staff	<ul style="list-style-type: none"> i. to implement council's decisions and establish administrative practices and procedures to carry out council's decisions ii. to undertake research and provide advice to council on the policies and programs (example: standards and services) of the municipality iii. to carry out other duties required under this policy or any Act and other duties assigned by Council
Treasurer	<ul style="list-style-type: none"> i. Handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality ii. Providing Council with such information with respect to the financial affairs of the municipality as it requires or requests

6 Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7 Reporting

The principles described herein will be reflected in the development all reports, strategies and budget documents.

Any changes made to this policy through the authority delgated under Section 6 shall be reported by the Treasurer to Council annually.

8 Related Policies, By-laws, Regulations, Legislation and Accounting Standards

- *Municipal Act, 2001*
- *Strong Mayors, Building Homes Act, 2022*
- *Ontario Regulation 530/22*
- *Development Charges Act, 1997*
- *Infrastructure for Jobs and Prosperity Act, 2015*
- *Public Sector Accounting Board (PSAB) Standards*
- *Library Act, 1990*

9 Definitions

- 8.1 **Sustainability** - the ability to provide for the needs of today without compromising the future generations' ability to provide for themselves.

10 History of the Policy

Last amended: March 17, 2025 (ES-009-25)

Originally Approved: June 18, 2018 (CORS-041-18)

Previous Policies: This policy replaced the following former policies:

- Policy 64: Financial Principles (CS-30-01)
- Policy 99: Revenue - Surplus Carry Forward

Approval Report/By-law Number: ES-009-25

Appendix B

Approval Date: March 17, 2025

Effective Date: March 18, 2025

Policy Statement: The Taxation & Assessment Base Management Policy provides guidance to staff for the effective and efficient collection of property taxes on behalf of the Town of Milton (“the Town”), the Region of Halton (“the Region”), the school boards and the local Business Improvement Area. The Policy also directs the Town’s assessment review activities to help ensure the stability and accuracy of the assessment base.

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1. Policy Purpose

To establish the framework within which staff will manage the Town's assessment base, upon which property taxes are allocated, as well as to administer property tax collection services. These activities are essential to ensuring that the programs and services provided by the Town are funded in a sustainable, fair and efficient manner.

2. Guiding Principles & Objectives

- i. Property tax administration is highly legislated through both the *Municipal Act, 2001* and the *Assessment Act*. Compliance with these acts and associated regulations is of paramount importance.
- ii. Customer service is a central focus of staff, and the policies and procedures should provide timely, accessible, responsive and informative support for property owners throughout the assessment, billing and collection processes.
- iii. The Town will look to leverage technology to make the property tax collection process more convenient for property owners and more efficient to administer.
- iv. The Town will use a variety of mediums to communicate taxation and assessment matters with property owners.
- v. The Municipal Property Assessment Corporation (MPAC) has the responsibility for assessing and classifying all properties in Ontario in compliance with the *Assessment Act* and regulations set by the Province of Ontario ("the Province").
- vi. The Town's primary goal in its Assessment Base Management program is to ensure equity between property owners, resulting in a fair distribution of the cost of the Town's services.
- vii. The Region has the authority to establish tax policy at the municipal level in Halton. Town of Milton staff will collaborate with the Region and the other local municipalities in order to inform and implement those policies and communicate with the Province in matters related to taxation and assessment.
- viii. The Town of Milton encourages the prompt payment of property taxes and actively pursues the collection of such taxes in arrears.

3. Scope

This policy covers all aspects of the billing and collection of property taxes, and the management of the Town's assessment base. This policy excludes collection of Payments-In-Lieu of Taxes (PILTs) as this type of revenue is generated by various government bodies to compensate the local municipality by approximating the taxes that would be paid if the property was not exempt, and therefore follows different processes in various respects.

4. Policy

4.1 Property Tax Billing

4.1.1 Regular Tax Billing

A levying by-law passed by Council is required in advance of either an interim or final tax billing. Interim tax billings are issued in or around January based on the assessment as per the Assessment Roll provided by MPAC multiplied by 50% of the previous year's tax rate.

Final tax billings are produced after the finalization of the annual Town and Halton Region budgets and are based on tax rates established through a by-law from the budget requirements of the Town, the Region and the Ministry of Education. The billing will be calculated to produce a tax amount equal to the assessment multiplied by the appropriate rate, including all business improvement area charges, local improvement charges and any special charges levied by the Town. The interim tax billing amount will be deducted from the total yearly amount calculated in order to produce final billing installment amounts.

The tax bill will comply with the Standardized Tax Bill format as required under section 343(2) of the *Municipal Act, 2001*. Arrears are reflected in the first installment due date amount.

Due Dates: The first installment due date must be at least twenty-one (21) days after the date of mailing the tax bill in accordance with section 343(1) of the *Municipal Act, 2001*. Due dates will be clearly identified on the tax bill in accordance with the levying by-laws passed by Council.

Town of Milton due dates for payment of taxes are traditionally as follows:

Interim Bill: the last business day of February and April

Final Bill: the last business day of June and September*

*Should September 30 fall on a weekday, the due date shall be moved to the previous business day to accommodate bank closures due to the Federal National Truth and Reconciliation day.

Where due dates are delayed as a result of factors beyond the Town's control, they shall then be set with regard to the notice provision above.

4.1.2 Supplementary/Omitted Tax Billing

MPAC regularly provides additional assessment data on properties necessitating a supplementary billing in accordance with section 341 of the *Municipal Act, 2001*. The Town will bill for these additional assessments as soon as practical after receipt of the supplementary assessment rolls from MPAC but not prior to the issuance of the final tax billing.

There are two sections of the *Assessment Act* that allow for assessment of property not included in the annual assessment roll. These deal with omissions and additions to the roll.

Section 33 of the *Assessment Act* allows for the assessment of property that has been omitted from the roll. Omitted assessments can be added for the current year and if applicable, for any part or all of the previous two (2) years.

Section 34 of the *Assessment Act* allows for the assessment of property that has increased in value due to an addition, renovation or construction during the current year. A supplementary assessment can also be issued when there has been a change in use since the return of the last revised roll. Supplementary assessments can be added for all or part of the current year.

Due Dates: Supplementary and omitted tax billings are legislated to be due a minimum of twenty-one (21) days after the date of the mailing. These billings will be payable in one installment, therefore the Town will provide a minimum of forty-five (45) calendar days' notice.

4.1.3 Apportionment of Land Tax Billing

Based on information supplied to the Town by MPAC, these billings will be processed in accordance with section 356 of the *Municipal Act, 2001*. The Manager, Taxation & Assessment is delegated the authority to establish and oversee the procedures to administer these adjustments.

Apportionments pertain to lands originally assessed as one parcel but due to severance and sale now require that property taxes previously levied and unpaid be apportioned to reflect the revised configuration and billed to the current owners.

Apportionment tax billings will be payable a minimum of twenty-one (21) days after the date of mailing of the Notice of Apportionment and billings will be payable in one installment.

4.1.4 Mortgage Company Tax Billing

A mortgage listing of roll numbers, taxes due and owing, and the installment due dates will be provided to each mortgage company in which written notification has been provided to the Town that they hold an interest in a particular property and are responsible for payment of property tax on behalf of their client.

This listing shall be provided in electronic format only and e-mailed a minimum of twenty-one (21) days prior to the due date, unless notified by the mortgage company that a hardcopy version of the listing is the preferred method of delivery, whereby it shall be delivered through Canada Post a minimum of twenty-one (21) days prior to the due date.

Where the mortgage company is responsible for payment of tax, property owners will not be issued an interim tax bill, however; will be provided a final tax bill annually, outlining the amount(s) invoiced to the respective mortgage lender for that year.

4.1.5 Pre-Authorized Tax Payment Plan (PTP) Billing

Monthly Plans

- a) **End of Month** - This plan provides twelve (12) withdrawals occurring on the last business day of each month from November through October
- b) **Mid-Month** - This plan provides twelve (12) withdrawals occurring on the 15th day of each month (moved to the next business day if the 15th falls on a weekend) each month from November through October.
- c) **Semi-Monthly** - This plan provides twenty four (24) withdrawals occurring on the 15th day of each month (moved to the next business day if the 15th falls on a weekend) and the last business day of each month from November through October

There are two (2) permitted enrollment deadlines to join any of the monthly programs - May 01 and October 15. For participants joining by the May 01 deadline, one annual tax bill will be issued in June indicating the amount of the upcoming twelve (12) withdrawals. The June to October amounts complete the current year property tax obligation and the November to May amounts represent the first 7 withdrawals that will be applied to the upcoming taxation year. For participants joining by the October 15 deadline, they will be issued an interim notice for the first 7 withdrawals (November through May) and will roll into the annual notice process beginning in June.

Due Date Plan - This plan provides four (4) withdrawals occurring on the regular tax dues dates approved by Council annually. The enrollment deadline is the first business day of February, April, June or September dependent on which due date month the applicant is applying

Arrears plan - This plan provides for monthly withdrawals of a pre-determined amount that will clear the ratepayer's arrears, inclusive of current billings within an eighteen (18) month timeframe. Enrollment is permitted at any time throughout the year. Approval by tax staff is required.

Where the owner fails to specify which PTP Program is preferred, the application will be returned to the applicant marked as incomplete and will not be enrolled. If payment has defaulted and is not replaced within the specified timeframe, the account will be removed from the PTP program. Cancellation from the program or changes to banking information must be received in writing a minimum of 15 days prior to the next payment withdrawal. Should an owner move within Milton, enrollment into the PTP program, during the approved enrollment period, must be made independently for each property owned and is non-transferable between properties.

4.1.6 Delivery of Tax Bills

Sections 343(6)(6.1)(8) of the *Municipal Act, 2001* requires that property tax bills and notices are issued to the current owner(s) of the property and are mailed to the address of the property as shown on the tax roll unless the taxpayer advises the Town, in writing, of an alternate mailing address. The direction by the owner continues until it is revoked in writing by the owner. Taxpayers are responsible to notify the Town of any changes to a mailing address. Failure to notify the Town of an address change in writing is not an error on behalf of the Town.

Regular tax bills will be delivered by Canada Post or sent electronically via digital service if the taxpayer has chosen to receive the tax bill in that manner (subject to the availability of such an electronic service to the Town for that particular billing cycle).

Any bill or notice sent by mail is considered delivered to and received by the addressee unless the notice is returned by Canada Post and an evident error made by staff in the entry of the mailing address is present. Bills delivered via digital service are considered delivered unless an evident error made by staff in the entry of the e-mail address has occurred..

Section 343(1) of the *Municipal Act, 2001* requires tax billings to be post marked and mailed no less than twenty-one (21) calendar days prior to the due date. Where a mortgage company has

provided notification to the Town that they hold an interest in a particular property and will be paying taxes on behalf of the assessed owner(s), section 4.1.4 of this policy will prevail.

4.2 Property Tax Collection

4.2.1 Method of Payment

Payment of property tax will be accepted in person at Town Hall, by mail, after hours drop box, online banking, at a bank or financial institution, via auto-pay programs or through a third party credit card service provider. In person payment methods for property tax include cheque and debit only. Cash for tax is not permitted. The Manager, Taxation and Assessment is delegated the authority to add, remove or revise methods of payment as required.

Cheques are payable to the Corporation of the Town of Milton. Third party cheques and cheques written using foreign currency will not be accepted. In the event a foreign funds cheque is processed, it will be accepted at the exchange rate established by the Town's bank on the processing date.

4.2.2 Late Payment charges

Section 345 of the *Municipal Act, 2001* sets out the provisions for imposing late payment charges. The rate at which penalty and interest is charged is set by municipal by-law. A penalty, established by by-law, is added on the first day of default following an installment due date. Interest, also established by by-law, is added on the first day of each month thereafter until paid. Penalty and interest will not be charged to monthly, semi-monthly nor installment plan PTP program participants in good standing. Penalty and Interest will not be compounded. Other charges may also be applied in accordance with the prevailing user fee by-law (example: the user fee associated with issuing an overdue tax notice).

Penalty and interest charges cannot be waived with exception of the following circumstances:

- Where taxes are adjusted under section 334, 354, 357 or 358 of the *Municipal Act, 2001*
- Where taxes are adjusted following a change in assessment under the *Assessment Act*
- Where penalty and/or interest were charged as a result of the Town's error or omission
- Where determined in the discretion of the Manager, Tax and Assessment, or delegate, a one-time courtesy in a value that is typically equivalent to no more than one-month of penalty and interest may be waived where the following conditions are both satisfied:
 - i. Where reminder notice fee, penalty and/or interest were charged on a tax account that has historically been in good standing and where the ratepayer has previously made payments on time.
 - ii. Where reminder notice fee, penalty and/or interest were charged on a tax account where there is an extenuating circumstance provided by the ratepayer (Eg. family emergency; ratepayer health issue; hospitalization, etc.).
- Where a ratepayer has paid their taxes on time but to the incorrect tax roll number, the reminder notice fee, penalty and/or interest can be waived.

The amount of late payment charges cancelled is limited to the amount related to the tax reduction associated with a tax adjustment, change in assessment or Town's error or omission.

4.2.3 Application of Payment

In accordance with Section 347(1),(2) of the *Municipal Act, 2001*, property tax payments are applied first to the oldest year of outstanding penalty/interest, and when it is cleared, to the oldest year of outstanding taxes; payment is then applied to the next oldest year of outstanding penalty/interest, and when it is cleared, to the next oldest year of outstanding taxes, etc.

Credit will be given based on the business date that the payment is received by the Town, not the postmark date. For electronic payment, credit is given based on the day funds are received in the Town of Milton's bank account.

Partial payment will not be accepted on a tax account where a Tax Arrears Certificate has been registered against the property except where the Town has entered into an extension agreement.

Where a credit appears on the tax account as a result of a payment, or a payment is made in error against the account by the owner, it will be applied to subsequent installments not yet due in the current year. At the written request of the taxpayer, a refund may be generated, allowing sufficient time for the taxpayer's payment to clear their financial institution. A refund issuance user fee will be charged in accordance with the prevailing user fee by-law.

Section 341 of the *Municipal Act, 2001* provides that a municipality may apply refunds owing from appeal activity to an outstanding tax liability. The Town will apply any refund resulting from an appeal, request for reconsideration, or other legislative reduction first to the taxpayers account. A taxpayer may request in writing, a refund for the balance of the remaining credit balance. A refund issuance user fee will not be charged in these circumstances.

4.3 Property Tax Arrears Collection

Property taxes are a secured special lien on land in priority to any other claim except a claim by the Crown. Property taxes may be recovered, with costs, as a debt due to the Town from the original owner and/or any subsequent owner of the property.

The ultimate resolution to clearing unpaid taxes is through Tax Sale. This authority is provided to municipalities per *Part XI* of the *Municipal Act, 2001*, wherein it sets out the process for the 'Sale of land for Tax Arrears'. Bill 68 has provided municipalities the authority to commence Tax Sale proceedings at such time that the property has accumulated the current and one (1) preceding year of tax arrears. The Town of Milton will continue to administer the Tax Sale process at such time that the property has accumulated the current and two (2) preceding years of tax arrears.

Prior to the commencement of Tax Sale proceedings the following series of collection steps will have been taken:

4.3.1 Year-end Statement of Tax

In January of each year, in accordance with tax legislation, a Year End Statement of Tax (Notice of Tax Arrears) is sent to all taxpayers who owed taxes as of December 31st of the preceding year. Year-end Statement of Tax in the amount of \$4.99 or less are not produced, as it is not cost efficient.

4.3.2 Overdue Notices

A Notice of Tax Arrears will be sent to all taxpayers with an overdue amount equal to or greater than five (\$5.00) dollars during the months of March, May, July, August, October, November and December. A Notice of Tax Arrears in the amount of \$4.99 or less are not produced, as it is not cost efficient.

4.3.3 Payment Arrangements (prior to Final Notice)

Staff may enter into payment arrangements at any time prior to the registration of a Tax Arrears Certificate. Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes and late payment charges and be sufficient to ensure payment in full is realized within a reasonable period of time. Late payment charges will continue to accrue during all such payment arrangements until full payment on the account has been made.

Authorization for extending payment terms is as follows:

STAFF LEVEL	MAXIMUM NEGOTIABLE PAYMENT ARRANGEMENT TERM		
	Residential	Non-Residential	Crown Tenant
Treasurer	>36 months	>36 months	>24 months
Manager	36 months	36 months	24 months
Supervisor	24 months	24 months	15 months
All other tax staff	18 months	18 months	N/A

Notwithstanding any such arrangements, no third party payments will be refused for payment on account (e.g payment from a mortgagee) prior to registration of the Tax Arrears Certificate.

Where acceptable payment arrangements have been negotiated, the onus remains on the ratepayer to follow through with the agreed upon terms. Only in instances where the property is approaching Tax Sale will the arrangement be proactively monitored for compliance and follow-up by telephone or email/writing be conducted with the ratepayer.

4.3.4 First Year Tax Arrears

In or around August of each year, staff will extract a list of properties that have between twelve (12) and eighteen (18) months of property tax arrears and prepare a Pre-Authorized Arrears Plan letter in an attempt to solicit enrollment by the ratepayer. The terms of repayment will not exceed 18 months (notwithstanding approval beyond the 18 month term) and shall include all tax arrears, current billing amounts and an estimate of penalty/interest to the end of the term. The estimated monthly amount will be provided upon receiving interest from the ratepayer to join.

4.3.5 Second Year Tax Arrears

In or around October of each year, staff will extract a list of properties that have a minimum of twenty-four (24) but no more than thirty-five (35) months of property tax arrears and prepare a Warning Letter advising these owners that failure to address the tax arrears over the next 12 month period may result in the issuance of a Final Notice in or around September of the following year.

4.3.6 Third Year Tax Arrears (Final Notice Prior to Registration of the Tax Arrears Certificate)

In or around September of each year, staff will extract a list of properties that have a minimum of thirty-six (36) months of property tax arrears with no previously agreed upon payment arrangement in place. This notice advises the ratepayer that they have approximately ninety (90) days to pay the taxes owed or enter into a firm, suitable payment arrangement with the Town. The Final Notice prior to registration of the Tax Arrears Certificate will be issued by Registered Mail..

Payment arrangements will be documented, specifying the repayment schedule, method of payment, amount, phone number and email address. Payment arrangements resulting from the issuance of a Final Notice will be approved by the Manager.

4.3.7 Notice to Interested Parties

If a property owner fails to respond to the Final Notice Prior to registration of the Tax Arrears Certificate within the specified timeframe, a property subsearch is carried out by the Town in order to identify all parties with a financial interest in the property. The identified parties, including the owner, are then notified by registered mail of the Tax Arrears.

The Notice to Interested Parties advises that the Town intends to proceed with a Tax Sale registration and provides interested parties with a minimum thirty (30) day opportunity to pay the arrears ahead of the Tax Arrears Certificate registration, in order to protect their interest in the property.

4.3.8 Notice of Intent by Secured Creditor and Notice of Intent to Enforce Security

A Notice of Intent by Secured Creditor that asks if the taxpayer is currently engaged in farming for commercial purposes and as required by the Farm Debt Mediation Act, must be sent a minimum of 15 business days in advance of the Tax Arrears Certificate registration.

- Similarly, a Notice of Intention to Enforce a Security is also sent a minimum of 15 business days in advance of the Tax Arrears Certificate registration to ensure that the owner of the property has not filed for bankruptcy. Where the owner has indeed filed for bankruptcy, the Tax Sale process is halted and section 4.4.6 of this policy will prevail.

4.3.9 Tax Arrears Certificate Registration

If all efforts have failed to collect the tax arrears, a Tax Arrears Certificate may be registered against title and the procedures according to Part XI, section 373 of the *Municipal Act* are followed. In brief,

- The Town sends a Notice of Registration of Tax Arrears Certificate to the property owner(s) and all interested parties.
- The property owner(s) or interested parties have one year from the date of registration in which to redeem the property for all taxes, interest and penalty outstanding, including any associated legal costs. This amount is identified as the Cancellation Price.
- If full payment is not received within 280 days of registration and an Extension Agreement is not in place, the Town will issue a Final Notice before Tender to the property owner(s) and all interested parties.
- If no response to the Final Notice before Tender is received, the one-year period has passed and no Extension Agreement has been entered into, the Town may proceed with a Municipal Tax Sale.
- All costs incurred for collection to obtain information and/or collect tax arrears are payable by the property owner(s).

4.3.10 Tax Sale Extension Agreement

Subsection 378(1) of the *Municipal Act, 2001* provides that the Treasurer or delegate may enter into an Extension Agreement that extends the time in which the cancellation price is to be paid. An Extension Agreement must be entered into prior to the expiry of the redemption period (365 days after the registration of the Tax Arrears Certificate). An Extension Agreement may be entered into with the owner of the land, the spouse of the owner, a mortgagee or a tenant in occupation of the land.

4.3.11 Transferring Title after the Public Sale

Sections 379(5)(a), (13) of the *Municipal Act, 2001* provide the Treasurer (or delegate) full authority to execute any and all necessary agreements and documents, inclusive of deed registration in the name of the successful purchaser or the vesting into the name of the municipality.

4.4 Property Tax Administration

4.4.1 Minimum Balance Write-off

Any balance on account, as at December 31st of equal to or less than \$4.99 will automatically be written off as at December 31st each year, as it is uneconomical for the Town to pursue settlement of these amounts.

4.4.2 Multiple Dishonoured Payments

In the event a property owner issues two (2) consecutive returned payments or two (2) returned items within 6 months, staff are to accept certified cheque, bank draft, online banking payment or debit only, as forms of acceptable tender for a period of 6 months following the last returned item.

4.4.3 Write-off of Taxes

In accordance with section 354 of the *Municipal Act, 2001* uncollectible taxes may be approved for write-off by Council on the recommendation of the Treasurer.

4.4.4 Contaminated Property

Council approval is required for any Tax Sale proceedings where it is suspected that a property is environmentally contaminated.

4.4.5 Development Conditions

The Town will add conditions on application for items such as but not limited to: official plan amendments, rezoning requests, condominium exemption and land division under the committee of adjustments indicating that all property taxes levied against the property are paid before approval.

4.4.6 Bankruptcy

When a property owner files for bankruptcy, the Town is a secured creditor, as the tax debt is a charge against the real property. The Town ranks in preference and priority to any other claims, except those of the Provincial and Federal government. A letter is forwarded to the trustee advising them of the Town's claim and that it is assumed property taxes will be paid once the property is sold.

4.4.7 Discretion

In order to ensure that all taxpayers are treated fairly and equitably, the Manager, Tax and Assessment or designate, has the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all applicable legislation.

4.4.8 Other Charges added to Tax Roll

Section 398 (2) of the Municipal Act allows for certain fees and charges imposed by the Town, upper-tier municipality or local board to be added to the tax roll for a property, and for those fees and charges to be collected in the same manner as municipal taxes. Eligible fees and charges include those related to the supply of a service or thing to the property, those for which all of the owners of the property are responsible for paying, or those otherwise allowed through legislation. The Manager, Tax and Assessment, is also delegated authority to establish processes to provide for the efficient administration of such fees and charges.

4.5 Tax Policy

Staff will participate as part of the Tax Team with Halton Region, Oakville, Burlington and Halton Hills in consultation in areas such as:

- Tax ratio setting
- Review of applicable tax classes and subclasses
- Provincial legislative changes
- Rebate and Deferral Programs

A report will be presented to Council annually outlining relevant policy changes with the applicable considerations to the Town.

4.6 Assessment Base Management (ABM)

4.6.1 General

- i. The Town's ABM program will promote the equitable distribution of property taxes by establishing a systematic review process of the assessment values determined by MPAC, as well as undertaking targeted reviews.
- ii. Town staff will have the responsibility for establishing the work program required annually to maximize Town resources dedicated to ABM in this regard.

4.6.2 Assessment Roll Analysis

- i. The annual Assessment Roll is legislated to return no later than the second Tuesday following December 1st and is delivered to the Town by MPAC. Once the Town has received the roll, Assessment staff undertake a comprehensive review with a scope, and in a manner, as determined by the Manager, Tax and Assessment.

4.6.3 Assessment Review Board (ARB) Appeals

- i. The Town may launch property assessment appeals for reasons including but not limited to:
 - a. Plans of Subdivision that are registered in the year preceding the taxation year that have not been assessed as individual lots by MPAC before the Assessment Roll close for the current taxation year.
 - b. Properties that have incorrect tax classifications that would result in a different tax rate and/or value for the taxation year if the correct tax classification is applied.
 - c. The CVA of a property is too low due to incorrect factual information or due to a recent sale of the property.
 - d. MPAC indicating that an error in assessment cannot be resolved through a Request for Reconsideration, Minutes of Settlement at the ARB, or cannot be added through supplementary or omitted assessment.
 - e. A building permit that has not yet been assessed and is in the third year of having been completed and/or occupied.
 - f. Lands that have been reclassified through a zoning application, or are in the process of being developed.

- g. Lands that cease to be farmed.
- ii. Each year, prior to the expiry of the Assessment Review Board appeal deadline of March 31st staff undertake a comprehensive review of the Town's annual Assessment Roll as prepared by MPAC.
- iii. The Treasurer's assessment appeal designate(s), as appointed in by-law 049-2019 (or successor by-laws) will apprise Council of the Town initiated assessment appeals for the current taxation year, in a report following the appeal deadline.
- iv. For appeals initiated by the property owner or another interested party, the ARB procedural requirements include the filing of a 'Statement of Issues' by the appellant. MPAC and the municipality (if it intends to participate in the appeal) are required to file a 'Statement of Response' that addresses the appellants concerns. In the event that the Town of Milton's position differs from MPAC, the Town may be required to file a Statement of Response and disclose evidence during the ARB proceedings.

4.6.4 Building Permits and Zoning Changes

- i. In addition to the monthly permit file sent by the Planning Department to MPAC, assessment staff will identify occupied properties, high valued permits, unassessed permits, zoning changes and send them separately to MPAC for in year or year-end roll addition.
- ii. Staff will maintain electronic copies of the priority permit lists sent to MPAC for monitoring purposes.
- iii. Staff will conduct periodic site inspections to identify completed new construction, the ceasing of farm operations and when required, will request MPAC to assess the new construction or change of land use for supplementary assessment.

4.6.5 Supplementary/Omitted Assessment Review

Supplementary and Omitted assessments are created by MPAC to capture new or missing assessments on properties.

- i. Staff will monitor internal inventory files to ensure requests for supplemental assessment have been processed by MPAC.
- ii. Staff will ensure exempt to taxable supplementary assessments are issued by MPAC when previously exempt properties are sold or leased to taxable entities.
- iii. Staff will ensure supplementary assessments are correct and values are accurate.

4.6.6 Review of Request for Reconsideration (RfR)

- i. RfR's are challenges to the assessment of a property filed by a property owner to MPAC. For any property with a Residential Tax (RT) component, this process is mandatory. Should the assessor determine that a change to the assessed value or tax classification is required, they will present the owner with a 'Minutes of Settlement' (MoS) document to be signed. Once returned, MPAC will forward a copy to the municipality for processing, at which time assessment staff will conduct a review as per the following:
 - a. Ensure that written reasons for the reduction accompany MoS when the assessment is reduced;
 - b. In the absence of a written explanation, contact MPAC for clarification;
 - c. Maintain an inventory of completed RfRs;
 - d. Review any sales associated with the property under review;

- e. Confirm properties that gain exempt status are in legal use with the Licensing and Enforcement Division;
- f. In the event that staff disagree with the MoS, the Town can file an 'Objection to the Agreement' with the ARB/MPAC by signing the back of the RfR. This objection constitutes an appeal to the ARB with the Town as the appellant.

4.6.7 Monitor Assessment Growth

- i. Staff will utilize information provided by MPAC to calculate the year to date net assessment growth for use in the annual budget preparation process.
- ii. Staff will monitor building permit data to ensure proper supplementary assessments are issued by MPAC.

4.6.8 Tax Appeal Applications (*Municipal Act, 2001* Sections 357,358,359)

- i. For applications filed under S.357(1)(f) Sickness and Poverty, and Unduly Burdensome, the Town of Milton has passed bylaw 071-2016 delegating the Assessment Review Board to respond accordingly, whether denying or approving applications.
- ii. For applications filed under S.357(1)(g) Repairs or Renovations to the land that prevented normal use for more than three months during the year, the refund amount for approved applications will be 30% of taxes paid, based on the notional value as returned by MPAC for the purposes of the application. Calculation:

<u>value of vacant area</u>	X	taxes levied on whole	X	number of days under	X	30% = rebate
assessed value of "full occupied" classification		property for the year		repair or renovation		
				number of days in year		

- iii. For all other applications, Town staff have delegated authority to process and applicants will be notified by mail. Town staff may seek Council approval at their discretion.

4.6.9 Public Viewing of the Assessment Roll

- i. As per Section 39(2) of the *Assessment Act, 1990*, upon receiving the Assessment Roll for the municipality, the clerk shall make it available for inspection by the public during office hours only.
- ii. Assessment Roll information is not available over the telephone or via email.
- iii. Staff are to provide an area for the Public to view the Roll books.
- iv. In accordance with MPAC's licensing agreement, no reproduction of Assessment Rolls such as photocopying, scanning, digital photos, video etc, shall be permitted.

5. Roles and Responsibilities

Individual(s)	Responsibilities
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<p>Province of Ontario (the Province)</p>	<p>The provincial government sets the policies and rules affecting property assessment and taxation in Ontario. It does this by creating legislation, called Provincial Statutes and also creates regulations, which are authorized under the Statutes. There are three ministries that play a role in assessment and tax policy.</p> <ul style="list-style-type: none"> • Ministry of Finance- The principal ministry involved in setting assessment and tax policies is the Ministry of Finance. Under the <i>Fair Municipal Finance Act, 1997</i>, the Ministry created a new province-wide, current value assessment system, which also introduced new property classes. The Minister of Finance sets assessment policy and standards across the province and is responsible for Ontario's Tax and Property Assessment Legislation • The Minister of Finance is responsible for establishing the majority of the regulations governing reassessment and tax policy, such as Bill 35 introduced in the 2008 Ontario budget. This Ministry is also responsible for setting education tax rates for all property classes. • Ministry of Municipal Affairs - This ministry is responsible for establishing some of the regulations under the <i>Municipal Act</i> and the <i>Tenant Protection Act</i> associated with property tax policy. As the primary contact with municipalities, it deals more with the implementation of legislation and regulations • Ministry of Education - This ministry is responsible for establishing the deadlines for municipalities to pay their education tax installments. Although not responsible for setting the education tax rates, this Ministry is responsible for allocating the education taxes to the school boards
<p>Municipal Property Assessment Corporation (MPAC)</p>	<p>MPAC, a not-for-profit corporation funded by all Ontario municipalities and accountable to the Province, is responsible for assessing all property in Ontario. MPAC carries out its activities in accordance with the provisions of the <i>Assessment Act</i>, as well as regulations issued under the Act by the Province of Ontario.</p>
<p>Region of Halton (the Region)</p>	<p>The upper-tier municipality is responsible for the creation of property tax policies throughout the Region of Halton. Although most property tax policies are set at the regional level, the Region works in co-operation with the local municipalities. Policy decisions include:</p> <ol style="list-style-type: none"> tax ratio setting or delegation of tax ratio setting to the local municipalities optional property classes graduated tax rates for commercial and industrial classes of properties phasing-in of property tax increases/decreases how to fund the mandated caps for multi-residential, commercial, industrial properties charity and similar organizations rebate programs low-income senior and disabled homeowners programs

Town of Milton (the Town)	<p>Local municipalities are responsible for the following:</p> <ul style="list-style-type: none"> i. tax ratio setting if delegated by the upper-tier municipality ii. administration of the property tax system, including billing, collection, and rebates of property taxes iii. taxpayer inquiries iv. adjustments to tax bill v. tax reduction/rebate for heritage properties (if adopted)
Assessment Review Board (ARB)	<p>The ARB is an independent tribunal which is responsible for hearing property assessment appeals. It has the authority to change an assessed value. All parties to an appeal (property owner, MPAC and the municipality) can present evidence at an appeal hearing. The Board's decision is binding. If the result of either process changes an assessed value, the municipality will adjust the taxes for that property. The Town of Milton has delegated powers to the ARB to settle matters relating to tax relief for people in hardship (unduly burdensome provision)</p>
Town Council	<ul style="list-style-type: none"> i. Pass by-laws pertaining to the collection of interim and final property taxes ii. Approve write-offs and/or reductions in accordance with the thresholds outlined in this policy
Town Staff	<p>The Manager, Taxation and Assessment is authorized to create, modify and monitor any procedures required in order to implement this policy</p>

6. Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7. Reporting

The Manager, Taxation and Assessment will provide Council with the following (but not limited to) reports on an annual basis:

- Tax Collection Summary and Trends

- Town Initiated Assessment appeals and Bylaw
- Assessment Review initiatives undertaken

8. Related Policies, By-laws, Regulations, and Legislation

- *Municipal Act, 2001*
- *Assessment Act*
- *Tenant Protection Act*
- Region of Halton by-laws
- Other Town of Milton Policies

9. Definitions

Apportionment of Land	The process of assigning land value (and allocation of outstanding taxes) from a larger piece of land into newly divided smaller parcels of land
Assessed Value (Assessment)	The value attributed to land and buildings by MPAC for the purpose of levying property tax
Assessment Base	The total value of all properties as assessed by MPAC in the Town of Milton
Assessment Act	The law that governs the way property is assessed in Ontario
Assessment Review Board (ARB)	An independent tribunal that hears assessment appeals. A decision made by the ARB is final unless a point of law is being disputed
Assessment Roll	An annual list of the assessed values of all properties in a municipality, which includes the name of the property owner or tenant, their address, the realty tax class and qualifier, size of the property and information on structures on the property if any. Assessment Rolls are delivered to a municipality at the end of the year preceding the taxation year
Business Day	A day of the week that does not fall on either a Provincial nor Federally declared holiday where Canada Postal services and Financial institutions are closed.
Cancellation Price	The amount owing equal to all tax arrears, together with all current taxes owing, late payment charges and costs incurred by the Town after the registration of a Tax Arrears Certificate under section 373 of the Municipal Act
Collection Costs	Represents all costs incurred by the Town to obtain information for collection purposes and/or collect Tax Arrears including, but not limited to, title search fees, corporate search fees, registered or certified mail, administrative charges, legal costs and tax sale scale of costs
Current Value Assessment (CVA)	Is defined as the amount of money a property would realize if sold at arm's length by a willing seller to a willing

	buyer. To calculate a property's assessed value, MPAC analyzes market information from similar types of property in the vicinity.
Delegate(s)	Any person or persons upon whom the Town By-Law confers the duties and discretion associated with complaints filed with the Assessment Review Board (ARB) under sections 33, 34, 39.1, 40 and or 40.1 of the <i>Act</i> .
Municipal Act	The statute governing how municipalities administer municipal services and collect taxes
Omitted Assessment	An assessment which has not been recorded on the assessment roll. When an omitted assessment is added to the assessment roll, property taxes can be collected for the current year and, if applicable, for any part or all of the previous two years.
Payment-in-lieu of Taxes	Payments made to municipalities by the provincial or federal government, where properties are exempt from property taxation.
Property Classification	The identification of a property or portion of, according to its use as set out in Ontario Regulation 282/98 of the <i>Assessment Act</i>
Roll Number	A unique 19-digit number used as an identifier for each property
Supplementary Assessment	An assessment made during a taxation year for an addition, renovation or new construction on a property. When a supplementary assessment is added to the Assessment Roll, additional property taxes can be collected for that portion of the current tax year that the supplementary addresses
Tax Arrears	Any portion of property taxes that remain unpaid after the date on which they are due
Tax Arrears Certificate	A document that is registered on title, indicating the described property will be sold by public sale if all property taxes are not paid to the Town within one year of the registration of the certificate

10. History of the Policy

Last amended: March 17, 2025 (ES-009-25)

Originally Approved: June 18, 2018 (CORS-041-18), and subsequently amended April 11, 2022 (CORS-024-22)

Previous Policies: This policy originally replaced the following former policies:

- Policy 110: Tax - Collection
- Policy 111: Tax - Installments
- Policy 112: Tax - Interest on Arrears

- Policy 113: Tax - Minimum Reductions
- Policy 114: Tax - Bills
- Policy 115: Tax - Assessment Roll Change
- Policy 116: Tax - Supplementary
- Policy 117: Tax - Assessment Adjustments
- Policy 153: Tax Reassessment



Approval Report/By-law Number: ES-009-25

Appendix C

Approval Date: March 17, 2025

Effective Date: March 18, 2025

Policy Statement: The [Procurement and Disposal Policy](#) is an important part of the framework that promotes achieving value for money in the delivery of municipal services to the public. In conjunction with the Town of Milton's Purchasing By-law, this policy serves as a guide for staff involved in the acquisition or disposal of goods and services.

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1. Policy Purpose

The Town of Milton ("the Town") acknowledges its responsibility for the effective utilization of resources and is desirous of codifying sound policies related to the procurement and disposition of goods and services in a manner that fulfils its mandate to provide effective, responsible government and efficiently deliver services to the residents of the Town.



2. Guiding Principles & Objectives

- i. The purpose of this policy is to establish sound policies for the procurement of Goods and Services by the Town in a manner that is efficient, ethical, professional, accountable, and of Best Value. The Town, the public, and the business community should have confidence in the integrity of the procurement process and the Town's staff involved in that process. For further clarity, the purpose is to ensure:
 - objectivity and integrity in the procurement process;
 - fair treatment of all Bidders;
 - openness, accountability, transparency, and non-discriminatory access in all business transactions;
 - responsible management of public funds and Town finances and assets;
 - Best Value is achieved for the Town; and
 - Consideration is given to the administrative capacity available to support the procurement process, as well as the timeliness of the resulting Awards relative to program demands.
- ii. In view of the complexity and volume of Town activities, it is recognized that professional skills are required to ensure that the required quality and quantity of goods and services are procured in an efficient and economical manner.
- iii. The Town follows the guidelines set out in the codes of ethics established by the Purchasing Management Association of Canada and the National Institute of Government Purchasers.

3. Scope

This Policy applies to the Town, the Milton Public Library ("MPL") and the Downtown Milton Business Improvement Area ("BIA").

4. Policy

4.1 Purchasing By-law

- i. The Town shall adopt and maintain a by-law to establish policies for the procurement of goods and services, and for the disposal of surplus goods and services by the Town (henceforth referred to as the 'Purchasing By-law').
- ii. Section 270 of the Municipal Act requires local boards of the municipality to also maintain their own policies with respect to purchasing. For clarity, local boards of the Town of Milton include the Milton Public Library (MPL) and the Downtown Milton Business Improvement Area (BIA). Such local board policies shall take precedence over the Town's purchasing by-law with respect to the purchasing activity of the respective local board. The local boards are encouraged to incorporate elements of this Town policy in their own policy framework.

4.2 Commodity Price Hedging

- i. Section 6(1) of O. Reg. 653/05 of the Municipal Act, 2001 requires the adoption of a statement of commodity price hedging policies and goals relating to the use of financial agreements before the municipality may enter into commodity price hedging agreements.



- ii. The Town will consider commodity price hedging agreements as a means of fixing, directly or indirectly, or enabling the Town to fix, the price or range of prices to be paid by the Town for the future delivery of some or all of the commodity or the future cost to the municipality of an equivalent quantity of the commodity, where it is advantageous for the Town to do so.
- iii. In determining whether a particular commodity price hedging agreement is advantageous for the Town, the following considerations will be taken into account:
 - a. Actual and expected commodity purchases (volumes and prices);
 - b. a detailed estimate of the expected result of using such an agreement;
 - c. If, at the time, it is the opinion of the Treasurer that the future price or cost to the Town of the applicable commodity will be lower or more stable than it would be without the agreement;
 - d. If, at the time, it is the opinion of the Treasurer that the financial and other risks to the municipality that would exist with the use of such an agreement will be lower than the financial and other risks to the municipality that would exist without such an agreement;
 - e. If, at the time, it is the opinion of the Treasurer that the agreement contains adequate risk control measures relating to such an agreement, such as:
 - limited credit exposure based on credit ratings and/or on the degree of regulatory oversight and/or on the regulatory capital of the other party to the agreement,
 - a standard agreement,
 - on-going monitoring with respect to the agreement.
 - f. If, at the time, it is the opinion of the Treasurer that fixed costs and estimated costs of the Town will be reduced by virtue of the use of such an agreement.

4.3 Leasing - Facilities and Assets

- i. The Town may enter into a Lease Financing Agreement for the purpose of obtaining long-term financing of a capital undertaking for the municipality where it is deemed to provide benefit by way of any of the following:
 - a reduction in the overall cost
 - a reduction in the risk to the Municipality
 - an advantageous cash flow
 - synergies or efficiencies in service delivery
 - other benefits as determined by the Treasurer or Council

Prior to entering into a Lease Financing Agreement, there are financial and other risk considerations to the Town which must be identified and assessed.

- ii. Subject to the materiality clause, this policy applies to the acquisition of the following items acquired through a financial lease:
 - rolling stock
 - equipment
 - buildings
 - land
 - and any other physical asset



- iii. Materiality - the following Lease Financing Agreements are not subject to this policy as they are considered not to have a material impact on the finances of the Town in accordance with the materiality definition established in O.Reg 653/05.
 - Rental Agreements, which have a term of less than one year and the cancellation of which results in no financial penalty to the Town;
 - Commercial real property leases (e.g. office space) with a term of five years or less.
 - Leases which have a present value of \$500,000 or less using a capitalization rate of the 10 - year debenture rate in the year the lease is entered into.
- iv. With the exception of Rental Agreements (as described in 4.3.iii), no lease can be entered into by the Town unless it has been reviewed and approved by the Treasurer or designate, and for material leases - by Town Council.
- v. Where a Lease Financing Agreement is contemplated, the Treasurer or designate shall review the terms of the lease in order to assess and make a determination as to whether or not the lease is a material lease.
- vi. For material leases, the Treasurer or designate shall:
 - a. Compare the lease costs of the proposed lease to other methods of financing (debt, reserves, operating funds).
 - b. Calculate the effective rate(s) of interest for the lease financing.
 - c. Conduct a sensitivity analysis for leases with variable lease payments.
 - d. Determine any contingent payment options associated with termination, replacement, loss, guarantees and indemnity.
 - e. Prepare a report to Council on all material leases covered by this policy prior to the lease being entered into, in accordance with the *Municipal Act, 2011 (O.Reg 653/05)*.
- vii. The Town Solicitor will review all Lease Financing Agreements to ensure that they adequately protect the interest of the Town, that they are in compliance with the laws of Ontario and that all risks of the lease have been properly disclosed to the Treasurer and Town Council in accordance with this policy. Third party financial advice will also be obtained, where necessary, in order to satisfy the requirements of O.Reg. 653/05.

4.4 Town Issued Credit Card (TICC) Program

4.4.1 Program Overview

The Town uses TICC's for payment of goods and services where it is efficient, economical and operationally advantageous to do so. The intended benefits of the TICC's are:

- i. reduce the costs of procurement and supplier payment,
- ii. improve ease and expediency of purchasing,
- iii. improve the timeliness of supplier payments,
- iv. improve control over small dollar departmental purchasing,
- v. improve management reporting on departmental purchasing.

This policy applies to all employees authorized to use a TICC for Town business.

All procurement activity must be compliant with the current Purchasing Policy, the Purchasing By-law and any other related Town Policies and Procedures.

Delegation & Authority



The Manager, Procurement, in consultation with the respective Leadership Management Team (“LMT”) Member, has the authority to designate issuance of TICC and the associated spending limits.

Staff in receipt of a TICC have the delegated authority to purchase goods and services on behalf of the Town, in adherence with this policy. Employees are authorized to use the TICC to purchase goods and services, in support of sound business practices, with a cyclical upset limit defined through the cardholder agreement. In addition, the Treasurer or designate may use the TICC to pay for large purchases where the purchase exceeds the cardholder’s standard limit. The form of payment for these purchases is noted on the Purchasing Delegated Authority (PDA) report.

Staff may also receive Ghost Payment Cards issued in the suppliers’ names. These unique TICCs are used by staff for payment purposes for individually named suppliers. These type of TICCs have assigned card numbers, but the actual plastic cards do not exist. The purchase itself would still follow the Purchasing Policy and imposed quotation requirements but the payment is made through the TICC rather than any other form of payment. Payments may exceed the ten thousand dollars (\$10,000) limit per transaction.

4.4.2 Administration & Compliance

The Manager, Procurement and the Manager, Accounting and Payroll are jointly responsible for the administration of the TICC Program

Each TICC will have a unique number and will be issued in the name of the Town of Milton and the name of the employee who has been authorized to use that TICC. The TICC is not transferable to any other employee, even if that other employee is also authorized to use a TICC on behalf of the Town. Improper TICC use can result in the cancellation of the employee’s TICC and other measures in accordance with the Town’s Employee Code of Conduct and related policies.

Compliance

All TICC activities/purchases will be monitored by the Supervisors/Managers/ Directors/ Commissioners (or equivalent in the case of the MPL and BIA) of the end departments as well as the Manager, Procurement and Manager, Accounting and Payroll, to ensure that the use of the TICC is in compliance with any related Town Policies and Procedures, including the employee Code of Conduct.

Non-compliance activities include, but are not limited to:

- a) Purchases over the designated card limits or over the single transaction limit that has been established;
- b) Splitting a transaction into two or more transactions to bypass the single transaction dollar limit;
- c) Personal purchases;
- d) Unauthorized purchases;



“Unauthorized purchase” means a purchase that did not benefit the Town and/or was made by someone other than the cardholder. The Town is not liable for any unauthorized purchase of the TICC which occurs after notification of loss, theft or cancellation has been received by the Town’s credit card provider. However, if the loss or theft of the TICC is not reported immediately, the Town may be liable for all unauthorized purchases charged to the account.

- e) Cash advances;
- f) Alcoholic beverages (unless there is prior approval from an LMT Member);
- g) Loan/transfer of the TICC to another employee;
- h) Use of a junior employee’s TICC when senior staff are requesting the good or service;
- i) Failure to submit the appropriate supporting paper documentation for the reconciliation (i.e. invoices, transaction slips, register receipts, credit vouchers);
- j) Not reporting a lost or stolen TICC by the cardholder to the Town’s credit card provider and to the Manager, Procurement;
- k) Non-compliance to the Town’s TICC Policy and other related Town policies as it relates to the TICC Policy;

Cardholders will be held liable for any misuse or willful disregard of policies or operating procedures that result in a loss of money, fraud or collusion;

- l) Acceptance of cash or a cheque (other than as described below) from a supplier who is making a refund for a transaction previously charged to a purchasing card TICC;

Refunds or credits should be issued against the same TICC that the original transaction was charged to. Should that not be an option, a cheque must be issued to the Corporation of the Town of Milton.

- m) No authorization approval signature on the cyclical reconciliation.

TICCs will not be used:

- a) when the cost of the goods or services would be significantly increased as a result of using the TICC and an alternative method of payment is available (i.e., a discount is provided by the supplier as a result of not using the TICC),
- b) when the supplier does not take a credit card as a means of payment.

The Manager, Procurement shall establish procedures to address incidents of non-compliance with the terms of the TICC Program and related policies and by-laws.

4.4.3 Statement Cycle

The statement cycle period is set up at the discretion of the Manager, Procurement and the Manager, Accounting and Payroll (example: semi-monthly). A schedule of reconciliation due dates will be posted annually for staff. The balance on each card is reset to zero on the next business day following the last day of the TICC cycle.

4.4.4 Procedures



The Manager, Procurement and the Manager, Accounting and Payroll shall establish procedures to be followed for each statement cycle with consideration for the required:

- Approvals and signatures
- Timelines
- Supporting documentation
- Record retention

5 Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	<p>The Town Council is responsible for:</p> <ul style="list-style-type: none"> a) Approving and maintaining a Purchasing By-law and policies related to Commodity Price Hedging and Financial Lease Agreements in accordance with the <i>Municipal Act, 2001</i>; b) Approving purchases, agreements and disposal in accordance with the thresholds outlined in this policy and the Purchasing by-law; c) Reviewing reports submitted in accordance with this policy.
Town Staff	<p>All Town staff are responsible for:</p> <ul style="list-style-type: none"> a) Ensuring strict adherence to this policy and the purchasing by-law; b) Identifying purchasing needs to the Manager, Procurement or designate in accordance with Town procedures.
TICC Holders	<p>The cardholder is responsible for:</p> <ul style="list-style-type: none"> a) Adhering to all conditions and restrictions imposed on the TICC by the Town and the Town's credit card provider b) Satisfying all of the procedural requirements related to the TICC that are established by the Manager, Procurement and/or the Manager, Accounting and Payroll
LMT Members	<p>LMT Members or their designates are responsible for:</p> <ul style="list-style-type: none"> a) Assessing the need for TICC's, in conjunction with the Manager of Procurement, based on operational requirements and making resulting recommendations; b) Informing or recommending to the Manager, Procurement of the need for the issuance or cancellation of cards, increases or decreases to credit limits, changes in department or area of responsibility, changes to merchants; c) Monitoring the utilization, approvals and reporting of TICC's within their division or area of responsibility; d) Acting and reporting on non-compliance issues.
Manager, Accounting and Payroll	<p>The Manager, Accounting and Payroll or designate is responsible for:</p> <ul style="list-style-type: none"> a) Developing corporate policies and procedures for TICC's related to the reconciliation submission packages to ensure timeliness, appropriate accounting and sales tax treatment, record keeping, and reconciliation of credit card related GL accounts (payables, inventory, credit receivable, clearing, etc.) as well as bank accounts/transaction;



	b) Ongoing credit card training related to credit card reconciliation.
Manager, Procurement	<p>The Manager, Procurement or designate will act as the primary controller for the Town's TICC Program and shall be responsible for:</p> <ul style="list-style-type: none"> a) Strategic planning for the card program; b) Negotiating the program with the Halton Cooperative Purchasing Group (HCPG) and the Town's credit card provider; c) Developing corporate policies and procedures on TICC procurement for goods and services; d) Administering TICC compliance as outlined in the Purchasing policies; e) Ensuring that each cardholder is informed of his or her responsibilities regarding the use of the TICC, f) Approving and processing requests for new TICC, card changes (increases or decreases to credit limits) and cancellation of cards; g) Maintaining a log of all card numbers, cardholder's names and signatures and any spending categories; h) Ensuring that purchases are in compliance with all policies and procedures, following up on discrepancies and acting and reporting on non-compliance issues. i) Filing of all statements and receipts for audit purposes; j) Ongoing administrative and cardholder training.

6 Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, and if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7 Reporting

- i. In accordance with O.Reg. 653/05, the Treasurer shall report to Council at least once each fiscal year with respect to any and all commodity price hedging agreements in place. The report must include at minimum:
 - A statement of expected to actual results;
 - A statement by the Treasurer as to whether the agreements entered during the period are consistent with the Town's policies and goals.
- ii. In accordance with O.Reg. 653/05, the Treasurer shall report to Council at least once each fiscal year with respect to any and all lease financing agreements. That report will include at minimum:
 - An estimate of the total financing arrangements using lease financing agreements to the long term debt of the municipality, including a description of change from prior year;
 - A statement of the Treasurer as to whether all lease financing agreements were made in accordance with the statement of leasing policies and goals as adopted by Town Council.
- iii. Other reporting as may be required in accordance with the Purchasing By-law;



- iv. Any changes made to this policy through the authority delegated under Section 6 shall be reported by the Treasurer to Council annually.

8 Related Policies, By-laws, Regulations, Legislation and Accounting Standards

- i. Municipal Act, 2001
- ii. Ontario Regulation 653/05
- iii. Town of Milton Policy 162 (Town Owned Land Disposition)
- iv. Public Libraries Act

9 Definitions

- i. **Commodity** - means, whether in the original or a processed state, an agricultural product, a forest product, a product of the sea, a mineral, a metal, a hydrocarbon fuel, electricity, a precious stone or other gem and other physical goods but does not include chattel paper, a document of title, an instrument, money or securities; (per O.Reg 653/05)
- ii. **Lease Financing Agreement** - for the purposes of this policy, is a financial arrangement whereby equipment or municipal capital facilities are provided to the Town by a third party in exchange for a series of payments that extend beyond the term of Council.
- iii. **Term** - a fixed or limited period for which something lasts or is intended to last. The term of the lease shall be the entire term of the lease including any possible extensions or renewals as stated in the lease.

10 History of the Policy

Last amended: This policy was most recently amended on March 17, 2025 (ES-009-25)

Previous Policies: This policy was originally approved on June 18, 2018 (CORS-041-18). This policy replaced the following former policies:

- Policy 65: Disposal of Surplus Goods (CS-49-04)
- Policy 154: Agreement - Commodity Price Hedging (CS-41-09)
- Policy 127: Leasing - Facilities and Assets (CS-26-04)

Approval Report/By-law Number: ES-009-25

Appendix D

Approval Date: March 17, 2025**Effective Date:** April 1, 2025

Policy Statement: The **Budget Management Policy** is intended to ensure that the financial integrity of the Town is maintained by establishing a framework for the responsible, responsive and transparent management of the Town's financial resources.

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1. Policy Purpose

The *Municipal Act 2001, section 290* requires that the Town prepare and adopt a Budget each year. A Budget Management Policy is necessary to:

- i. Ensure that the Town's resources are utilized for the purpose Council intended through the approval of the annual Operating and Capital Budget
- ii. Establish the appropriate authority required by staff to manage Council approved budgeted resources for programs, services and projects
- iii. Establish financial controls while allowing flexibility to alter plans as economic and service delivery circumstances change, and maintaining the stability for the taxpayers of Milton
- iv. Ensure that Council is informed of the status of budgets and any factors or risks that may impact the budget
- v. Maintain public accountability and transparency
- vi. Ensure alignment with Town Council's Strategic Priorities

In June 2023 the Province of Ontario approved Bill 3, Strong Mayors, Building Homes Act, 2022 which expanded the strong mayor powers to more cities in Ontario, including Milton. Section 284.16 of the Municipal Act, 2001 (as amended by Bill 3) identifies that the duty of preparing a proposed budget for a municipalities and providing the proposed budget to the council for consideration is now the responsibility of the Head of Council.

The Budget process, administration and any associated reporting should be completed in compliance with this Policy. Non-compliance could result in the weakening of the Town's long term financial stability, impacting its ability to meet the needs of taxpayers or to meet legislative requirements.

The Budget Management Policy is designed to work in conjunction with other Town policies and Provincial legislation that mandates the responsibility of the Treasurer for the discharge of financial duties and staff for the delivery of Town services. This policy should be revised in concert with other financial policies of the Town as required.

2. Guiding Principles & Objectives

This policy is guided overall by the Financial Management - Financial Principles Policy No. 110. Specific guiding principles and objectives related Budget Management are:

- i. **Strategic Priorities** - Council's Strategic Plan, Official Plan and various master plans (including financial analysis) are the result of comprehensive public engagement and serve as the guiding documents under which all town initiatives are aligned. The budget should align with, prioritize and implement these plans.

- ii. **Sustainability** - The Operating and Capital Budgets represent a long-term perspective and should be affordable today and in the future. Annual budgets should strive to ensure programs and services are offered in an efficient and sustainable manner.
- iii. **Affordability** - Innovative service delivery strategies and available financing tools should be explored when preparing the budget to minimize the financial impact of rising costs, growth and expanding services.
- iv. **Service Levels** - Services provided should be reevaluated on an ongoing basis to align with Council priorities, resident demand, legislative requirements, and performance measures.
- v. **Interdependency** - The Operating and Capital budgets should be reviewed with a coordinated effort as capital expenditures and financing decisions will impact current and future operating budgets.
- vi. **Flexibility** - Variances from budget estimates will occur due to changes in circumstance and conditions. Flexibility needs to be provided to allow for efficiency in the management of those variances, while maintaining the integrity of the financial planning and resource allocation decisions made during the budget process.
- vii. **Public Input** - Community input and participation will be promoted in the budget process.

3. Scope

This Policy applies to all departments of the Town of Milton.

The Milton Public Library (MPL) and Downtown Milton Business Improvement Area (BIA) are required to comply with the requirements of Section 4.1 (Budget Calendar & Guidelines), Section 4.3 (Annual Budget Submission) and Section 4.5 (Expenditures Prior to Budget Approval). Further, the MPL and BIA are limited to the same Council-delegated authorities as outlined in Section 4.6 (Operating Budget Control), Section 4.7 (Capital Budget Control) and Section 4.8 (Staff Complement Management).

4. Policy

4.1 Budget Calendar & Guidelines

Staff shall prepare and submit an annual report to Council outlining anticipated budget pressures and a proposed calendar for the budget process. The Budget calendar shall, at a minimum, consider dates for the review of the Operating and Capital Budgets for Town Departments, the MPL and the BIA.

For the budget pertaining to any year following a municipal election, the budget calendar should be prepared such that budget finalization is scheduled for the month of January in the year which the budget applies. For all other years, the calendar should be prepared such that budget finalization is scheduled in the year preceding the year to which the budget applies, unless such timing would be disadvantageous to the budget preparation process.

4.2 Public Input

The budget process will seek community input and stakeholder participation consistent with Council approved principles for public involvement as well as any statutory requirements.

4.3 Annual Budget Submission

4.3.1 Budget Process

All Departments, the MPL and the BIA will annually prepare and submit to the Treasurer or designate draft Operating and Capital Budgets.

The draft Operating and Capital Budget shall be reviewed by the Leadership and Strategic Management teams, or approved by the appropriate Board in the case of the MPL and BIA. Following this review, a Budget Reference Document will be prepared by staff and submitted to Council for the purpose of supporting Council with deliberation of the budget..

The Budget, in the form of a staff report and inclusive of all legislated components, will be presented by the Mayor and made available to Council and the public for consideration. The legislation allows for a 30 day period, following the Mayor presenting the Budget, for Council to review and pass resolutions to amend the budget, a 10 day period for the Mayor to veto a resolution that has been approved, and a 15 day period for Council to override any vetoes. After the expiration of these dates the budget is considered finalized.

4.3.2 Information Included in the Budget Reference Document

The Operating and Capital Budget will establish the services and service levels to be provided by the Town as well as the resulting funding and spending authority for Programs or Projects. To inform the Budget, the Budget Reference Document will include:

- i. All departments, the MPL and the BIA
- ii. A balanced Operating Budget and a two year operating forecast including:
 - a. Financing sources, such as transfers from reserves, deferred revenues, user fees, subsidies from other levels of government, grants, donations, cost sharing and the tax levy.
 - b. Operating expenditures required in-year for program delivery such as compensation, administrative, operational and supply, services, maintenance, equipment, vehicle and technology expenses, as well as any other asset lifecycle related costs.
 - c. Service level change forms for Program Changes for the current year.
 - d. Capital financing including transfer to capital reserves, debt charges, and transfers to the capital fund where a funding source for a Capital Project is identified as a recovery from the Operating Budget.
 - e. Municipal Price Index Summary as well as Key Statistical Indicators and Trends
 - f. Amortization will be excluded from the Operating Budget submission. In accordance with O.Reg. 284/09, a separate report will be provided to Council regarding any eligible excluded expenses as outlined in that regulation, along with the required resolution.
- iii. A Capital Budget and a nine year capital forecast including:
 - a) TCA Projects - Expenditures for tangible capital asset (TCA) acquisition, rehabilitation and replacement in excess of the thresholds established.
 - b) Non-TCA Projects - Expenditures for non-TCA projects (such as studies) which may lend themselves better to the Capital Budget planning and reporting structure to allow for improved transparency, project management and administration, or alignment with funding sources.
 - c) Financing sources such as transfers from reserves, deferred revenues, debentures, grants, donations and cost sharing.

- d) Capital Project Detail Sheets for all projects included in the first year of the 10 year period. The project data sheet will include, at a minimum, a detailed description and justification of the project, the project expenditures and funding sources and the operating revenues/expenditures that are anticipated as a result of the capital project.
- iv. A summary of staff complement (Full Time Equivalents) including a continuity schedule summarizing the changes in complement that are proposed relative to the prior year
- v. The reporting of debt and Reserves and Reserve Funds will include:
 - a) The debt amounts outstanding for all debt previously issued or approved and amounts recommended for approval with the current Budget.
 - b) All debt charges (principal and interest payments) forecasted/anticipated for a period of at least 10 years for issued debt, debt that is authorized but unissued, as well as proposed debt
 - c) The Reserves and Reserve Funds and Development Charge and Canada Community Building Fund deferred revenue amounts available as well as the amounts recommended for approval within the current Budget.
 - d) The forecasted year end balances for Reserves, Reserve Funds and deferred revenue accounts for a period of at least 10 years

4.3.3 Project Administration Surcharge

Each project included in the first year of the Capital Budget will be charged a Project Administration Surcharge based on an established rate and the budget approval amount for each project. This charge is reflective of the support services and overhead costs required to deliver the project. As such, an offsetting revenue will be reflected in the Operating Budget where those costs are incurred. Any difference between the cost to administer the Capital Budget and the surcharge applied within the annual capital program will be managed through a transfer to/from Reserve to negate any volatility on the annual Operating Budget.

4.3.4 Project Management Cost

For projects where a significant amount of internal staff time will be spent performing project management responsibilities or delivering the project, the project budget will include a budget for these expenses. The wages, benefits and related costs associated with these positions will continue to be paid from their respective Operating Budget accounts, with a corresponding recovery from the Capital Budget. To determine the appropriate recovery amount, project managers will record time spent on projects while direct administrative and supervisory support to the project managers may be allocated based on the project managers recorded time where applicable.

4.3.5 Internal Development Fees

A Capital Project shall be charged the appropriate development user fees, such as site plan and building permit fees, as outlined in the prevailing User Fee By-law that would be charged against similar external development applications. The total cost of such fees will be charged to the Project Budget with an offsetting revenue recognized in the Operating Budget of the appropriate Department.

4.3.6 Capital Equipment Replacement

Capital vehicle and equipment planning and implementation should be carried out as follows:

- i. A transfer to reserve based on the estimated replacement cost and lifecycle for each equipment unit will be included annually in applicable departmental operating budgets to provide for the future replacement of equipment utilized.
- ii. New equipment will be funded from development charges as per approved studies and by-laws.
- iii. Service-enhancement and other new non-development charge related vehicles and equipment should be prioritized as a part of the Capital Budget approval process.
- iv. The vehicle and equipment recovery rates will be updated regularly to ensure that rates are at current market value and reflective of the cost of operating and maintaining the Town's fleet. This will help ensure that the services provided to third parties are recovered at an appropriate rate.

4.4 External Funding

- i. Budgets should include estimated grants and other external revenue sources. Where practical, shortfalls in external revenue in the Operating Budget will be mitigated by restraint in spending for the related Program area. In the Capital Budget, spending against external revenue sources should not be initiated until receipt of the funding is assured. Revenue shortfalls will be reported in the Variance reporting processes.
- ii. LMT members, the MPL and the BIA are responsible for the management of Federal, Provincial or other funding programs or external recoveries that are available for their respective programs and services, including identification of opportunities and submission of applications.
- iii. Financial Planning and Policy staff are responsible for supporting this process, for providing coordination of programs that span multiple program areas, and for reviewing any reporting that is financial in nature and required as a part of any funding program utilized by the Town.

4.5 Expenditures prior to Budget Finalization

Prior to finalization of the budget, spending shall be limited as set out in this Policy.

- i. Operating expenditures may be committed or incurred on the basis of the previous year's Operating Budget and service level.
- ii. Capital expenditures require the existence of an approved capital project budget in order to proceed.
- iii. Where expenditures form part of a multi-year agreement or are part of the annualization of a service or cost that was introduced in the prior year's budget (or Council approved report thereafter), the goods or services may be incurred in the current year in advance of Budget finalization.

4.6 Operating Budget Control

The operating budget finalized by Council establishes the spending authority for a program. The annual planned budget is based on assumptions that may not always match actual results. Changes in priority, circumstance or financial conditions will create variances between the Budget and actual expenses.

- i. Increases or decreases to the Gross Operating Budget:

- a. An increase or decrease to the approved gross operating budget will have no impact on the tax levy and will only be made:
 - in accordance with External Funding guidelines as outlined in 4.6.iii, or
 - where provided for in the Financial Management - Treasury Policy, or
 - where approved by Council.
- ii. Re-allocation of Operating Budgets within and between programs:
 - a. Staff, the MPL or the BIA may approve spending in excess of the budget for a particular expense line(s) by making the necessary balancing decisions in other expense lines and/or programs provided the program deliverable or outcome is still within the service levels identified in the budget. Where the source of budget capacity will be salary & benefits (excluding MPL and BIA), transfer with reserves and reserve funds, reallocations (chargebacks), or financing revenue, validation from the Finance Division is also required.
- iii. Revenues that are received beyond the level provided for in the budget shall not be spent or committed without Council approval with the exception of the following:
 - a. In-year receipt of grant funding for Operating Programs may result in the creation or broadening in scope of an Operating Budget that was not included in the approved Budget. Budgets will be adjusted to reflect the additional revenue and expenses using delegated authority for cumulative amounts not exceeding \$250,000. Amounts exceeding \$250,000 will be adjusted with Council approval. The Program end date must coincide with the end date of the funding to ensure alignment with the grant requirements and adjustments to defer revenue and adjust future year Budgets will be made as required. Any surplus funds at the end of the project must be used in accordance with the terms of the grant funding.
 - b. Where revenues are only achieved through incremental expenditures where the budget impact is net neutral or positive and the program(s) remain within the service levels identified in the budget.
- iv. Forecast Changes:
 - a. A Forecast Change is an estimate of the final year end position of expenses and revenues
 - b. Certain expenses or revenues in the Operating Budget cannot be accurately predicted or controlled due to their variable nature, such as winter maintenance and utilities which are impacted by weather patterns, legal/insurance claim costs and settlements, or Emergency Purchases in accordance with the Purchasing By-law.
 - As much as practical, staff shall make efforts to mitigate the impact of such cost pressures on the total Operating Budget and year-end position
 - LMT members shall report any such anticipated over-expenditures to the Finance Division as soon as such potential over-expenditures are known.
 - c. For all other expenditures not captured in section 4.6.iv.b above, sufficient available budget is required prior to a purchase commitment or hiring decision being made, therefore over expenditures should not occur.
 - d. In addition to the reallocations addressed in section 4.6.ii, expected changes from budget to the year-end position will be reported to Council as Forecast Changes.

4.7 Capital Budget Control

The Capital Budget finalized by Council shall establish the scope, funding and spending authority for a Capital Project. Requirements, conditions and estimates may change, resulting in the variances from the originally approved budget. Budget Owners shall identify required budget amendments (where applicable) and secure the required approvals in collaboration with the Finance Division in advance of proceeding with any related purchase commitments.

4.7.1. Project Variance Reserve

A Project Variance Reserve will be created and maintained within the Reserve and Reserve Fund.

- i. The purpose of this fund is to provide for flexibility in managing in-year variances to the Town's Capital Projects while maintaining the integrity of the financial plans established through the annual budget process
- ii. Surpluses relating to the non-growth portion of Capital Projects that are funded from Town sources (example: levy, capital works reserve, etc.) will be transferred to the Project Variance Reserve through Budget Adjustments or at the time of Project closure.
- iii. Shortfalls in the Town's non-growth portion of Capital Projects will be funded from the Project Variance Reserve in accordance with the authority limits established within this policy.
- iv. Transfers between the Project Variance Reserve and other Town source Reserves may be required should the Project Variance Reserve accumulate excess funds or incur declining balances. Any such transfers will require Council approval.
- v. The target balance for the Project Variance Reserve will be 10% of the average annual portion of the Town's capital forecast that is to be funded from Project Variance Reserve-related funding sources (i.e. it will exclude the portion of the forecast that is to be funded from Development Charges, Gas Tax, external recoveries, etc.)
- vi. Any surplus or shortfall in Capital Projects related to the MPL or BIA will be funded from MPL or BIA sources.

4.7.2. Adjustments to Capital Budgets

- i. The scope of an existing project may not be amended without Council approval, unless:
 - a. the scope is the result of the receipt of external grant funding; or
 - b. the change has been authorized by the CAO in accordance with the authority delegated in the Purchasing By-law, or equivalent section of the MPL or BIA's purchasing policies (if applicable); or
 - c. the scope is the result of an Emergency as defined in the Purchasing By-law.
- ii. Budget increases to existing Capital Projects can proceed with authority delegated to the Treasurer or designate as follows:
 - a. for cumulative budget increases not exceeding \$250,000 over the Council-approved project budget where funding is available from the Project Variance Reserve, deferred revenues and/or external revenue;
 - b. for cumulative budget increases not exceeding \$500,000 over the Council-approved project budget where at least 50% of the funding is from an in-year receipt of grant, municipal or other external funding source and where funding for the remainder is available from the Project Variance Reserve, deferred revenues and/or external revenue;
 - c. For any budget increase considered in sections a. to b. above, where the cumulative increase exceeds 25% of the approved budget, the approval of the CAO is required.

- d. Capital budget increases related to emergency spending as defined by the Town's Purchasing By-law may proceed in advance of Council approval with reporting to Council afterwards
 - e. For the MPL and BIA, increases up to \$250,000 can be made without Council approval subject to authorization in accordance with the prevailing MPL or BIA policy, as well as validation of the funding sources by Finance Division.
 - f. Council approval will be required for all other budget increases to existing projects.
 - ii. Budget decreases to existing Capital Projects may occur when:
 - a. Costs for a project will be less than the approved project budget, resulting from a purchasing award, partial completion of a project or project closure.
 - b. Where it has been determined that previously budgeted external recovery will not be required or materialize.
 - c. Where a project will be deferred to future years and be re-budgeted through the annual budget process.
 - d. All such reductions can be approved by staff, the MPL or the BIA and reported to Council through the variance reporting.
 - iii. All new Capital Projects require the approval of Council, unless:
 - a. the scope is the result of the receipt of external grant funding
 - b. the cost is a result of an Emergency as defined in the Purchasing By-law.
- Any new projects created through the staff delegated authority above shall be reported to Council.

4.7.3. Project Closures

Budget Owners and/or LMT Members, the MPL or BIA will notify the Finance Division when a project is complete. Council will approve formal closure of Capital Projects.

4.8 Staff Complement Management

As staff complement represents a major category of cost in the delivery of municipal services to the public, guidelines that allow for the management of the cost associated with Full Time Equivalents (FTE) in a structured, efficient and responsive manner are appropriate. On that basis:

- i. Staff, the MPL and the BIA have the delegated authority to re-purpose an approved FTE within the following parameters:
 - a. changes must be FTE neutral,
 - b. sustainable funding sources must be available, and
 - c. changes must align with the approved service levels
- Should a full-time position be recommended to change from a 40 hour work week to 35 hour work week, or vice versa, this will be deemed to be FTE neutral
- ii. Staff, the MPL and the BIA have the delegated authority to temporarily increase staff complement (as measured by FTE), within the following parameters:
 - a. sustainable funding sources must be available for the term of the resulting contract, and
 - b. changes align with the approved service levels
 - iii. All other changes to approved staffing levels must be approved by Council.

5. Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	<ul style="list-style-type: none"> i. Determine the services and service levels to be provided ii. Approve the annual Budget calendar and provide recommendations upon which the annual Operating and Capital Budgets may be based iii. Finalize the Operating and Capital Budget, including staff complement, in accordance with applicable legislative steps iv. Approve operating, capital and FTE Budget adjustments in accordance with the thresholds outlined herein v. Approve the taxation levy and user fees via by-law. vi. Approve use of reserves, reserve funds or debt and respective By-laws, in accordance with the thresholds outlined in this policy. vii. Maintain the financial integrity of the Town. viii. Support multi-year business and financial Budget strategies in support of Council objectives.
Head of Council	<ul style="list-style-type: none"> i. Undertake responsibilities related to the Budget process as outlined in Provincial Legislation.
Strategic Management Team & Leadership Management Team Members	<ul style="list-style-type: none"> ii. Ensure that annual and multi-year budget strategies are developed to support Council's objectives, and the protection and maintenance of the Town's physical and financial assets. iii. Ensure that master plans and service-related strategies include financial analysis and costing information prior to obtaining Council approval iv. Exercise financial control over all corporate operations that are included within the Budget as finalized by Council. v. Approve Budget and FTE adjustments as per the thresholds outlined in this policy. vi. Identify the long-term financial impacts of current decisions/Budgets. vii. Review and validate Capital Project detail sheets submitted for Capital Projects and Service Level Change forms submitted for Operating Budgets
Treasurer	<ul style="list-style-type: none"> i. Perform the responsibilities outlined in Section 286 of the Municipal Act, 2001 ii. Provide Council with the financial information it requires with respect to the financial health and affairs of the Town iii. Develop financial strategies in support of Council objectives and the strategies developed by the Strategic and Leadership Management teams.
Financial Planning and Policy Business Unit	<ul style="list-style-type: none"> i. Prepare the Budget Reference Document. ii. Monitor the annual Operating and Capital Budgets and prepare variance reports based on the input from Budget Owners. iii. Review and action the Budget Adjustments iv. Provide support in business case development

	<ul style="list-style-type: none"> v. Support LMT members in applying for external funding opportunities, as well as providing coordination for funding programs that span multiple program areas and for reviewing any reporting that is financial in nature and required as a part of any funding program vi. Support the Treasurer in fulfilling the responsibilities outlined in Section 286 of the <i>Municipal Act, 2001</i>
MPL & BIA	<ul style="list-style-type: none"> i. Ensure that annual and multi-year budgets submissions and strategies are developed to support Council and/or Board objectives, as well the protection and maintenance of the physical and financial assets. ii. Ensure that all Board approved Budget submissions comply with the Budget timetable, form and instructions. iii. Ensure compliance with spending limits and Budget Adjustments where applicable within the rules established in this policy iv. Support the Council reporting requirements outlined in this Policy v. Establish internal policies and procedures as necessary
Budget Owners	<ul style="list-style-type: none"> i. Develop, manage and administer annual and multi-year Capital and Operating Budgets for the Program/Project, ensuring support of Council's objectives, financial transparency and accountability. ii. Manage operations in accordance with the finalized Budgets, identify and explain Variances. iii. Prepare Capital Project detail sheets iv. Prepare service level change forms v. Ensure Budgets are finalized and available in advance of initiating procurement or hiring activities. vi. Identify and prepare Budget adjustments within the rules established in this Policy vii. Manage Federal, Provincial or other funding programs that are available for the respective programs and services, including identification of opportunities and submission of applications. viii. Within 60 days of Project completion, advise the Financial Planning & Policy staff that the project is complete.

6. Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7. Reporting

7.1 Variance Reporting

- i. Through the Variance Reporting processes, the following information shall be presented to Council:

- a. Operating Budget and Capital Budget actual results in comparison to Budget and Forecast Changes for the balance of the year
 - b. A description for material variances between approved budgets and actual expenditures and revenues
 - c. All in-year Budget Adjustments
 - d. Budget to actual comparison of the transfers between the Operating Fund and the Reserve Fund
- ii. Detailed variance reports relating to the Capital Budget will be submitted to Council twice annually for the periods ending June 30th and December 31st
- iii. Detailed variance reports relating to the Operating Budget will be submitted to Council three times annually for the periods ending May 31st, September 30th, and December 31st
- iv. Operating Budget and Capital Budget month-end statements will be provided to Council for the month-end positions from March, April, August and October. For July month-end statements provided to Council will be on the Operating fund only.
- v. Any changes made to this policy through the authority delegated under Section 6 shall be reported by the Treasurer to Council annually.

7.2 Project Milestone Reports

Regular Milestone reports will be prepared for any projects that meet criteria such as size, risk, public interest or otherwise directed by Council or staff.

8. Related Policies, By-laws, Regulations, Legislation and Accounting Standards

To ensure the prudent fiscal management of the Town's financial resources, this policy shall be enforced in a manner that supports the following policies, By-laws, regulations, legislation, and accounting standards:

- i. *The Municipal Act, 2001*
- ii. *The Development Charges Act, 1997*
- iii. Canadian Public Sector Accounting Standards
- iv. Financial Management Policy Framework
- v. The "Corporate Delegation of Authority" Policy
- vi. *The Public Libraries Act, 1990*
- vii. Various By-laws relating to the establishment and authorities provided to the MPL and BIA

9. Definitions

- i. **Budget-** is an estimate, a plan to allocate resources for the maximum benefit of stakeholders.
- ii. **Budget Owner-** any Town staff responsible for an Operating Budget cost centre or Capital Budget.
- iii. **Budget Adjustment** - an increase or decrease in the authorized limit for an expenditure or revenue line.
- iv. **Capital Budget-** a multi-year plan based on the estimated expenditures and offsetting sources of financing for Capital Projects.
- v. **Capital Project-** a separate account to track expenditures and revenues that is established for the purpose of delivering a scope of work that can extend beyond the current year, and can result in the creation of a Tangible Capital Asset (TCA) or non-TCA asset.

- vi. **Commitment** - a contractual obligation usually involving a purchase order or legal agreement for the purchase of goods, services or construction.
- vii. **Division** - any organizational unit that may encompass one or more municipal services and is at the level at which Council approved funding and fund control in the operating budget. Divisions are generally aligned with LMT Members.
- viii. **Department** - any department of the Town of Milton. Departments are generally aligned with SMT Members.
- ix. **Fiscal Year**- the Town's Fiscal Year is considered to be January 1 to December 31 in accordance with Section 285(e) of the *Municipal Act, 2001*. Other Programs, grants or other obligations may also be required to report a Fiscal Year defined within different parameters; however, this will be defined in contractual documents. For Town purposes, any activity which falls into this second category rolls up into the Town's Fiscal Year.
- x. **Forecast Change** - an estimate of the projected variance that is anticipated relative to budget.
- xi. **Full Time Equivalent (FTE)** - is the fixed number tied to standard staffing hours required to perform Town services or Programs. To illustrate, the following are considered FTE:
 - a. 35 hour work week X 52=1820 =1 FTE
 - b. 40 hour work week X 52=2080=1 FTE
- xii. **Gross** - the value before any deductions
- xiii. **Head of Council** - the individual holding the authorities provided for this role in accordance with the Municipal Act, 2001
- xiv. **Net** - the value after the exclusion of deductions
- xv. **Non-TCA Project** - a Project that will not result in a Tangible Capital Asset, however has been created as a part of the Capital Budget due to the benefits in the way of either transparency, project management and administration, or revenue allocation.
- xvi. **Operating Budget**- is a financial plan of current operations that encompasses both estimated revenues and expenditures for a specific period, normally a Fiscal Year.
- xvii. **Program Change** - the introduction of a service that is new to the Town or a change in the level of service provided
- xviii. **Project Administration Surcharge** - an expense made against a project to fund the support services and overhead that are required to complete the project
- xix. **Project Variance Reserve** - a reserve that is used to fund project shortfalls using accumulated project surpluses, thereby minimizing impacts on the financial plans established through the annual budget process
- xx. **Reserves**- are an allocation of accumulated net revenue that does not require the physical segregation of money or assets.
- xxi. **Reserve Fund**- is an obligatory fund that is segregated and restricted to meet a specific purpose. Reserve Funds are required by legislation which stipulates that certain contributions received for special purposed be segregated from the general Reserves of the Town.
- xxii. **Sustainability** - the ability to provide for the needs of today without compromising the future generations' ability to provide for themselves
- xxiii. **Tangible Capital Asset (TCA)** - Tangible capital assets are non-financial assets having physical substance that:
 - Are held for use in the supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
 - Have useful economic lives extending beyond one year;
 - Are to be used on a continuing basis; and
 - Are not for sale in the ordinary course of operations.

- xxiv. **Tax Levy-** is the portion of Town Costs that are unfunded by other levels of government or other revenue sources and requires funding from the property owners of the municipality through a property tax.
- xxv. **Variance-** is a situation where actual recorded results differ from planned results as reflected in the Budget.

10. History of the Policy

Last amended: March 17, 2025 (ES-009-25)

Originally Approved: June 18, 2018 (CORS-041-18) and subsequently amended April 11, 2022 (CORS-024-22).

Previous Policies: This policy originally replaced the following former policies:

- Policy 22: Budget - Capital (CS-43-04)
- Policy 23: Budget - Operating (CS-30-01)
- Policy 63: Financial - Department Charge Back

Approval Report/By-law Number: ES-009-25
Appendix E

Approval Date: March 17, 2025
Effective Date: March 18, 2025

Policy Statement: The [Strategic Asset Management Policy](#) provides a framework to make the best possible decisions regarding Town of Milton’s assets based on targeted levels of service, risk-management and cost effectiveness throughout the entire asset lifecycle.

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1. Policy Purpose

The Town of Milton is responsible for providing a variety of services that, in addition to leveraging third party expertise and services, are dependent several billion dollars in Town-owned tangible capital assets. The purpose of this policy is to establish consistent standards and guidelines for management of the Town’s assets applying sound technical, social and economic principles that consider present and future needs of users, and the service expected from the assets. This means leveraging the lowest total lifecycle cost of ownership with regard to the service levels that best meet the needs of the community while giving consideration to the risk of failure that is acceptable.

This policy is intended to complement and support the Town’s strategic plan, master plans, policy documents and financial planning exercises.

This policy shall be implemented by staff to satisfy O.Reg. 588/17: Asset Management Planning in Municipal Infrastructure regulation, using accepted industry guidelines and practices such as Ontario Building together - Guide for municipal asset management plans, the ISO 55000:2014(E) - International Standard for Asset Management and the International Infrastructure Management Manual (IIMM, 2015).

2. Scope

This Policy applies to all areas within the Town that manage tangible capital assets in the provision of service delivery to the residents of Milton.

Although alignment will be considered where it is deemed to be appropriate, the Strategic Asset Management Policy differs from the Town's Tangible Capital Assets (TCA) policy. The TCA policy is an accounting policy intended to provide a framework for the financial reporting of the Town's assets based on identified capitalization thresholds.

3. Guiding Principles & Objectives

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The Town of Milton will strive to incorporate the following principles whenever possible into the management of the Town's infrastructure assets:

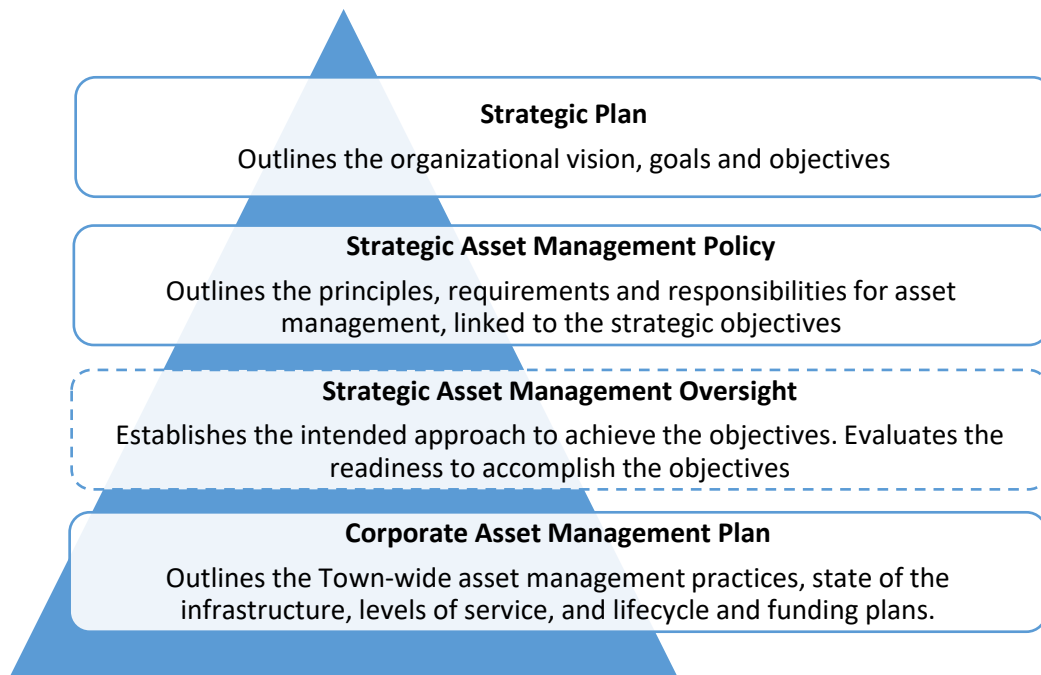
- i. **Forward Looking** - The Town shall take a long-term view while considering demographic and economic trends in the region. The Town will incorporate social, legislative, environmental and financial considerations into decisions to adequately address present and future land use planning, customer service commitments, environmental stewardship and regulatory requirements.
- ii. **Budgeting and Planning** - The Town shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2004 and Budgets adopted under Part VII of the Municipal Act, 2001.
- iii. **Prioritizing** - The Town shall clearly identify infrastructure priorities in order to better inform investment decisions
- iv. **Consistency** - The Town shall ensure the continued provision of core public services.
- v. **Economic Development** - The Town shall promote economic competitiveness, productivity, job creation and training opportunities.
- vi. **Transparency** - The Town shall be evidence based and transparent and investment decisions with respect to infrastructure will be based on information that is either publicly available or is made available to the public
- vii. **Customer Focused** - The Town shall develop clearly defined levels of service and adhere to optimal asset management processes and practices, including investment, that are supported by continually updated asset data and performance measures
- viii. **Risk-based** - The Town shall direct resources, expenditures, and priorities in a way that achieves the established levels of service, once developed and as may be amended, at an acceptable level of risk, recognizing that public safety is the priority
- ix. **Integration** - The Town shall evaluate assets in terms of their role and value within the context of the municipality as a whole, as opposed to examining individual assets in isolation.
- x. **Health and Safety** - The Town shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected

- xi. **Environmentally Conscious** - The Town shall minimize the impact of infrastructure on the environment by respecting and helping to maintain ecological and biological diversity and augmenting resilience to the effects of climate change
- xii. **Financial sustainability** - The Town shall choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks and costs.
- xiii. **Innovation** - The Town shall continually improve the asset management approach as new tools, techniques and solutions are developed

4. Policy

4.1 Asset Management Framework

The following graphic outlines the process for the development of the Town's Corporate Asset Management Plan including the linkage to the Town's Strategic Plan.



The **Strategic Asset Management Policy** will establish the key principles, overall mission and goals for the program and is guided by the Town's **Strategic Plan**. Within this policy framework, **Strategic Asset Management Oversight** is undertaken to sustain and improve the consistent application of practices across the organization. These efforts include the assessment of resource requirements, training and educational supports to enhance corporate knowledge, the deployment of data management and software solutions, and the development of standards and practices that are common across service departments. The **Corporate Asset Management Plan** then details the intended asset management programs that will allow the Town to understand and target service levels, as well as the asset portfolio's capability to meet those objectives.

4.2 Coordination with Community Planning

The corporate asset management plans shall reflect how the community is projected to change and the related asset impacts.

The Town's asset management planning process will align with the following:

- Provincial policy statements and the Planning Act
- the Town's Official Plan and Departmental Master Plans

The corporate asset management plan shall reference the direction established in the Official Plan and departmental Master Plans as well as the methods, assumptions, and data used in its development. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the Town's means through an understanding of current and future asset needs.

The Town will ensure coordination with the Region of Halton, area municipalities and other agencies for an integrated asset management approach.

4.3 Alignment with Annual Budget and Project Delivery

The Town will integrate findings from the corporate asset management plan into its long-term financial planning and budgeting processes. During the annual budgeting process, projects, priorities and funding levels will be reviewed against the background data and recommendations from the corporate asset management plan.

The corporate asset management plan and related data will be referenced as part of project and funding requests in an effort to:

- Identify all potential revenues and costs (including operating, maintenance, replacement, and decommission) associated with forthcoming infrastructure asset decisions
- Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs; and
- Incorporate new revenue tools and alternative funding strategies where possible

The asset base will not be increased without considering the ability of the Town to fund future maintenance, rehabilitation and replacement.

Project planning will consider the full lifecycle cost and performance implications that are associated with the Town's infrastructure. Consistent with the Town's Purchasing By-law and amongst other factors, procurement methods will consider achieving best value, being the optimal balance of performance and cost, and may include a time horizon that reflects the overall lifecycle of the asset.

4.4 Consideration of Climate Change

Climate change will be considered as part of the Town's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these

vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments.

Consideration may also be provided where feasible to achieving environmentally positive outcomes in project planning and service delivery in alignment with any corporate policies and studies such as the Town's Green Innovation Plan or related legislation.

4.5 Stakeholder Engagement

The ultimate goal of the municipality is to efficiently provide its various stakeholders with the municipal services they need or desire within the bounds of regulatory requirements, the built environment, and the natural environment. In order to achieve these goals, it is necessary that the municipality understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management plans. Accordingly, the Town will:

- Provide opportunities for residents and other stakeholders served by the Town to provide input in asset management planning; and
- Coordinate asset management planning with other agencies such as municipal bodies and regulated utilities

4.6 Continuous Improvement

The Town will strive for asset management practices, processes and capabilities that are developed with consideration of industry best practices and is committed to continuous improvement in this regard. Amongst other approaches, Town staff will collaborate with peer municipalities and organizations including through groups like the Halton Asset Management Community of Practice. Continuous improvement is especially important as the completeness and quality of future asset management plans will impact the Town's ability to effectively manage infrastructure and support delivery of safe, reliable and quality service for the Town of Milton.

5. Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	<ul style="list-style-type: none"> i. Approve the Asset Management policy and Corporate Asset Management Plan ii. Serve as representatives of stakeholder and community needs particularly as it relates to determining the services and service levels to be provided iii. Consider funding levels for both capital and operating budgets associated with Asset Management through the annual budget process iv. Support ongoing efforts to continuously improve and implement the asset management plans
Strategic Management Team	<ul style="list-style-type: none"> i. Endorse corporate asset management plans and policy

	<ul style="list-style-type: none"> ii. Participate in the process of aligning asset management strategies and plans with organizational strategies and objectives iii. Communicate the vision of asset management at a corporate level, encourage engagement with the processes and provide the guidance necessary to ensure alignment and integration across the organization
Leadership Management Team	<ul style="list-style-type: none"> i. Implement the Asset Management policy ii. Provide input on needs of department, current status of assets, and current levels of service iii. Support and comply with data collection requirements iv. Participate in the development of the corporate asset management work plans pertaining to their areas of expertise v. Participate in the regular review of all documentation, data, and asset measurement tools to ensure continued relevance and applicability of existing policies and practices vi. Document the alignment of Asset Management Plans with the priorities established and projects requested through the budget process
Chief Financial Officer & Treasurer	<ul style="list-style-type: none"> i. Ensure alignment between the Town's asset management financing plan to the Town's long term financial plan
Staff involved in delivering the Town's Asset Management Program	<ul style="list-style-type: none"> i. Ensure Town maintains compliance with the regulation ii. Lead the development of asset management policy, strategy and confirm the implementation plan/resource requirements iii. Coordinate the development of asset management plans iv. Provide corporate support for asset management v. Establish practices that ensure uniformity of approach across the organization vi. Encourage information sharing and collaboration across departments vii. Provide input and direction to corporate asset management work plans to ensure consistency with other initiatives viii. Lead the development of asset inventories, condition assessments, risk assessments and related asset management initiatives in line with industry best practices

	<ul style="list-style-type: none"> ix. Champion the asset management process x. Lead the effective implementation of corporate asset management initiatives.
Residents, Stakeholders and Customers	<ul style="list-style-type: none"> i. Participate in public information sessions, and stakeholder engagement initiatives, where possible ii. Provide feedback related to levels of service, service experience and service expectations iii. Notify the Town, via appropriate channels when service deficiencies or failures are observed.

6. Policy Management

The policy is to be reviewed periodically including following any changes in regulatory requirements, or updates to the Strategic Plan.

Staff will report to Council on asset management progress on or before July 1 each year, starting the year after the municipality's asset management plan (under section 6 of O.Reg 588/17, as amended by O.Reg. 193/21) is completed. The annual review will address:

- The Town's progress in implementing its asset management plan
- Any factors impeding the Town's ability to implement its asset management plan; and
- A strategy to address the identified factors identified

The Town's asset management plan will be reviewed and updated at minimum every five years.

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7. Related Policies, By-laws, Regulations, Legislation and Accounting Standards

To ensure the prudent fiscal management of the Town's financial resources, this policy shall be enforced in a manner that supports the following policies, By-laws, regulations, legislation, and accounting standards (as may be amended):

- *Infrastructure for Jobs and Prosperity Act, 2015*
- *Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure*, as amended by O.Reg 193/21
- Corporate Strategic Plan
- Corporate Policies including:
 - Financial Management - Financial Principles No. 110
 - Financial Management - Accounting No. 115

- Financial Management - Treasury No. 116
- Budget Management Policy No. 113
- Procurement & Disposal Policy No. 112
- Town of Milton Purchasing By-law

8. Definitions

- i. **Asset** - An item, thing or entity that has potential or actual value to an organization.
- ii. **Asset Management (AM)** - is a combination of management, financial, economic, engineering, and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner at an acceptable level of risk. It involves data-driven decision-making and actions throughout the lifecycle of assets.
- iii. **Corporate Asset Management Plans (AMPs)** - asset specific plans which are regularly updated to develop data-driven strategies and operational recommendations necessary to achieve objectives and service level expectations.
- iv. **Asset Lifecycle** - set of phases through the life of an asset that characterizes the ability of the asset to meet an expected level of service and retain its identity as an asset.
- v. **Lifecycle Cost** - the total cost of ownership of an asset throughout its life. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement or disposal costs, and environmental costs.
- vi. **Physical Asset or Tangible Capital Asset (TCA)** - Non-financial assets having a physical substance that are acquired or constructed/developed and:
 - a. Are used on a continuing basis in the Town's operations
 - b. Have useful lives extending beyond one accounting period
 - c. Are not held for re-sale in the ordinary course of operations
- vii. **Level of Service (LOS)** - The parameters or combination of parameters that reflect social, political, economic and environmental outcomes that the organization delivers. LOS statements describe the outputs or objectives an organization or activity intends to deliver to customers.
- viii. **Sustainability** - Meeting the needs of today without compromising the needs of future generations. It is about maintaining or improving the standard of living by protecting human health, conserving the environment, using resources efficiently and advancing long-term economic competitiveness. It requires the integration of environmental, economic and socio-cultural priorities into policies and programs with actions at all levels.

8 History of the Policy

Last amended: March 17, 2025 (ES-009-25)

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Appendix F

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Policy Statement: The [Accounting Policy](#) is intended to ensure that the Town's financial assets are appropriately safeguarded by establishing diligence, accountability and transparency in financial transactions and processes.

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1. Policy Purpose

This policy sets out the measures that will promote appropriate financial controls and provides guidelines for staff and stakeholders in relation to the Town's financial transactions. These measures are fundamental towards protecting the Town's assets and maintaining the financial integrity of the organization.

2. Guiding Principles & Objectives

Financial controls are essential in maintaining the integrity of the data and systems that are related to corporate financial transactions, therefore affecting all assets, liabilities, expenses and revenues. All Town staff have a responsibility to protect the Town's financial health and reputation.

3. Scope

The policies outlined in this document are applicable to all financial transactions and processes undertaken by the Town, save and except property tax collection that will be undertaken in accordance with Town Policy 111 - Taxation and Assessment Base Management. Any transactions processed by the Town for the Milton Public Library (MPL) and the Downtown Milton Business Improvement Area (BIA) are also required to satisfy the policies established herein.

The Accounting & Payroll business unit ensures that the Town is in compliance with applicable financial legislation, by-laws, regulations, Canada Revenue Agency guidelines and the Generally Accepted Accounting Principles (GAAP) as established by the Public Sector Accounting Board (PSAB). In order to achieve compliance with this policy, the Accounting & Payroll unit shall review any new or amended financial procedures developed pursuant to this policy.

4. Policy

4.1 Banking Services & Signing Authority

4.1.1 Appointment of Banking Service Provider

The appointment of Banking Service Providers shall be confirmed by Council resolution.

4.1.2 Bank Signing Authority

A by-law shall be in effect to identify designated signing officers for the corporation to give instructions, to provide verifications and approvals on behalf of the Town to the Banking Service Provider and to be authorized to sign and deliver any service requests or other financial services agreements.

The following transactions/instructions must be signed/approved by two signing officers:

1. Cheques issued by the Town over \$50,000 must be signed manually by two authorized signatories, and may also be signed utilizing an electronic signature on behalf of the Mayor*;
2. Electronic transfers of funds to external parties through wire or banking tools - greater than \$50,000 (excluding Payroll related transfers i.e. employee pay, government remittances);
3. Letter of request for money order and bank draft;
4. Purchase of Investments;
5. Agreements and instructions with Town's banking provider, including but not limited to set up of new bank accounts, new banking services, disclosure of banking information;
6. Agreements with the Town's merchant services provider.

The following transactions/instructions must be signed/approved by one signing officer:

1. Cheques issued by the town up to \$50,000 must be signed manually by one authorized signatory, and may also be signed utilizing an electronic signature on behalf of the Mayor*;
2. Electronic transfers of funds to external parties through wire or banking tools - up to \$50,000;
3. Electronic transfers for Payroll related transactions such as employee pay and government remittances;
4. Request for corrections resulting from on-line payments i.e. recalls;
5. Online banking access for new users and changes to existing users other than reporting privileges.

**Municipal Act, Section 287* states that a municipality may provide that the signatures on a cheque of the municipality be mechanically or electronically reproduced.

4.1.3 Bank Account Management, Deposits and Transfers

The Manager, Accounting & Payroll shall provide oversight to the Town's accounts.

New accounts will only be set up if there is a business reason to do so, and will be done so in accordance with authorities outlined in this policy.

Accounting & Payroll staff shall use the secure means available as is appropriate to ensure revenues are deposited promptly to maximize interest income and reduce the risk of unsecured funds. This may include, but is not limited to, the utilization of armored car or courier services, electronic deposit technology, etc.

All town staff responsible for collecting revenue shall ensure that they understand and will follow all procedures relating to cash handling and ensure that all deposits are submitted accordingly. Any alternative method of making deposits must be approved by the Manager, Accounting & Payroll or Manager, Tax & Assessment.

4.1.4 Bank Account Reconciliations

All bank accounts will be reconciled by the Accounting & Payroll business unit including the following processes:

1. Transaction detail of each bank account will be generated from the General Ledger and reconciled against the bank statements provided by the Town's Banking Service Provider;
2. Cashed cheques will be reconciled and validated;
3. All electronic payments (i.e. Electronic Fund Transfers, Wire Transfers) will be reconciled;
4. All bank accounts' activities will be monitored;
5. Any fraudulent items or irreconcilable items will be brought to the attention of the Manager, Accounting & Payroll immediately. The Manager, Accounting & Payroll will take immediate action notifying the Town's banking service providers, the Treasurer and/or police in the case of fraudulent activities, and follow up with staff as is appropriate;
6. The Manager, Accounting & Payroll or designate will sign off on reconciliations and corresponding adjusting entries;

7. Any items not reconciled will be followed up with source documents and staff shall ensure controls have not been compromised;
8. Outstanding cheques which have become stale dated will be followed up to ensure that payment is received by vendors;
9. Outstanding stale dated cheques related to refunds will be transferred back to the originating customer's account if applicable. All other stale dated cheques, for which no payee response is received within one year, will be cancelled and the funds will be transferred to corporate revenue.

4.2 Year End / External Auditors

4.2.1 Procedure

1. Appointment of External Auditors will occur in accordance with Section 296 of the *Municipal Act, 2001* or successor legislation.
2. Timing of Audits - Interim and final audit timelines to review the proceeding year's accounting activities will be established annually at the discretion of the Manager, Accounting & Payroll and generally occurs as follows:
 - a. Interim audit - November,
 - b. Field audit - March/April,
 - c. Issuance of consolidated financial statements & Reporting to Council - May/June,
 - d. Submission of Financial Information Return to Province - June.

4.2.2 Year end

1. The Manager, Accounting & Payroll will determine the schedule for the year end close, which will be communicated to all staff involved as well as the MPL and DBIA.
2. The year-end schedule will cover the timelines for completing and closing off the current year's activity for the following (at minimum):
 - a. Purchasing activities,
 - b. Accounts Payable including Town Issued Credit Card (TICC) activities,
 - c. Accounts Receivable,
 - d. Payroll accruals, activities and reimbursements,
 - e. Cash receipts, including deferred revenues,
 - f. Account reconciliations for balance sheet and operational accounts,
 - g. Year-end variance reporting,
 - h. Reserves and reserve funds transfers and balancing,
 - i. Tangible Capital Assets capitalization and disposal.
3. Adherence to timelines is essential in order to meet the audit timelines.
4. The Town's financial system will serve as the official auditable record of all financial transactions. Other software utilized by the Town will support the year end process by providing further data, reporting and support for entries in the Town's General Ledger (GL).

4.2.3 Expenses, accruals and estimates

1. All transactions shall have supporting documents including a vendor invoice or cheque requisition, cash receipt or accounts receivable invoice, or adequate information if there is rationale for not presenting said documents.
2. When a source document is not available to substantiate a transaction, which staff deems to be relevant and material to the current year financial statements, then an accrual must be processed using the following recognition criteria:
 - a. The item has an appropriate basis of measurement and a reasonable estimate can be made of the amount involved;
 - b. For an item that involves obtaining or giving up future economic benefits, it is expected that such benefits will be obtained or given up.
3. All accruals must be reviewed and approved by the Manager, Accounting & Payroll or designate. All accruals must be reversed in the subsequent year in order to ensure that entries are not recorded in multiple years.
4. Subsequent to year end, staff will review the previous accruals to ensure the corresponding expense has been recorded.

4.2.4 Revenue, deferral and estimates

1. All revenues must be posted to the fiscal year that said revenue were earned and collectible.
2. All revenues, including, but not limited to government transfers (i.e. operating and capital grants) must be booked in accordance with PSAB guidelines.
3. All revenues for which funds have been received but are not yet earned must be recorded as deferred revenue and allocated to future reporting periods.
4. All deferred revenue must be reviewed and approved by the Manager, Accounting & Payroll or designate.

4.3 Accounts Payable

4.3.1 General

1. Town staff is responsible to ensure that all purchases of goods and services are in compliance with the Purchasing By-Law.
2. Town staff is responsible for submitting payment request forms or vendor invoices to Accounts Payable with relevant back-up documentation and appropriate authorization including budget authority from the corresponding department.
3. Vendors are responsible to provide an invoice with the following information:
 - a. Invoice number and date,
 - b. Addressee must be either: Town of Milton
 Milton Public Library
 Downtown Business Improvement Area
 A vendor invoice addressed to a town employee or department is not acceptable.
 - c. Description of goods and/or services provided,
 - d. Invoice prices and other components, such as shipping and taxes,

- e. HST Registration number. In the event that a vendor does not charge HST, Accounting will determine if follow up is required with the vendor to ensure that they fall under the Canada Revenue Agency (CRA) small supplier exemption or an HST self-assessment is required.
 - f. Reference to the Town's Purchase Order (PO) number (or Blanket Purchase Order (BPO) release number), where applicable,
 - g. Other information as may be prescribed by legislation.
- 4. All payments are processed at net 30 payment term, unless otherwise prescribed by legislation or negotiated by the Procurement division on a case- by-case basis.
- 5. Vendor Communication:
 - a. Accounts Payable is responsible for communication with a vendor regarding invoice status and payment status.
 - b. Town Staff and the Procurement business unit is responsible for communication regarding vendor status, purchases and compliance to the Purchasing By-Law.
- 6. The Town's preferred method of payment is Electronic Funds Transfer (EFT) or TICC. Vendors are encouraged to enroll in these payment programs as opposed to payments by cheque.

4.3.2 Payment of vendor invoices:

After receiving goods or services, department staff is responsible for processing receipt of goods or services against the PO and forwarding the invoice with PO receipt as a back-up to Accounts Payable for payment in a timely manner to be processed within payment terms. Vendor invoice must match the purchase order in the system and be received by department staff before payment is made.

4.3.3 Vendor invoices covered by a Blanket Purchase Order

After receiving goods or services, Town staff is responsible for processing receipt of goods or services against the BPO release and forwarding the invoice with the BPO receipt as a back-up to Accounts Payable for the payment to be processed within the stated payment terms. The vendor invoice must match the purchase order in the system and must be received by department staff before payment is made.

4.3.4 Payments exempt from preparing Purchase Order.

- 1. This section applies to payment processing of:
 - a. Vendor invoices where bid process is not required according to Purchasing By-Law and a TICC is utilized as the form of payment.
 - b. Payments that are not related to the purchases of goods and services, and are not included in the scope of Town's Purchasing By-Law, such as:
 - i. Debenture payments,
 - ii. Investment payments
 - iii. Development charges,
 - iv. Payroll related remittances, e.g. source deductions, union dues, etc.
 - v. Refunds, e.g. cash securities, damage deposits, property taxation, recreation programs etc.

- vi. Tax remittances, e.g. property tax, sales tax,
 - vii. Grants to persons and organizations, e.g. Community Fund,
 - viii. Insurance/ Legal settlements,
 - ix. Petty cash replenishment.
 - c. Payments not exempt from the bidding process but exempt from PO process:
 - i. Employee benefits, e.g. Health/ Dental, Life Insurance
 - ii. Banking services.
 - d. Reimbursements to Town employees for purchased goods and services paid for with their personal funds as the Town's stated methods of payment was not possible at the time.
 - e. Payments on behalf of Library and DBIA Management boards.
 - f. Other payments as may be determined at the discretion of the Manager, Accounting & Payroll or designate.
2. Requests for payment must be forwarded to Accounts Payable in the form of a vendor invoice or cheque requisition.
3. Cheque requisitions are used only when no vendor invoice is available. The requisition must clearly indicate:
- a. The payee with full name and address,
 - b. Description of the goods or services,
 - c. The amount of payment requested,
 - d. Tax amount, if applicable (including HST registration number),
 - e. Cost coding,
 - f. Special instructions.
4. Department staff requesting the payment is responsible for obtaining approval of the request by staff with budget authority in the respective department. Payments described in this section might require two departmental signatures of appropriate authority as stipulated in the related procedures.

4.3.5 Recurring payments

- 1. Recurring payments exempt from POs and regulated by other agreements, such as lease or periodic deposits, where the amount and the cost center are unchanged from period to period will be paid automatically.
- 2. Approval of the person with delegated authority obtained for the first payment request is applied to the rest of the recurring payments through the terms of the agreement.
- 3. Any changes to the terms and coding of the recurring payments must be approved separately by the person with delegated authority.

4.3.6 Utility payments

- 1. Department staff is responsible for setting up new utilities accounts with utility companies and providing cost code allocations to Accounts Payable.
- 2. Department staff is responsible for informing Accounts Payable with any changes to and/or termination of utility hook-ups.
- 3. Accounts Payable is responsible for maintaining a detailed listing of all utility accounts, including the address of the property attached to the utility account number and the GL

account number, including the sub ledger, related to that billing. Accounts Payable will facilitate periodic review of account listing for validity and relevance with department staff.

4. Utility invoices are received in Accounts Payable and processed without departmental approval.
5. Cost transactions for utilities are posted to the GL on the first business day of the month following the date of the last meter reading.
6. Accounts Payable is responsible for reconciling automatic payment withdrawals from the Town's bank account against the utilities invoices received.
7. Department staff is responsible for reviewing the consumption rates and utility costs on a regular basis.

4.3.7 Refunds

1. Requests for refunds including on-line refunds are exempt from the PO process. Payment request forms must be submitted to Accounts Payable (if applicable after consideration of credit on account or electronic processing) and must be approved in accordance with the delegated authority of the department.
2. Departmental staff processing a refund are responsible for verification of accuracy and completeness of the submitted information which should include any relevant back up.
3. Accounts Payable will monitor the status of refunds. Departmental staff requesting the refund are responsible for follow-up on all returned or stale payments.

4.3.8 Town Issued Credit Card (TICC) processing

1. Policies with respect to the Town's TICC program have been established as part of the Town's Procurement & Disposal Policy (Policy 112), including eligible cardholders, authority to establish processes, and eligible purchases.
2. Proper supporting documentation for TICC transactions must contain the same information elements as an invoice described in section 4.3.1 paragraph (3). Other types of supporting documentation (such as packing slips, transaction confirmations, account statements and booking confirmations) would not constitute proper supporting documentation if submitted alone.
3. Town staff is responsible for the conveyance of supporting documentation related to TICC activity in a timely manner, as well as for completeness of the supporting documentation, sales tax verification and coding instructions.
4. Leadership Management Team (LMT) members are responsible for monitoring the utilization, approvals and reporting of TICC within their division or area of responsibility.
5. Accounts Payable and the Procurement business units are responsible for auditing TICC packages within established timelines.

4.3.9 Payments

1. Accounts Payable will process an EFT, cheque, and e-payable run every Thursday of each week. The payment run will include all authorized payment requests that are due Thursday of the following week or before.

2. All payments that are required to be included in the current week payment run must be received by Accounts Payable not later than Wednesday afternoon. The deadline is subject to change by Manager of Payroll & Accounting or designate based on the current business need. Any changes will be communicated promptly to all departments affected by the change.
3. Emergency payment requirements will be considered on case by case basis and must be approved by the Manager, Payroll and Accounting or designate.
4. On occasion once business need arises, payments will be made in US currency via bank draft or wire transfer. Approval level for US bank draft or wire is the same as Canadian currency payment types.
5. Certified cheque is not a supported payment type of the Town. In lieu of a certified cheque, the Town offers an Electronic Fund Transfer providing the banking information is made available to the Town at the time of payment.

4.3.10 Payment cancellation

1. A payment that is determined to be in error must be cancelled and reissued if:
 - a. a payment is issued for the wrong amount;
 - b. a payment is issued to the wrong vendor name;
 - c. a payment is issued as a duplicate payment;
 - d. a payment was not received by the vendor.
2. When information for the payment cannot be rectified, the payment is cancelled together with the accounts payable voucher and no expense is recorded.

4.3.11 Stop payment process

1. In cases when the Town does not have the cheque in their possession and it is determined that a cheque has been released to the vendor in error, and / or has never been received by the vendor, Accounts Payable must determine whether the cheque has been cashed. If the cheque has not been cashed, a stop payment must be registered with the bank for the cheque.
2. Stop payments can be registered with the bank by the Manager, Accounting & Payroll or designate.
3. Once the stop payment has been registered with the bank, the cheque can be cancelled and re-issued as required.

4.4 Accounts Receivable

4.4.1 Invoice creation

1. Based on the User Fee By-Law, agreement with a third party or other authorizing document, Departmental staff completes an Invoice Requisition form, which details the following:
 - a. Customer's name and address,
 - b. Description of materials and/or services provided,
 - c. Amount to be billed and applicable taxes,
 - d. Appropriate General Ledger (GL) revenue account number,

- e. And mailing instructions.
2. Each invoice requisition must be accompanied by supporting documentation for audit purposes and signed by a designate with the appropriate level of authority.
3. For standard monthly or bi-monthly invoicing, an invoice may be created automatically by Accounts Receivable staff; however, the responsible department must provide backup as required to substantiate recurring billing.
4. Accounts Receivable staff reviews the form for completeness, sales tax implications and appropriate GL account number. Billings should never be netted against expenses. Payment terms are 30 days from date of invoice unless otherwise specified in an agreement, legislation or by the Treasurer or designate.

4.4.2 Interest on Overdue Accounts

1. Interest is processed the 1st of day of each month
2. The monthly interest rate charged to overdue accounts is consistent with the rate charged to outstanding property taxes unless stipulated otherwise in the related agreement or legislation or as prescribed by the Treasurer, upon his/her discretion.
3. Payments shall be applied first against the outstanding account noted on the payment remittance, with the remaining amount being applied in order of the oldest to the most recent arrears. The payments shall be applied first against all accrued interest with the remaining being applied to principal.
4. At the discretion of the Treasurer, the application of overdue interest could be waived for customers in, but not limited to, the following categories: charitable donors, sponsors, hospitals, schoolboards, and government agencies.
5. In those cases where the invoice is paid by monthly installments, interest will continue to be charged on the remaining balance, accordingly until the balance is paid in full.

4.4.3 Invoice payment process - miscellaneous items

1. Installments/ Payment plans as a method of invoice settlement could be offered to customers on a case by case basis at the discretion of the Manager, Accounting & Payroll or designate. These arrangements must be stipulated in an agreement with the customer and cannot exceed 2 (two) years in length.
2. If the payment received exceeds the total balance owing, the outstanding credit net any applicable payment issuance fees will be refunded to the customer. Where the net amount of the credit balance is less than \$5 the Town may transfer the remaining credit balance to the Town's General Government revenue account.
3. In the event a customer issues two (2) consecutive returned payments or two (2) returned items within 6 months, staff may request certified cheque, bank draft, cash or debit only, as forms of acceptable tender for a period of 6 months following the last returned item.

4.4.4 Invoice collection process

1. Many of the Town's revenues require payment in advance of the related service being provided, and as such the collection process of the Town's Accounts Receivables staff is not applicable.

2. Accounts Receivable staff are responsible for managing the collection process relating to invoices (with the assistance of the requesting department from time to time) with the exception of the following:
 - a. Lease payment collection which is the responsibility of the corresponding Departmental Staff that manage the tenant relationship (with the support of Accounts Receivable staff),
 - b. Donation and/or sponsorship collection which is the responsibility of the corresponding Departmental Staff that manage the program (with the support of Accounts Receivable staff),
 - c. Grant program revenue collection which is the responsibility of the corresponding Departmental Staff that manage the program (with the support of Accounts Receivable staff),
 - d. Insurance claims related collection is the responsibility of the corresponding Risk Management Department.
3. For invoices managed by Accounts Receivable:
 - a. Invoices not paid within 30 calendar days follow the collection process as outlined below:
 - i. Overdue notices are sent via email or regular mail to customer accounts that are 30, 60 and 90 calendar days past due;
 - ii. Accounts Receivable staff may attempt to contact the customer by phone to confirm if they were in receipt of the invoice and to discuss payment of the outstanding balance. Alternatively, Departmental Staff may be requested to do so with customers from their areas;
 - iii. A final notice is sent to accounts that are 90+ calendar days past due. The customer is informed that their account will be forwarded to the Collection Agency contracted by the Town, to the Ministry of Transportation, or added to the tax roll if their payment is not received.
 - b. The Manager, Accounting & Payroll will determine if the account should be referred to the registered collection agency engaged by the Town of Milton. The *Municipal Act*, Section 304, authorizes the municipality to use a registered collection agency for the recovery of a debt. Additional charges will be added as stipulated in User Fee By-Law.
 - c. In accordance to the *Municipal Act*, Section 398(2), some outstanding accounts can be added to the tax roll as an alternative. Additional charges will be applied in accordance with the prevailing User Fee By-law.
 - d. Similarly, some outstanding accounts can be referred to the Ministry of Transportation in order to be collected.
 - e. The Manager, Accounting & Payroll, is authorized to amend the above collection process where, in their discretion, the change is expected to result in a more favourable or equitable outcome.

4.4.5 Non-centralized accounts receivable

1. Separate accounts receivable systems may be utilized in areas such as the following departments to support operational needs:

- a. Community Services - recreation management and ticketing software for memberships, program registrations, events, performances and facility rentals,
 - b. By-law and Enforcement - for parking fines and other penalties,
 - c. Development Services - Planning and building permit applications.
2. Department staff ensures that the management, collection and record retention of non-centralized receivables is maintained and readily available for audit purposes. The aging report is to be reviewed monthly by designated staff. Based upon the review, attempts to collect the outstanding balances identified should ensue.
3. The Town reserves the right to reject a program registration, facility booking, or provide cash grants from the Milton Community Fund if there is a balance owing on an individual or group account. Balances on accounts that are greater than 30 calendar days are transferred to centralized Accounts Receivable and the management of the collection process is transferred to the Accounts Receivable Clerk where applicable.
4. Accounts transferred to centralized Accounts Receivable may “prevent access” on client accounts via an identifiable alert from the Accounts Receivable Clerk, which may prevent the customer from registering in person for and purchasing Town’s programs and services until the balance owing is settled.
5. Customer credits
 - a. Customer credits will be applied to the outstanding balance first.
 - b. Customers are encouraged to use their remaining credit on other Town programs and memberships.
 - c. The credit can be refunded at the customer’s request with the approval of the authorized Departmental Staff:
 - i. To a debit or a credit card at the counter on the day of purchase. Cards not present cannot be refunded.
 - ii. Otherwise to be refunded by cheque but is subject to the cheque issuance fee in accordance with the prevailing User Fee By-law.
 - d. Unused credit amounts older than 1 (one) year may be transferred to the Town’s General Government revenue account. This credit may be returned to the customer upon their request at discretion of the authorized Departmental staff, providing the supporting records are still available as per the Town’s record retention by-law.

4.4.6 Allowance for bad debt

1. Allowance accounts will be established and managed as follows:
 - a. Annually an amount is budgeted and transferred to the allowance account.
 - b. At year end an analysis is done on all outstanding accounts receivable to determine if the balance in the allowance account is adequate given the value of outstanding accounts receivable which are in risk of collection.
 - c. Accounts deemed to be uncollectible by either staff and/or the Collection Agency are written off against the corporate allowance.

4.4.7 Write-offs

1. A balance may be written off for any of the following reasons:

- a. The balance has been deemed uncollectable following the collection methodologies that are outlined in this policy.
 - i. Includes amount deemed uncollectable by the Collection Agency or staff;
 - ii. Also includes any balance remaining after court or insurance settlement.
 - b. The amount of the balance owing is immaterial
2. The authority for the tiered approval of write-offs is as follows:
 - a. For amounts below \$10,000, the Manager, Payroll & Accounting or designate,
 - b. For amounts of \$10,000 to \$25,000, the Treasurer or their appointed designate,
 - c. For amounts greater than \$25,000, Town Council.
3. Where a previously created invoice is deemed to have included an error, omission, or otherwise requires correction in the discretion of the Treasurer, the correcting entry is considered an administrative adjustment within staff's delegated authority and not a Write-off for the purposes of this policy.

4.5 Method of Payment, Petty Cash & Cash Handling

4.5.1 Method of Payment

1. Where the acceptable methods of payment are not outlined in Council-approved by-laws (such as the prevailing User Fee By-law) or legislation, they shall be determined at the discretion of the Manager, Accounting & Payroll and/or the Manager, Tax & Assessment.
2. There are various payment options that may be considered to ensure the Town goods and services are paid for and properly receipted including, but not limited to, the following:
 - a. Cash and cheques,
 - b. Certified cheques and bank drafts/money orders,
 - c. Payment card services from the Town's approved payment card provider, depending on the nature of and reason for the payment, these could be received in person, via telephone, or online.
 - d. Third party credit card payment services (property tax payments),
 - e. Electronic transfers inclusive of online banking tools.
3. In determining the acceptable form of payment the following factors may be considered:
 - a. Payment terms must be linked with service delivery;
 - b. Revenue volumes must be considered to minimize costs of the payment options and administration;
 - c. The costs of credit cards and associated terminals that will be charged to the department(s) utilizing the device;
 - d. Utilization of the Town's payment card service provider;
 - e. The security of payments to ensure that PCI standards are met;
 - f. Revenue reporting must be done in a timely manner to comply with the accounting standards and to satisfy all internal reporting deadlines.
4. Third party cheques will not be accepted.
5. The Manager, Accounting & Payroll and/or the Manager, Tax and Assessment is authorized to determine the acceptable method of payment, which may include but is not limited to in person payment or after-hours drop box at Town Hall, by mail or by electronic fund transfer, etc.

6. The Manager, Accounting & Payroll is authorized to determine the acceptance of post-dated cheques in the program areas, in addition to the following:
 - a. Property Taxes
 - b. Accounts Receivable billings
 - c. Facility Booking Office
7. Payments are applied to invoices the day that they are received:
 - a. For payments in person - the date is stamped on the cashiering receipt;
 - b. For payment by cheque - the date stamped as received by the Town's front counter staff;
 - c. For payment by bank wire transfer - the date that the payment is posted to the Town's bank account;
 - d. For payments by installments- the date when installment payment is received.
 - e. Post-dated cheques are processed on their specific date, cross referencing outstanding receivable
8. Timing of applying payments could be influenced by Town hall shutdown during public holidays or unforeseen events. Payments received in the mail during such times will be posted to the day before holiday or event once the business is resumed. Payments mailed prior to holiday or event, but received afterwards will be posted to the day received.

4.5.2 Petty Cash

1. Petty cash funds are utilized by departments to facilitate payment of minor purchases that cannot be otherwise purchased using a corporate credit card or purchase order, and/or for coin change float purposes. It also reduces the amount of cheque issuances for very small dollar amounts.
2. These funds should not be used:
 - a. to contravene the Town's Purchasing By-law, Town's employee related business expenses, conferences or seminar and training procedures,
 - b. to pay salaries for any permanent or temporary staff,
 - c. to pay for meal allowances or meal reimbursements,
 - d. to reimburse for mileage,
 - e. to pay supplier invoices,
 - f. for purchases greater than \$50,
 - g. for personal use.
3. Departments must obtain approval from the Manager, Accounting & Payroll in order to establish a petty cash fund. For those departments residing at Town Hall, the Tax & Assessment business unit will serve as the purveyor of petty cash.
4. The Manager, Accounting & Payroll is authorized to establish the appropriate dollar limit for the size of each petty cash fund with input from the requesting service area.
5. The custodian designated is responsible for managing and replenishing the petty cash fund as required, keeping the funds in a secured environment, and ensuring that the petty cash procedure rules are followed.
6. The administrative procedures set to replenish, utilize, record and report on petty cash transactions will be defined by the Manager, Accounting & Payroll or Manager, Tax & Assessment.

4.5.3 Cash Handling

1. For the purposes of these procedures “cash” will include:
 - a. Canadian currency of legal tender under the Currency Act,
 - b. Cheques,
 - c. Money orders and bank drafts,
 - d. US currency with exception for cheques,
 - e. Debit card transactions,
 - f. Credit card transactions.

Note: Rolled coin is considered to be cash, and can be deposited as such without rerolling; however large quantities of loose coin is not considered legal tender under the *Currency Act* and payments in that form can be refused. The Town may not accept loose coin, when the amount of coin is suspected to be over the value of a corresponding roll.

2. Acceptance of foreign currency is limited to US coin and bills:
 - a. US coins and bills can be accepted in lieu of Canadian dollars at par value.
 - b. The Town of Milton will not accept foreign currency cheques. In the event that a foreign currency cheque is deposited in error, the Town will adjust the customer’s account at the conversion rates applied by the Town’s bank.
 - i. The customer is responsible for any additional payment, should the negative variance arise from this foreign exchange transaction;
 - ii. In case of positive variance, the credit will be applied to the customer’s account, less any user fees.
3. Individuals collecting cash should not have any other responsibilities related to cash handling. Cash receipting functions should also be segregated from cash disbursement functions. A different person should be involved in each step of the process:
 - a. Cash collecting/receipting,
 - b. Cash depositing,
 - c. Reconciliation,
 - d. Billing.

If there are not enough staff to perform these tasks, then mitigating controls should be developed.

4. In collaboration with the Manager, Business and Support Services, procedures for cash handling require the approval of the Manager, Accounting & Payroll and/or the Manager, Tax & Assessment and must be made available to staff in roles with cash handling responsibilities.
5. Town staff may accept cheques made payable directly to the “Town of Milton” or to the organization for which the town has a financial services agreement (eg. Milton Public Library). When staff accepts cheques, money orders or bank drafts they must ensure that:
 - a. the date, amount and payee are correct and that the cheque is signed by the payer,
 - b. to stamp the back of the cheque with the department endorsement showing the department/section name and indicate the GL account number to which the cheque is to be deposited.

6. Staff are expected to take reasonable precautions to secure funds and to avoid accepting counterfeit currency; however, when shortages are identified, the following steps should be taken:
 - a. Staff and management of the department experiencing the cash shortage will make every effort to determine the reason for the shortage and translate the explanation to the Manager, Accounting & Payroll;
 - b. If the shortage is a result of missing funds or theft, staff are obligated to report this directly to the Manager, Accounting & Payroll for further investigation;
 - c. The rules listed above for cash shortages also apply in situations for cash overages.
7. Certified cheques - Where a certified cheque is required, as is the case with security for tenders and purchasing contracts, a money order or bank draft is accepted as an equivalent form of payment.
8. Post-dated cheques - the Town of Milton accepts post-dated cheques for payments related to: property taxes, Accounts Receivable billings, Facility Booking Office. Other program areas may accept post-dated cheques with the approval of the Manager, Accounting & Payroll.
9. Debit cards - Debit cards are acceptable payment options, provided the staff/department has access to a payment card machine for processing. "Cash back" services are prohibited.
10. Credit card - Credit cards are acceptable payment options when the service is an option for payment (see Section 4.5 above), provided the staff/department has access to a payment card machine for processing, provided the town's card machine can accept that type of credit card, and provided that the payment type is acceptable in accordance with the Town's User Fee By-law (or other prevailing or applicable rate by-law). Credit cards shall not be accepted as payments for the following revenue sources:
 - a. Property taxes(except through independent third party provider),
 - b. Development charges,
 - c. Any fees or charges collected by the Town on behalf of other third party (i.e. Region, hydro, etc.),
 - d. Refundable deposits,
 - e. Security deposits,
 - f. Transactions over \$5,000 including tax (HST), unless approved by the Manager, Accounting & Payroll.
 - g. Other charges that may be identified as ineligible in the Town's User Fee By-law.

New requests for acceptance of credit cards must be approved by the Manager, Accounting & Payroll, who will review the request and determine if the volume, charges and service requirements are sufficient to warrant the acceptance.

For in person transactions, credit card payments should be processed by using chip-n-pin or tap. In the event where the device chip-n-pin is not working, credit card can be processed using swiping. In such case, the customer must sign the receipt and staff must verify the signature against the signature at the back of the credit card. If the credit card is

not signed, staff must request another credit card or different form of payment. If a customer's credit card information is collected by using manual imprinter, the signature must also be verified.

Staff must follow the Payment Card Industry Data Security Standard (PCI) and all internal Town procedures in order to protect the card holder and the Town.

11. Returned Items - the Town is notified when cheques, previously approved electronic incoming transfers cannot be deposited or when credit card payments are reversed as a result of a chargeback request i.e. non-sufficient funds, bank account closed, etc. All return items are subject to an applicable user fee. For property taxes and parking tickets, the customer's account will be adjusted to account for the returned funds and the user fee. For all other returned payments, the Accounts Receivable Clerk will notify the applicable department and invoice the customer for the original amount plus the user fee. All returned items activity (original returns and billings/repayments) are tracked in a dedicated receivable GL account. It is the responsibility of the department to take the appropriate action to assist with collection of payments. Where appropriate, the department might refuse to provide new service until the returned item repayment is made.

4.6 Journal Entries

1. Journal entries are adjustments to the GL and can be requested by Town staff in situations where sub-ledger adjustments such as accounts payable or accounts receivable adjustments are not applicable:
 - a. Corrections of account coding errors,
 - b. Accruals of revenue and expenses and subsequent reversals of said accruals,
 - c. Reallocations of the revenues and expenses, assets and liabilities, reserves and reserve funds,
 - d. Period end adjustments to the GL as required by PSAB,
 - e. Processing of the transactions from 3rd party financial systems, e.g. Recreation Management Software, Taxation software, Licencing Software etc.,
 - f. Otherwise determined by the Manager, Accounting & Payroll.
2. The requestor of the journal entry must have the journal entry approved and signed off by the designate with budget authority from the department affected by the pending transaction, and provide the required supporting documentation.
3. It is the responsibility of the Accounting staff to review the journal entry package and to post those approved in the Town's financial system.
4. Journal entry package is retained by the Accounting Department for audit purposes.

4.7 Harmonized Sales Tax (HST)

1. Town of Milton collects and pays sales tax in accordance with the Excise Tax Act (R.S.C., 1985). Legislation supersedes Town's policies and procedures.
2. Town Policies on Sales Tax application are consistent with CRA policies and are subject to changes as tax policies change.

3. Town staff is responsible for the collection and recording in the Town's general ledger of sales tax on user fees and other billings where applicable.
 - a. Town's staff takes all possible effort to disclose the sales tax implication on user fees to the public.
 - b. Town staff is responsible for the compilation of the Town's agreements with third parties and is required to disclose sales tax implications in the text of the agreement.
4. Town staff is responsible for the payment of GST/HST identified on vendor invoices, where HST is applicable and the vendor is registered for GST/HST collection. Town staff is responsible for recording GST/HST in Town's G L.
5. Accounting staff is responsible for filing HST/GST return with the CRA. The return must be filed prior to the deadline to avoid penalties and late charges.
6. Town staff purchasing from vendors outside Canada is responsible for notifying accounting staff of the transactions where Ontario sales tax was not charged. A copy of the invoice to be forwarded to Accounting Analyst for sales tax self-assessment.
7. Consistent with CRA policies, sales taxes from other provinces and/or countries cannot be claimed as tax credits and become an expense to the Town. In the arrangements to recover cost of services provided to third parties, Town staff is responsible to consider all fees and taxes that become a cost to Town, including portion of HST non-recoverable by Public Service Bodies.
8. Accounting staff is responsible to self-assess GST/HST on:
 - a. Taxable supply of goods and services purchased outside of Ontario, when GST/HST was not paid,
 - b. Purchases of non-exempt real property, where seller is indemnified from the collection of GST/HST.
9. Accounting staff may engage the sales tax auditor for periodic review of the Town's books for mitigation of sales tax liability and opportunities of sales tax recovery.
10. Designated Town staff is responsible to communicate with the CRA regarding the Town's GST/HST business account and to make changes to related CRA programs. Business consent forms approved by the Mayor must be filed with CRA to add or remove designated Town's staff.

4.8 Tangible Capital Assets

1. A tangible capital asset should be accounted for and recognized in the financial statements of the Town and its Boards when:
 - a. It is probable that future benefits associated with the tangible capital asset will be obtained;
 - b. There is an appropriate basis of measurement and a reasonable estimate of the value of the asset can be made;
 - c. The asset is in use.
2. All depreciable assets of the Town and its Boards will be amortized using the straight line method which allocates the cost of the asset evenly over its' useful life.
3. Amortization will begin on the acquisition date. The acquisition date of a tangible capital asset is the earliest of:

- a. The date on which the tangible capital asset being constructed is complete and ready to be put into service. For projects that do not receive a certificate of substantial completion, amortization will begin when the asset is available for use;
 - b. The date legal ownership of the tangible capital asset is obtained by the Town;
 - c. The purchase date.
4. The estimated useful life of the asset will be established by the collaboration between operating departments and Corporate Services.
 - a. Useful life is normally the shortest of the asset's physical, technological, commercial or legal life;
 - b. The useful life of a tangible capital asset depends on its expected use by the Town;
 - c. The useful life of an asset should be reviewed on a regular basis. If expectations differ from previous estimates, the change in useful life is to be accounted for as a change in an accounting estimate.
5. When acquired or constructed, tangible capital assets are measured at cost, the cost is the amount of cash paid and/or the fair value of other assets given up in exchange for the asset. It includes all charges, including carrying costs, necessary to place the asset in its intended location and condition for use.
6. Tangible capital assets that are donated or contributed to the Town must be recorded at fair value as of the date of transfer. If the Town is the donor or transferor, a deemed disposition is recorded at fair value.
7. Asset Types will be determined and defined by the Manager, Accounting & Payroll in collaboration with the auditors and staff. The current asset types include Land, Land Improvements, Buildings, Machinery & Equipment, Vehicles, Linear Assets, and Capital Work-in-Progress.
8. Tangible capital assets thresholds
 - a. Tangible Capital Assets of the Town should be capitalized according to the following thresholds:

ASSET TYPE	THRESHOLD
Land	\$0 (capitalize all)
Land Improvements	\$10,000
Buildings	\$10,000
Leasehold Improvements	\$10,000
Vehicles	\$5,000
Machinery & Equipment	\$5,000
Linear Assets:	
Storm Water Management -incl. storm sewer assets, storm water management ponds and culverts below 9m.	\$10,000
Roadways - includes road surface & base, bridges and culverts over 9 m.	\$10,000
Other Linear Assets - includes street lights, traffic lights, road signs etc.	\$10,000

- b. Town of Milton's Boards (Library and Business Improvement Area) have a capitalization threshold of \$500 for all asset types;
 - c. Similar assets that have a unit value below the capitalization threshold but have a material value as a group can be combined to create a pool. Examples of assets that can be pooled are library books and computer hardware and software. The pooled capitalization threshold is the same as the single asset type threshold.
- 9. Replacements
 - a. If the component being replaced had previously been segregated in the asset accounting register as a distinct asset for amortization over its specific expected useful life, then the new component is capitalized and the old component is retired with its residual net book value removed from the accounts (example - building roof);
 - b. If the component being replaced was not previously segregated from the whole asset as a distinct asset, then the replacement is normally considered a repair and the costs are expensed as incurred (even if the component enhances the service potential of the asset, example - small vehicle automobile engine);
 - c. If the component being replaced was not previously segregated from the whole asset, but is essential to the function of the asset, then replacement is recorded as a new asset with augmented useful life to take into consideration the overall state of the asset. For example - the engine replacements/refurbs for Aerial Trucks, Pumpers, Rescues and Tankers, upon truck/engine refurb - in the final 13th year of useful life year, the old truck is removed from the asset register and the refurbished truck/engine is added with a useful life of 7 years.
- 10. Betterments
 - a. Betterment is a cost incurred to enhance the service potential of a tangible capital asset. Betterments increase service potential and may or may not increase the remaining useful life of the tangible capital asset. Service potential is enhanced if one of the following occurs:
 - b. There is an increase in the previously assessed physical output or service capacity;
 - c. Associated operating costs are lowered;
 - d. The original useful life is extended; or
 - e. The quality of the output is improved;
 - f. Betterments to existing assets may be capitalized when unit costs exceed the threshold;
 - g. An example of a betterment is a road widening.
- 11. A write-down is used to reflect a partial impairment in the value of a tangible capital asset. The carrying value of a tangible capital asset should be written down if it can no longer contribute to the Town's ability to provide service at the previously anticipated level and the impairment is permanent in nature.
 - a. A write-off is a 100% reduction in the net book value of a tangible capital asset to reflect the decline in the asset's value due to a permanent impairment;
 - b. Once an asset is written down or off, the transaction cannot be reversed. An asset that has been previously written down cannot be written up in a subsequent

period. Similarly, an asset that has been written off cannot be written on at a later date.

12. Asset Disposals occur when the ownership of a tangible capital asset is relinquished and may occur by sale, loss, destruction or abandonment.
 - a. Upon disposal of a tangible capital asset, whether by sale, loss, destruction or abandonment, the difference between the net proceeds on disposal and the net book value should be recognized as a gain or loss in the period the transaction to dispose of the tangible capital asset is completed.
 - b. Pooled assets are considered disposed at the end of their useful life.
13. All Financial Policy and Planning and Accounting staff are responsible for compliance to Public Sector Accounting standard related to Tangible Capital Assets.
14. All Financial Policy and Planning and Accounting staff are responsible to support the financial auditor during auditing of Tangible Capital Assets and related records.
15. Financial Policy and Planning staff are responsible for the annual review of Capital Work-In-Progress for completeness of assets and eligibility of costs to be capitalized. Based on Public Sector Accounting standards and current policy, Financial Policy and Planning staff makes decisions to capitalize an asset, determines its costs and in use date.
16. Accounting staff are responsible for recording additions, changes, amortization and disposal of Tangible Capital Assets in Town's G L according to this policy and the Public Sector Accounting Standards, maintenance of TCA continuity schedule, reconciliations and financial reporting.
17. Town staff is responsible to inform Accounting and Financial Planning & Policy staff on acquisitions, changes or disposal of Tangible Capital assets in their respective departments.

4.9 Charitable Donation Receipts

1. Under Income Tax Act, 1985, the Corporation of the Town of Milton is classified as a "qualified donee" for charitable donations, and as such, is afforded the same privileges as a charitable organization without a registered charity number.
2. According to sections 110.1 (1) (a) and 118.1 (1) of the Income Tax Act, Canadian municipalities are permitted to issue receipts for charitable donations. These donations may come in the form of cash or in-kind.
3. Upon request of the donor, the Town of Milton will issue an official donation receipt for gifts that qualify as charitable donations in accordance with Canada Revenue Agency regulations. The Town will only issue official income tax receipts for eligible donations with a net cash value or net fair market value of \$25 or more.
4. To be eligible for an official receipt, the donation has to:
 - a. • be made payable to the Town, and
 - b. • be in cash or in kind,
 - c. • be voluntary,
 - d. • be supportive of the Town's mandate or beneficial to the community of the Town of Milton.
5. The Town of Milton is not responsible for issuing income tax receipts for donations to its boards.

6. An official donation receipts for income tax purposes for eligible donations are to be issued as follows:
 - a. Offline donations:
 - i. Manager, Accounting & Payroll shall sign the official donation receipts on behalf of the Corporation of the Town of Milton for donations up to \$25,000.
 - ii. Treasurer shall sign the official donation receipts on behalf of the Corporation of the Town of Milton for donations over \$25,000.
 - b. Online donations - for donations collected through Town's online donation portal, the official income tax receipts will be generated automatically using facsimile signature of the Manager, Accounting & Payroll.
7. Donations in-kind may be accepted only after the following has been assessed:
 - a. Compliance with Town by-laws and/or policies,
 - b. Compliance with the laws, conventions and treaties of the other levels of government,
 - c. Consistency with the Town's priorities, mandates and strategic and business plans,
 - d. Associated risks (e.g. financial risks, political risk, health and safety issues),
 - e. Condition of the donation,
 - f. Does not consist of financial instruments, other than cash,
 - g. Value of the donation,
 - h. Usefulness of the donation to the Town,
 - i. Cost/benefit analysis, if determined by the Treasurer or designate to be necessary, would consider installation, storage, maintenance, renewal, replacement and relevant costs.
8. Written valuation of donations in-kind assessing Fair Market Value as of the date of donation, shall be submitted with the requests for official receipt and is to meet the following requirements:
 - a. Up to \$1,000:
 - i. Appraisal by knowledgeable internal staff, plus
 - ii. Valuation from online auction and shopping website.
 - b. \$1,000 or over:
 - i. External appraisal by an independent individual is required;
 - ii. Responsibility and the costs associated with obtaining a qualified appraisal shall be determined by the member of LMT or Commissioner.
9. Authority for acceptance or rejection of donations in-kind with appraised value of:
 - a. Under \$50,000 - LMT Member or Commissioner in consultation with the Treasurer;
 - b. From \$50,000 but not exceeding \$250,000 - requires a written agreement of the value of the donation developed in advance and approval of the Commissioner in consultation with the Treasurer;
 - c. \$250,000 and more - Council approval is required.
10. Non-Qualifying Donations that cannot be acknowledged with official donations for income tax purposes, in accordance with CRA guidelines include:

- a. Intangibles such as services, time, skills, effort;
- b. Donations that are given to the Town intended as a flow through to a specified recipient who does not have charitable organization status;
- c. Donations from Charitable Foundations or allocations from other charities;
- d. Donations of business marketing products such as supplies and merchandise;
- e. Sponsorship in the form of cash, goods or services toward an event, project, program or corporate asset, in return for commercial benefit (i.e. logo placement or presenting sponsorship);

The intent of a sponsorship is to enhance the image and marketing opportunities of the sponsor in its target market and/or the community. Sponsorships are reciprocal arrangements benefiting both parties. Usually the cost to the sponsor is categorized as a business expense.

11. Accepting eligible cash donations:

- a. Accepted cash donations are not refundable.
- b. Date of donation for income tax receipt purposes is the date the donation payment was received by the Town of Milton.
 - i. Date of donation for payments by cheques is the date when the cheque is date stamped as received by the Town's front counter staff;
 - ii. Date of donation for payment by bank wire transfers is the date the payment is posted to Town of Milton's bank account;
 - iii. Date of donation paid in installments is the date when installment payment is received.
- c. Income tax receipt will be issued for each individual installment.

4.10 Asset Retirement Obligations (AROs)

1. A liability for an asset retirement obligation should be recognized when all of the criteria noted below are satisfied:
 - a. There is a legal obligation to incur retirement costs in relation to a TCA;
 - b. The past transaction or event giving rise to the liability has occurred;
 - c. It is expected that future economic benefits will be given up; and
 - d. A reasonable estimate of the amount can be made.
2. At initial recognition, if the TCA is in productive use and not fully amortized, the Town will create an ARO asset which is linked to the respective TCA, and recognize a corresponding liability. If the related TCA is fully amortized, no longer in productive use, or was never recognized as an asset the treatment is as follows:
 - a. Fully amortized TCA, still in productive use; although it is fully amortized, the historical cost basis exists. The Town will revisit the TCA's useful life and:
 - i. If the life of the TCA is extended, the Town will create an ARO and the ARO will be amortized over the new useful life as described in the policy.
 - ii. If the life of the TCA is not extended, the asset retirement costs are expensed immediately as described in the policy.

A corresponding liability, equal to the amount of ARO or asset retirement costs expensed, is recorded as normal.

- b. No longer in productive use; the asset retirement cost is expensed immediately as there is no longer a period of future economic benefit associated with the asset retirement costs, and the asset retirement obligation liability is still recognized.
 - c. Unrecognized assets (expensed at purchase); the asset retirement cost is expensed immediately as there is no cost basis for the asset retirement cost to be linked to.
3. For initial measurement, the estimate of a liability should include costs that are directly attributable to asset retirement activities. Directly attributable costs include, but are not limited to, payroll and benefits, equipment and facilities, materials, professional fees, and overhead costs. These costs may be based on requirements established in agreements, contracts, or other legal obligations.

The liability is recorded at its discounted net present value if the impact of discounting is material. The ARO assets are recorded at amounts equal to the initially measured liability.

4. At each reporting period, the carrying amounts of the ARO liability must be reassessed to consider new information, the discount rate, and other assumptions used. The Financial Planning and Policy business unit will be responsible for assessing the discount rate applied at each reporting period to ensure it is reasonable. The Accounting business unit is responsible for recording the changes in the Town's financial statements.

The Town will recognize, if and when necessary, any changes to the liability resulting from:

- a. Time passing as an accretion expense; and
 - b. Changes to the time frame or the original amount of the estimate (if any) as re-measurement adjustments.
5. The ARO asset, including any revisions to its carrying amount, are amortized using a straight-line method over the useful life of the asset. The liability for an asset retirement obligation continues to be recognized until it is settled.
6. When measuring an ARO liability, the best estimate of the cost to retire a TCA should be used. This estimate is based on the available information at the financial statement date. To determine the best estimate, professional judgement is required. Professional judgement can include internal expertise, external consultants, review of peer municipalities, or third party quotes. Depending on the complexity of the retirement costs and the time frame, external consultants may be required. It should be noted that uncertainty when predicting the timing and the amount of the ARO does not eliminate the obligation. If uncertainty persists, external consultation may be required.
7. Asset retirement obligations will be tracked and recorded within the Town's asset management database and will be included in divisional year-end checklists to ensure

the financial statement reporting is accurate and complete. Further, the existing asset additions / changes processes will be updated to capture information relevant for ARO assets.

4.11 Liability for Contaminated Sites

1. A liability for remediation should be recognized when as at the financial reporting date all of the following five criteria are satisfied:
 - a. An environmental standard exists at the reporting date. It is generally set out in the form of a statute, regulation, by-law, order, permit, contract or agreement and compliance is mandatory, legally enforceable and binding;
 - b. Contamination exceeds the standard. A remediation liability may only exist once it has been determined that contamination exceeds the standard;
 - c. The Town is directly responsible or accepts responsibility:
 - i. Direct responsibility may exist due to Town's past activities, activities of others on Town owned land or on land that the Town has since acquired because a responsible party cannot be identified or does not have the means to remediate.
 - ii. Town of Milton may voluntarily assume responsibility for remediation of contaminated sites through its own actions or promises. Only those assumed obligations for remediation that meet the definition of a liability at the financial statement date can be recognized;
 - d. It is expected that future economic benefits will be given up;
 - e. A reasonable estimate of the liability amount can be made.
2. Designated Town staff will review all available documentation annually to determine whether contamination exists. Uncertainty about the existence or non-existence of contamination does not eliminate the need to determine whether a liability exists. The likelihood of contamination exceeding the standard may be considered in the determination of further actions.
3. With accounting team guidance, the designated Town staff will estimate the remediation liability, which should include costs that are directly attributable to remediation activities required to bring the site up to the current minimum standard for its intended use.
4. The carrying amount of the remediation liability will be reviewed annually. Any revisions should be accounted for in the period of the revision.
5. The designated Town staff will periodically perform detailed reassessment of the contaminated sites to update or confirm the estimate of the liability, based on new information, which can include, but is not limited to, the following:
 - Significant technological developments
 - Lapsed time since the last site assessments were completed
 - New information from detailed site assessments, site characterizations, or technical reviews done on similar contaminated sites
 - A change in the legislation

5. Roles and Responsibilities

Individual(s)	General - Responsibilities
Town Council	<p>Approval of Towns policies</p> <p>Approval of staff recommendation to write of uncollectible accounts receivable over \$25,000</p> <p>Approval of staff recommendation to accept Gift-in-kind with the fair market value of \$ 250,000 or more</p> <p>Approval of the Town's Auditor & Banking Service Provider</p>
Treasurer or designate	<p>Overseeing the development of Town Policies that safeguard the Town's financial assets and promote the financial integrity of the Town</p> <p>Approval of staff recommendation to write off Accounts Receivable balances for amounts between \$1,000 and \$25,000</p> <p>Approval of staff recommendation to apply payment terms different from net 30 days from the date of invoice</p> <p>Approval of staff recommendation to waive interest application for customers in, but not limited to the following example categories: charitable donors, sponsors, hospitals, schoolboards, government agencies and other levels of government</p> <p>Signing of official donation receipts on behalf of the Corporation of the Town of Milton for donations over \$25,000</p> <p>Consulting with LMT Members or Commissioners on donations of values up to \$250,000</p> <p>Approval of payments, transactions or approvals in accordance with the delegated authorities provided</p>
Leadership Management Team (LMT)	<p>Approving the activation accounts that have been frozen through the accounts receivable process</p> <p>Accepting or rejecting of donations in-kind with appraised value under \$50,000, in consultation with the Treasurer</p> <p>Ensuring compliance with this Policy and related procedures within their within their division or area of responsibility</p>

<p>Manager, Accounting & Payroll or designate</p>	<p>Creating, modifying and monitoring any procedures required in order to implement this policy, and provide approvals as authorized herein</p> <p>Authorizing write-offs of uncollectable accounts receivable for amounts below \$10,000</p> <p>Signing the official donation receipts on behalf of the Corporation of the Town of Milton for Online Donations as well as offline donations up to \$25,000</p> <p>Communicating with CRA on behalf of the Town on GST/HST and Payroll CRA business program accounts as well as updating account program information on account</p> <p>Plan and manage Financial Audit conducted by the appointed auditor</p>
<p>Accounting & Payroll business unit</p>	<p>Implement an effective internal control system and procedures, including segregation of duties, for cash handling, banking services, depositing, reviewing receipts and reconciliations, and investigating unusual variations in revenue;</p> <p>Ensure the timely close off of the general ledger and that all current year transactions are reflected on the financial statements, as well as the reconciliation and review of all balance sheet accounts;</p> <p>Review and preparation draft financial statements for the Town and local boards;</p> <p>Processing all invoices & TICC Packages in a timely manner, ensuring that proper authority to pay has been received, and that a correct account number & tax treatment has been applied;</p> <p>Reviewing invoice requisitions forms, checking account numbers and HST, preparing invoices to be sent to customers, and ensuring revenue account codes are utilized;</p> <p>Following up on overdue accounts, working closely with the collection agency, when necessary, and documenting all collection activity for audit and review;</p> <p>Prepare and file GST/HST returns and assist in Sales Tax Recovery audits;</p> <p>Maintain financial records in accordance with audit, CRA, records retention by-law, or other legislated requirements;</p>

	<p>Developing policies for accounting and reporting in accordance with current PSAB Standards including Financial Statement reporting and disclosure requirements;</p> <p>Monitoring the application of this policy;</p> <p>Acting as the liaison between the External Auditors and the operational divisions;</p> <p>Continuous monitoring and assessment of the Contaminated Sites liability and /or AROs on an annual basis;</p> <p>Providing support to Operational divisions on the completeness of the identification of legislation and regulations that would impact accounting for current PSAB standards.</p>
Budget Owners / Town Staff	<p>Ensure compliance with this policy and related procedures.</p> <p>Approve Purchase Orders, providing GL account number to allocate purchase expense to the appropriate cost centre in a timely manner to facilitate timely payment of the invoice to vendor</p> <p>Approve vendor invoices and/ or cheque requisitions for P.O. exempt purchases, providing GL account number to allocate purchase expense to the appropriate cost centre in a timely manner to facilitate timely payment of the invoice to vendor</p> <p>For Petty Cash Custodians - reconciling, disbursing and replenishing petty cash funds and signing off on confirmation and understanding of procedure</p> <p>Approving billing requests for revenue collected via Accounts Receivable invoices;</p> <p>Authorization of refunds in non-centralized Accounts Receivable</p> <p>Monitoring and collection process of non-centralized Account Receivable;</p> <p>Assisting Accounts Receivable in collection efforts with their respective customers;</p> <p>Providing support during annual financial audit;</p> <p>Communicating with Accounting business unit on any contamination and /or AROs that become known, or change, in a reporting period, such as</p>

	<p>changes of asset conditions, legislations, regulations, or contractual obligations related to new or existent assets;</p> <p>Continuously working with Accounting on the completeness of the identification of legislation and regulations that would impact ARO and Contaminated Sites Liability;</p> <p>Advising Accounting of estimated costs to retire an asset, changes to previously estimated Contamination Liability and/or ARO costs, and if professional judgement and expertise can be applied or third party consultant is required.</p>
Asset Management Team	<p>Communicating to Accounting of any Contamination and/or AROs that become known, or change, in a reporting period;</p> <p>Continuous monitoring and assessment of the Contamination liability and/or AROs on an annual basis in relation to Asset Management system;</p> <p>Continuously supporting Operational divisions on the identification of Contamination and or AROs based on Town's policy, current legislation and regulations that would impact asset retirement obligations.</p>
Financial Planning and Policy	<p>Supporting Accounting in development of the Town's policy related to PSAB standards, measurement and re-measurement of Contamination liability and ARO estimates, including discounting rates and other assumptions;</p> <p>Communicating to Accounting of any Contamination and /or AROs that become known, or change, in a reporting period during capital variance review discussions.</p>

6 Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy as required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7 Reporting

1. Staff will present to Council a draft of the audited consolidated financial statements for annually, together with a summary report detailing the highlights of the year end statements, for approval. Included in the draft consolidated financial statements will be the audit opinion as expressed by the external auditing firm.

2. The external auditing firm will report to Council on the audit findings, which will also include any adjusted or unadjusted misstatements and management letter points.
3. The Manager, Accounting & Payroll will file the current year Financial Information Return (FIR), along with the audited consolidated financial statements with the Ministry of Municipal Affairs, in accordance with the timelines specified by the Province.
4. Once approved by Council, the consolidated financial statements will become a component of the "Annual Report", which will be posted on the Town's website. The external auditors must sign off on the financial statement component of the annual report prior to it being published.

8 Related Policies, By-laws, Regulations, Legislation and Accounting Standards

1. GAAP and PSAB requirements
2. *Municipal Act*, 2001
3. Ministry of Municipal Affairs reporting requirements
4. Federal and Provincial tax legislation and requirements
5. *Employment Standards Act*
6. Applicable financial by-laws (example - Bank Signing Authority By-law)
7. Town policies and related procedures
8. OMERS regulations
9. Payment Card Industry Data Security Standard (PCI DSS)
10. Retention by-law
11. *Income Tax Act*
12. *Construction Act*
13. Various Environmental Standards enforced by the Province of Ontario

Staff may use the following resources to assist in the interpretation of the above:

1. Chartered Professional Accountants of Canada
2. Canada Revenue Agency interpretations and guidelines
3. Established municipal associations
4. Benefit providers' administrative policies
5. Collective agreements
6. External and internal auditor findings

9 Definitions

1. **Accretion expense** - the increase in the carrying amount of a liability for asset retirement obligations due to the passage of time.
2. **Aging** - is an accounts receivable standard term which tracks unpaid invoices by predetermined milestone dates. These dates are usually 30, 60 and 90 days from date of generation.
3. **Amortization** - the accounting process of allocating the cost of a tangible capital asset to operating periods as an expense over its useful life in a systematic manner.
4. **Asset retirement activities** - all activities related to an asset retirement obligation. Examples include decommissioning a TCA, remediation of contamination created by

normal use, post-retirement costs, and costs of other TCAs acquired to perform post-retirement activities.

5. **Asset retirement obligation** - a legal obligation associated with the retirement of a TCA.
6. **Bank Draft** - a payment on behalf of a payer that is guaranteed by the issuing bank that sufficient funds are available for the check to clear. The funds is set aside from the payer's account to be given out when the bank draft is used.
7. **Banking Service Provider** - represents the financial institution contracted by the Town as the primary provider of banking services (deposit accounts, payment services, etc.)
8. **Banking System** - systems provided by the Banking Service Provider which record banking transaction detail, provide statements, and allow access to information. It also includes any anti-fraud programs which match the information of a Town of Milton cheque to the information on cheques cashed against the town's bank account(s).
9. **Charitable Donations** - voluntary transfers of tangible property, including cash.
10. **Discount rate** for the reporting year in question means the municipal long term borrowing rate less the target inflation rate declared by the Bank of Canada.
11. **Donations in-kind** - tangible property, other than cash, that are eligible donations.
12. **Facility Booking Office** - centralized office at Milton Sports Center handling facility space rentals.
13. **Fair Market Value (or Valuation)** - The highest dollar value that a property would bring in an open and unrestricted market, between the willing buyer and the willing seller who are acting independently of each other.
14. **Financial Services Provider** - encompasses all financial institutions or service providers that support the Town with financial services other than the Banking Service Provider. As such, it may include but is not limited to credit card providers, point of sale services, investment and securities, custodian services, audit and assurance services, etc.
15. **EFT (Electronic Funds Transfer)** - funds are transferred from the Town's bank account to a third party's bank account utilizing an electronic transfer instead of a cheque
16. **E-Payables** - electronic payment for Accounts Payable vouchers using Third Party Payment system
17. **FIR (Financial Information Return)** - the reporting requirements of the Ministry of Municipal Affairs.
18. **Money Order** - a certificate for a pre-specified amount of money, usually issued by a government or banking institution, which allows the stated payee to receive cash on demand. It is required that the funds be prepaid for the amount shown on it.
19. **Non-Qualifying Donations** - donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.
20. **Non-Sufficient Funds (NSF)** - refers to the status of a checking account that does not have enough money to cover transactions.
21. **Not in productive use** - an asset that is not currently in use to produce or to perform regular activities of the Town.
22. **Productive use** - an asset that is currently in use to produce or to perform regular activities of the Town.

23. **Professional judgement** - judgment used in assessing the appropriateness of the measurement technique and can be supplemented by experience, third party quotes, and independent experts.
24. **Promissory estoppel** - a commitment to a promise that could be considered to be legally enforceable.
25. **Reconciliation** - the process of ensuring that two sets of records match at the end of a particular accounting period.
26. **Tangible capital assets** - are non-financial assets having physical substance that:
- Are held for use in the supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
 - Have useful economic lives extending beyond one year;
 - Are to be used on a continuing basis; and
 - Are not for sale in the ordinary course of operations.
27. **Town Issued Credit Card (TICC)** - refers to the town's corporate credit cards
28. **Useful life** - the period over which an asset is expected to be used.

10 History of the Policy

Last amended: March 17, 2025 via report ES-009-25, which replaced the original policy approved on July 20, 2020.

Previous Policies: This policy originally replaced the following former policies:

- Policy 1: Accounting Principles (CORS-89-09)
- Policy 60: Financial - Bank Reconciliations
- Policy 62: Financial - Cheque Signing Authority
- Policy 97: Revenue - Method of Payment (CORS-30-01)
- Policy 150: Tangible Capital Assets (CORS-14-09)
- Policy 164: Accounting - Charitable Donation Receipts (CORS-054-12)
- Policy 155: Accounts Receivable (CORS-89-09)

Approval Report/By-law Number: ES-009-25

Appendix G

Approval Date: March 17, 2025

Effective Date: April 1, 2025

Policy Statement: The [Financial Management - Treasury Policy](#) provides a framework for optimal utilization of the Town's financial resources, in accordance with legislation and the Town's strategic goals.

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1. Policy Purpose

This policy outlines the methods the Town will use to manage its financial resources and protect and preserve capital, while maintaining solvency and liquidity to meet on-going financial requirements. This policy provides guiding principles for:

- Utilization of cash resources
- The issuance of external debt by the Town
- Establishment, continuance and use of reserves and reserve funds

The Treasury Policy is designed to work in conjunction with other Town policies and support the financial plans that result from the application of those policies. This policy should be revised in concert with other policies of the Town as required.

2. Guiding Principles & Objectives

Treasury activities are governed by the provisions and requirements of the *Municipal Act, 2001*, *Development Charges Act*, *Planning Act*, *Building Code Act*. Specific governing legislation for each of debt, reserve and reserve fund, and investment activity is further outlined in each of the sections below.

Any Provincial Statutes or Regulations thereof will supersede and take precedence over this policy.

3. Scope

The policies outlined in this document are applicable to all investments, debt and reserve and reserve fund activity undertaken by the Town of Milton. In accordance with the *Public Libraries Act, R.S.O. 1990 c P.44, s.25*, the Milton Public Library Board may request the Town to raise debentures for funds to acquire land, constructing or altering buildings, or to acquire books and other materials required for a newly established library.

Reserves and Reserve Funds of the Milton Public Library are established and administered by the Town of Milton in accordance with this policy. This policy does not apply to the Downtown Milton Business Improvement Area (BIA) who comply with their own respective policies as approved by their Boards. Although the Town maintains a DBIA Surplus Reserve Fund on behalf of the DBIA, these funds are generated and managed by the BIA.

This Policy includes all investment funds that are managed by the Town of Milton and excludes any of the Town's sinking fund investments that are managed by the Region of Halton or investments in Milton Hydro Holdings Inc.

4. Policy

4.1 Banking

The Town shall maintain a Banking Signing Authorities Bylaw that identifies the authorities for establishing banking and investment accounts, identifies the authorized banking signing officers on behalf of the Corporation and outlines the authorities and requirements for payment approvals as well as both general banking and investment activities.

4.2 Debt Management

Debenture financing is one of the mechanisms for funding capital projects. Generally capital projects provide benefits to residents over a number of years and therefore it may be appropriate to spread the cost over the benefit period to ensure those who benefit will contribute to the cost. Debenture financing may also be used to mitigate fluctuations in tax rates as well as manage cash flow and reserve balances.

4.2.1 Adherence to Legislative Requirements

Debt issuance at the Town will only be undertaken in compliance with the provisions of the *Municipal Act, 2001*, specifically Part XIII - Debt and Investment, as well as *Ontario Regulation 403/02* (Debt and Financial Obligations Limits). *Ontario Regulation 403/02* limits the amount of debt that can be utilized without required approval from the Ontario Municipal Board (OMB) such that the annual principal and interest payments cannot exceed 25% of own source revenue.

Temporary borrowing for works as per section 405 of the *Municipal Act, 2001*, as amended is permitted to be used to meet cash flow requirements during the construction of infrastructure. Temporary borrowing may only be applied in situations where the capitals works have been approved by Council and the upper tier municipality has approved the issue of debentures for the work.

Temporary borrowing for operational purposes as per section 407 of the *Municipal Act, 2001*, as amended is authorized to meet the current expenditures of the Town until taxes or other revenues are received.

4.2.2 Objectives

The primary objectives of the Town's debt program shall be:

- i) Adhere to legislative requirements;
- ii) Ensure financial flexibility to respond to emerging needs in order to support corporate priorities and strategic plans;
- iii) Minimize long-term cost of financing;
- iv) Minimize financial risk;
- v) Match the recovery of capital cost to an appropriate funding source.

4.2.3 Debt and Financial Obligations

Under *O. Reg. 403/02* the debt charge payments cannot exceed 25% of the Town's annual total own source revenues however this policy sets out further limitations on the amount of debt that the Town may issue. Debt limits must consider and include financing leases as well as any guarantees to other boards or agencies.

For the Town of Milton the amount of debt payments shall be limited to 15% of the Town's own source revenues and the debt limit as calculated by the regulations could be as high as 20% where at least 25% of the debt repayments can be made from other sources of revenue such as user fees, future development revenues or future capital provision payments.

The term of the debt repayment must match or be less than the expected useful life of the asset and will be structured for the shortest period to reduce overall financing costs while considering current and future taxpayer benefit.

Financing leases have different financial and other risks than traditional debt. These risks may include contingent payment obligations, lease termination provisions, equipment loss, equipment replacement options, guarantees and indemnities. These risks will be identified prior to entering into any material financing lease. See Policy No. 112 - Procurement and Disposal.

Temporary borrowing for works under section 405 of the *Municipal Act, 2001*, as amended will be no greater than 3 years and long term debt will be secured as soon as possible after the completion of a project or 3 years, whichever is less, to replace the short term borrowing. All temporary borrowing costs will be charged as part of the project costs and form part of the long-term debt requirements.

Any temporary borrowing for operations, as referenced under section 407 of the *Municipal Act, 2001*, as amended is to be repaid as soon as the Chief Financial Officer & Treasurer has determined adequate cash balances are available to do so.

4.2.4 Authority

Long term borrowing, or debentures, are issued by the Region of Halton on the Town's behalf in accordance with the *Municipal Act, 2001*, s. 401 which states that where there is a two tier government structure, debentures must be issued by the upper tier. The Chief Financial Officer & Treasurer, in accordance with the annual capital budget process, shall determine eligible capital works for debenture financing which will be provided to Council for approval. The minutes of that Council meeting and the associated confirming bylaw will be the supporting documents

which provides authority for debenture financing. The Chief Financial Officer & Treasurer, in consultation with the Region of Halton, shall determine the timing of issuance for borrowing that has been approved by Town Council.

Temporary borrowing for works as referenced under section 405 of the *Municipal Act, 2001*, as amended would be managed through the issuance of a By-law authorizing temporary borrowing to meet expenditures associated with approved capital works prior to the issuance of debentures.

Temporary borrowing for operations, as referenced under section 407 of the *Municipal Act, 2001*, as amended will be managed in compliance with the Operational Borrowing By-law of the Town.

4.3 Reserves and Reserve Funds

Under the authority of Council, reserves and reserve funds are appropriations from the Town's net revenues designated for purposes that may extend beyond the current fiscal year. Setting aside funds for planned future capital expenditures, unexpected or unpredicted events or to smooth expenditures which would otherwise cause fluctuations in the operating or capital budgets ensures the ongoing financial stability of the organization. Reserves and reserve funds are an integral part of the municipal budget planning process and long term financing plan that contributes to the municipality's sound financial position.

4.3.1 Adherence to Legislative Requirements

Reserves and Reserve Funds are governed by the *Municipal Act, 2001*, as amended which provides municipalities with broad powers to manage financial matters, which includes power to establish reserves and reserve funds for services under their jurisdiction where they have the authority to spend money. Other governing legislation includes *Development Charges Act*, *Planning Act*, *Building Code Act*, Federal/Provincial Transfer Payments, Gas Tax.

4.3.2 Objectives

The primary objectives of reserves and reserve funds shall be:

- i) Adherence to statutory requirements;
- ii) Promotion of financial stability and flexibility;
- iii) Provision for major capital expenditures;
- iv) Reduce the need for tax-levy funded debentures;
- v) Smooth expenditures which would otherwise cause fluctuation in the operating budget;
- vi) Ensure compliance with the terms of financial agreements or contracts.

4.3.3 Establishment of Reserves and Reserve Funds

Council, on the recommendation of the Chief Financial Officer & Treasurer, may establish a reserve or discretionary reserve fund and shall establish an obligatory reserve fund where required pursuant to legislation or contract. Reserves and reserve funds are created by specific by-laws or as part of other by-laws, such as those for development revenues or annual budgets.

Any change to the purpose for which the reserve or reserve fund is designated must be permitted by provincial statute and approved by Council. Reserves or reserve funds for different purposes shall be separate, but each may include a group of services in the same category.

Target funding levels shall be established for every reserve and reserve fund. Reserve and reserve fund balances and associated targets shall be reviewed periodically to ensure adequate reserve and reserve fund levels are being maintained.

4.3.4 Transfers to/from Reserves and Reserve Funds

Contributions to and/or withdrawals from reserves and reserve funds shall be authorized as part of the annual budget approval process or specifically by resolution with the following exceptions:

- i. Direct contributions to reserve and reserve funds such as development revenues, investment income, other external revenues, etc.
- ii. Corporate use reserves, as outlined in Appendix A, including Insurance and Legal Matters, and WSIB where staff may transfer funds throughout the year or as part of the year end process in order to manage the budget relative to actual levels of activity in those areas.
- iii. Transfers authorized through the Town's Budget Management Policy No. 113, including emergency spending and the use of the Project Variance Reserve to manage in-year variances to the Town's capital projects.
- iv. To manage the budget relative to actual levels of activity in areas such as tax write offs, investment income, supplementary taxes and/or dividend income from Milton Hydro, as examples, staff may transfer funds to/from Reserve throughout the year or as part of the year end process.

A schedule summarizing transfers to/from all reserves and reserve funds along with commentary on variances to budget will be reported to Council through the year end operating report as further discussed in section 7.2 - Reserve and Reserve Fund Reporting.

4.3.5 Investment of Reserves and Reserve Funds

Reserves and Reserve Funds may be invested in accordance with the conditions as set out in this policy through section 4.4 - Investments and Cash Management. Interest earned on reserves shall be recognized as revenue in the operating budget. Interest earned on reserve funds shall be recognized as revenue in each specific reserve fund

Interest earnings will be allocated based on the following priority:

- i. Development Reserve Funds will be allocated monthly interest based on the Bank of Canada overnight rate as referenced in the Development Charges Act.
- ii. Reserve Funds (with the exception of Development Reserve Funds) will be allocated monthly interest based on the Town's overall investment portfolio annual return.
- iii. Monthly interest will be calculated on unspent capital balances based on the average annual return on the Town's cash portion of the investment portfolio and allocated to Infrastructure Renewal Reserves.
- iv. Operating fund will be allocated interest in accordance with the Council approved budget.

- v. Excess investment income revenue above the established limit as identified in the Operating fund will be transferred to reserve in accordance with Financial Management - Financial Principles Policy No. 110 section 4.2.vii.

4.3.6 Temporary Borrowing from Reserves and Reserve Funds

Internal borrowing to cover a reserve short-term deficit, interim servicing requirements or internal financing is permissible, subject to any legislative restrictions, and the following requirements:

- Borrowing must not adversely affect the intended purpose of the reserve
- A plan to repay the reserve within a reasonable timeframe is required
- Interest, equivalent to the Town's interest earnings or as prescribed by legislation governing specific reserve funds, will be applied to the outstanding amount borrowed
- Legislated or contractual obligations are satisfied.

4.3.7 Termination of Reserves and Reserve Funds

If the purpose for which the reserve or reserve fund was created has been accomplished, the Chief Financial Officer & Treasurer, in consultation with program area staff and, subject to any legislative restrictions, shall report to Council with recommendations on:

- The closure of the reserve or reserve fund;
- The disposition of any remaining funds; and
- Any necessary changes to this policy.

A resolution of Council will be required to close a reserve.

See Appendix 1 for an inventory of Reserve and Reserve Funds indicating the purpose of each fund, funding source, use of funds and target balance.

4.4 Investment and Cash Management

4.4.1 Adherence to Legislative Requirements

Investment activities must be made in accordance with Section 418 (1) of the *Municipal Act, 2001*, as amended which states that a municipality may invest money it does not need immediately in securities, in accordance with prescribed rules and regulations. The prescribed securities that municipalities may invest in as well as the rules for making investments, entering into related financial agreements and reporting on activities is set out under Ontario Regulation 438/97.

4.4.2 Objectives

The primary objectives of the Investment Program, in order of priority, shall be:

- i) Adherence to statutory requirements
- ii) Preservation of principal
- iii) Ensuring availability of cash to meet disbursements and other obligations;
- iv) Maintaining liquidity;

- v) Diversification of the investment portfolio, commensurate with constraints in (1) to (v);
- vi) Earning a competitive rate of return, commensurate with constraints in (i) to (v);
- vii) Regular review of the effectiveness of the policy in meeting the above objectives; and
- viii) Periodic audit of the investment program to ensure adherence to the policy.

The following summary identifies the eligible instruments and the limits on the total principal that may be outstanding at any time with the issuer. Investments are limited to securities that are expressed or payable only in Canadian dollars.

Authorized Investments and Limitations						
Category	Sector ⁽¹⁾	Portfolio Maximum	Individual Maximum ⁽²⁾	Term Limitation (Years)	Minimum DBRS Rating ⁽³⁾	
					Short-term	Long-Term
Federal	Federal and Federal Guaranteed ⁽⁴⁾	100%	100%	20	N/A	A (low)
Provincial	Provincial and Provincial Guaranteed ⁽⁴⁾ (example: Provincial Hydro Authority)	100%	20%	15	R-1 (low)	A (low)
Municipal	Municipal and Municipal Guaranteed	50%	10%	15	R-1 (low)	A (low)
Boards / Schools	School Board	15%	5%	10	R-1 (low)	AA(low)
	University and College ⁽⁵⁾					
	Local Board or Conservation Authority					
	Public Hospital Board					
	Non-profit Housing Corporation					
Financial Institution⁽⁶⁾	Schedule I Bank (BMO, BNS, CIBC, NBC, RBC, TD)	60% ⁽⁷⁾	60%	10	R-1 (low)	A (low) ⁽⁸⁾
	Schedule II & Other Schedule I Banks not listed above		20%	2		
	Trust Loan / Credit Union					
ONE Investment Program⁽⁹⁾	Canadian Government Bond Portfolio	25%	10%	N/A	N/A	N/A
	Canadian Corporate Bond Portfolio		10%			
	Canadian Equity Portfolio		10%			
Other	Asset Backed Securities	10%	5%	5	R-1 (high)	AAA
	Commercial paper or promissory notes	10%	5%	1	R-1 (mid)	N/A

Notes:

(1) Per definitions and regulations under Ontario Regulation 438/97.

(2) Individual maximum applies to either an individual institution or in the case of the ONE Investment Program it applies to individual portfolios.

(3) Equivalent ratings from Moody's Investor Services, Standard and Poor's or Fitch Ratings are also acceptable.

(4) Includes bonds, debentures or other evidence of indebtedness issued or guaranteed by the Government of Canada, or a Province of Canada. A minimum of 10% of the portfolio must be in the Federal or Provincial category.

(5) Includes a University in Ontario that is authorized to engage in an activity described in section 3 of the Post-secondary Education Choice and Excellence Act, 2000 and a college established under the Ontario Colleges of Applied Arts and Technology Act, 2002.

(6) Includes bonds, debentures, deposit receipts, deposit notes, certificates of deposit or similar instruments issued, accepted, guaranteed or endorsed by a bank in Schedule I or II or a Credit Union, including bail-in. Six major Schedule I Banks include: Bank of Montreal, Bank of Nova Scotia (The), Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and Toronto-Dominion Bank (The). Credit Unions require financial statements or certification in writing that various financial criteria has been met as outlined in O. Reg. 438/97.

(7) The overall Financial Institution category shall not exceed 60% of the total portfolio, within this category:

- i) Aggregate holdings of the Six major Schedule I Banks shall not exceed 60% of the total portfolio; and
- ii) Aggregate holdings of Schedule II & Other Schedule I Banks not listed above and Trust Loan / Credit Union's shall not exceed 20% of the total portfolio.

(8) For securities of bonds, debentures, promissory notes or other evidence of indebtedness, issued or guaranteed by a bank listed in Schedule I, II or III to the *Bank Act* (Canada) with a term-to-maturity less than or equal to 2 years on the day the investment is made, the prescribed minimum credit rating is AA(low).

(9) The ONE Investment Program provides recommended investment timelines for each fund however funds can be withdrawn with one day's notice and investments in each pool meet eligibility criteria as defined by regulations under the Municipal Act.

4.4.3 Portfolio Limitations

Portfolio size limitations listed above will be applicable based on the allowable percentage of the portfolio on the day an investment is made.

When determining the portfolio limitations:

- The total portfolio (denominator) shall include all cash, cash equivalents, short-term investments and long-term investments.
- Funds held within general or high interest saving accounts shall not be used to determine the maximum category or sector limitations (numerator).

4.4.4 Credit Ratings

The town shall only invest in securities meeting the ratings prescribed by regulation under the *Municipal Act, 2001*, as amended.

Credit ratings are forward looking opinions about credit risk which reflect the creditworthiness of an issuer, rated entity, and/or security. Ratings are established by Dominion Bond Rating Service (DBRS), Fitch Ratings, Moody's Investors Service Inc., and Standard & Poor's, as follow:

Rating Description	DBRS		Moody's		S&P		Fitch	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Highest Credit Quality	AAA	R-1 (high)	Aaa	P-1	AAA	A-1+	AAA	F1+
Superior Credit Quality	AA (high)	R-1 (high)	Aa1	P-1	AA+	A-1+	AA+	F1+
	AA	R-1 (mid)	Aa2	P-1	AA	A-1+	AA	F1+
	AA (low)	R-1 (mid)	Aa3	P-1	AA-	A-1+	AA-	F1+
Good Credit Quality	A (high)	R-1 (low)	A1	P-1	A+	A-1	A+	F1 or F1+
	A	R-1 (low)	A2	P-1	A	A-1	A	F1
	A (low)	R-1 (low)	A3	P-2	A-	A-2	A-	F2 or F1

Highest Credit Quality: The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

Superior Credit Quality: The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

Good Credit Quality: The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

4.4.5 Delegation of Authority

The Chief Financial Officer/Treasurer (CFO/Treasurer) has overall responsibility for the prudent investment of the investment portfolio and establishment of procedures consistent with this policy. The CFO/Treasurer shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate officials and shall exercise control over that staff. The Town's banking authority by-law establishes the authority of the CFO/Treasurer or

an agent of the CFO/Treasurer to make investments on behalf of the town. No person may engage in an investment transaction except as provided under the terms of this policy.

The CFO/Treasurer or designate shall be authorized to enter into arrangements with banks, investment dealers and brokers, and other financial institutions for the purchase, sale, redemption, issuance, transfer and safekeeping of securities in a manner that conforms to the *Municipal Act, 2001*, as amended and Town policies.

If an investment made subsequently falls below the standard credit rating or otherwise no longer meets the authorized limitation criteria, a plan will be created that includes expected timelines for selling the investment and sell the investment in accordance with the plan.

Those investments governed by the provisions of the “ONE Fund - The Public Sector Group of Funds” agreement shall be deemed delegated to that Agent.

4.4.6 Performance Benchmarks

The Town’s investment portfolio shall be designed with the objective of obtaining a market rate of return commensurate with the investment risk constraints and cash flow needs. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio.

4.4.7 Standards of Care

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall take all necessary actions to ensure the maximum performance of investments on a portfolio basis, subject to the prescribed risk parameters dictated by the investment policy.

Investment officers shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make important investment decisions. Investment officers shall disclose to the Treasurer of the Town any material financial interests in financial institutions that conduct business within Canada, and they shall further disclose any significant personal financial or investment positions that could be related to the performance of the portfolios.

4.4.8 Safekeeping and Custody

All securities shall be held for safekeeping by a financial institution approved by the Town. All securities shall be held in the name of the Town.

The depository shall issue a safekeeping receipt to the Town listing the specific instrument, rate, maturity and other pertinent information. The depository will also provide reports, which list all securities held by the Town, the book value of holdings and the market value.

5. Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	<ul style="list-style-type: none"> i. Review the financial health of the Town as it relates to Treasury activities ii. Approve debt financing for certain capital projects as outlined through the budget process iii. Authorize transactions to and from reserves and reserve funds through the budget process or by specific resolution (for reserves) and by-laws (for reserve funds)
Chief Financial Officer & Treasurer	<ul style="list-style-type: none"> i. Oversee and recommend strategies to maintain the financial health of the Town as it relates to Treasury activities ii. Ensure reserves and reserve funds are established, maintained and used in compliance with this policy, PSAB and GAAP guidelines and governing legislation iii. Approve the timing of debt issuances iv. Report to Council the reserve balances and forecast as part of the annual budget approval process v. Ensure any investment that is not consistent with this policy is disposed of within prescribed timelines vi. Provide annual investment report to Council vii. Ensure all reporting requirements identified within this Policy are met
Financial Planning and Policy Team	<ul style="list-style-type: none"> i. Calculate the Growth-related Debt and Financial Obligation Limit for the Corporation as prescribed by the Municipal Act, 2001, as amended

	<ul style="list-style-type: none"> ii. Coordinate debt issuance requirements with the Region of Halton iii. Apply interest to Reserve Fund balances iv. Manage investment activities in accordance with legislation and policy v. Perform the transfers to and from reserves and reserve funds as authorized by Council vi. Monitor credit ratings of securities held in investment portfolio vii. Ensure that a Cash Management and Investment Procedure manual remains up to date and accessible to all investment officers and other relevant employees viii. Maintain and store all records in accordance with the Town's Retention By-law ix. Prepare year end audit files x. Support the CFO & Treasurer through preparing the reporting requirements for Council
Department Director and department staff	<ul style="list-style-type: none"> i. Provide the Financial Planning and Policy team with the most current capital asset information to be used in the assessment of the adequacy of capital lifecycle reserves ii. Consult with the CFO & Treasurer when reserve funds are required for transactions

6. Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7. Reporting

7.1 Debt

The Treasurer will provide annually to Council as part of the budget document pertaining to debt information on existing debt levels, remaining terms and projected future requirements based on long term capital needs. Outstanding debt obligations will also be reported annually as part of the year end process and financial statements.

7.2 Reserves and Reserve Funds

The Treasurer shall prepare and present to Council a statement of continuity for each reserve and reserve fund including the beginning and ending balances, as well as the total contributions and withdrawals for the period.

A forecast of reserve and reserve fund balances is to be prepared and submitted annually with the budget.

7.3 Investments

The CFO/Treasurer shall provide an annual investment report to Council and shall contain at a minimum:

- i. A statement about the performance of the portfolio of investments during the period covered by the Report;
- ii. The balance of the current outstanding investment portfolio;
- iii. A statement as to whether or not all investments were in accordance with the investment policies and goals of the Town;
- iv. If applicable, a description of the estimated proportion of investments that are invested in the Town's own long-term and short-term securities and a description of the change, if any, in the estimated proportion since the previous report;
- v. If applicable, a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
- vi. Contains such other information that the Council may require or that, in the opinion of the treasurer or designated agent of the treasurer, should be included.

If an investment made by the town is, in the Treasurer's or designated agent of the Treasurer's opinion, not consistent with the investment policies and goals adopted by the Town, the Treasurer shall report the inconsistency to Council within 30 days after becoming aware of it.

8. Related Policies, By-laws, Regulations, Legislation and Accounting Standards

To ensure the prudent fiscal management of the Town's financial resources, this policy shall be enforced in a manner that supports the following policies, By-laws, regulations, legislation, and accounting standards:

- Financial Management - Financial Principles No. 110
- Financial Management - Budget Management No. 113
- *The Municipal Act, 2001*
- *The Building Code Act*
- *The Planning Act*
- *The Development Charges Act, 1997*
- The prevailing Banking Authorities By-law for the Town of Milton

9. Definitions

- i. **Annual Debt Repayment Limit** - the maximum amount of annual debt servicing costs that a municipality can undertake or guarantee without seeking approval of the Ontario Municipal Board. This amount is determined for municipalities by the Province described in O. Reg. 403/02. This calculation limits annual debt service costs to 25% of operating income as reported in the municipality's audited financial statements.

- ii. **Area Municipality** - any municipality located within the Region of Halton
- iii. **Asset Backed Securities** - fixed income securities (other than a government security) issued by a Special Purpose Entity, substantially all of the assets of which consist of Qualifying Assets.
- iv. **Bail-in**: a resolution tool that the Canada Deposit Insurance Corporation can use to convert some of a failing domestic systemically important bank's debt into common shares in order to recapitalize the bank and allow it to remain open and operating.
- v. **Basis Point (BPS)**: a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.
- vi. **CHUMS Financing Corporation (CHUMS)**: a subsidiary of the Municipal Finance Officers Association of Ontario (MFOA) which in conjunction with the Local Authority Services Limited operates the ONE Investment Program.
- vii. **Credit Risk**: the risk to an investor that an issuer will default in the payment of interest and/or principal on a security.
- viii. **Debt** - any obligation for the payment of money. The Town considers debt to consist of Debentures, cash loans from financial institutions, capital leases, debenture financing approved through by-law but for which debt has yet to be issued, debenture financing approved through the capital budget but for which a by-law has yet to be established, outstanding financial commitments, loan guarantees, and any debt issues by, or on behalf of the Town, including mortgages, Debentures or demand loans.
- ix. **Debenture** - a formal written obligation to repay specific sums on certain dates. In the case of a municipality, debentures are typically unsecured.
 - i. **Development Revenue Supported Debt** - debt issued in advance of development revenue collections. Debt charges for this type of debt are funded from development reserve funds.
 - ii. **Discount**: the amount by which the par value of a security exceeds the price paid for the security.
 - iii. **Diversification**: a process of investing assets among a range of security types by class, sector, maturity, and quality rating.
 - iv. **Duration**: a measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

- v. **Holding Period Classifications:**
 - a. **Cash Equivalent:** short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value
 - b. **Short-term:** securities with a holding period of less than one year.
 - c. **Long-term:** securities with a holding period of one year or greater.
- vi. **Liquidity:** a measure of an asset's convertibility to cash.
- vii. **Local Authorities Service Limited (LAS):** a subsidiary of the Association of Municipalities of Ontario ('AMO') which in conjunction with CHUMS operates the ONE Investment Program.
- viii. **Long Term Debt** - any Debt for which the repayment of any portion of the principal is due beyond one year
- ix. **Net Revenues** - total Town consolidated revenues less grants from other levels of government less sales of land and development revenues earned. These revenues do not include donations of tangible capital assets.
- x. **Non Tax Supported Debt** - long-term indebtedness payable from sources other than property tax revenues
- xi. **Market Risk:** the risk that the value of a security will rise or decline as a result of changes in market conditions.
- xii. **Market Value:** current market price of a security.
- xiii. **Maturity:** the date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity".
- xiv. **ONE Investment Program:** a professionally managed group of investment funds composed of pooled investments that meet eligibility criteria as defined by regulations under the *Municipal Act, 2001*.
- xv. **Ontario Municipal Board** - is an independent administrative board, operated as an adjudicative tribunal, in the province of Ontario. It hears applications and appeals on municipal and planning disputes as well as other matters specified in provincial legislation.
- xvi. **Own Source Revenues** - revenue for a fiscal year, excluding:
 - a. Grants from the Government of Ontario or Canada or from another municipality
 - b. Proceeds from the sale of real property

- c. Contributions or net transfers from a Reserve or Reserve Fund
 - d. Development Revenues
 - e. Government of Ontario revenues received for the purpose of repaying the principal and interest of Long-Term Debt, toward meeting financial obligations of the municipality
- xvii. **Par:** the face value or principal value of a bond.
- xviii. **Premium:** the amount by which the price paid for a security exceeds the security's par value.
- xix. **Principal:** the face or par value of a debt instrument or the amount of capital invested in a given security.
- xx. **Prudent Person Rule:** an investment standard outlining the fiduciary responsibilities relating to the investment practices of public fund investors.
- xxi. **Rate of Return:** the yield obtainable on a security based on its purchase price or its current market price. Yield reflects coupon, term, liquidity and credit quality.
- xxii. **Reserves-** an appropriation of net revenues set aside at the discretion of Council to assist the maintenance of its financial position. It does not require the segregation of assets, and may be established for any municipal purpose. Typically, reserves support the operating budget. Since they are typically shorter term in nature, reserves do not receive an annual interest allocation.
- xxiii. **Reserve Funds** -established through a by-law of Council, or by a requirement of federal or provincial legislation i.e. Development Charges Act, for a specific purpose and segregated from general revenues of a municipality to meet the financial requirements of a future event. Typically, reserve funds support the capital budget. Reserve Funds may be discretionary or obligatory. Reserve Funds receive an annual interest allocation based on the average annual balance.
 - a. **Obligatory Reserve Funds** - Monies set aside and legally restricted by provincial legislation, a municipal by-law, or agreement. The funds are raised for a specific purpose and cannot be used for any other purpose. Examples include Development Revenues, Cash In Lieu of Parkland and Gas Tax Reserve Funds
 - b. **Discretionary Reserve Funds** - Monies set aside for a specific purpose by Council and legislated by municipal by-law. If Council should decide to spend the money for purposes other than what it was originally intended for, then a new by-law must be passed under section 4174 (4) of the *Municipal Act, 2001*.
- xxiv. **Schedule I banks:** Schedule I banks are domestic banks and are authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation.
- xxv. **Schedule II banks:** Schedule II banks are foreign bank subsidiaries authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the

Canada Deposit and Insurance Corporation. Foreign bank subsidiaries are controlled by eligible foreign institutions.

- xxvi. **Security:** an exchangeable, negotiable instrument representing financial value. Securities are broadly categorized into debt securities (such as banknotes, bonds and debentures) and equity securities e.g. common stocks and derivatives contracts, such as forwards, futures, options and swaps.
- xxvii. **Sinking Fund:** money accumulated on a regular basis, through regular contributions and interest earnings, in a separate custodial account that is used to redeem debt securities by a specified date.
- xxviii. **Tax Supported Debt** - long-term indebtedness payable from property tax revenues
- xxix. **Temporary Borrowing** - Debt for which the repayment of the entire principal is due within one year or in the case of funding for a capital project, borrowing until Long-Term Debt to cover the costs is obtained or issued.
- xxx. **Weighted Average Maturity (WAM):** the average maturity of all the securities that comprise a portfolio.
- xxxi. **Yield to maturity (YTM):** the annual return on a bond held to maturity when interest payments and price appreciation (if priced below par) or depreciation (if priced above par) are considered.

10. History of the Policy

Last Amended: March 17, 2025 (ES-009-25)

Originally Approved: July 20, 2020 (CORS-039-20) and subsequently amended April 11, 2022 (CORS-024-22).

Previous Policies: This policy originally replaced the following former policies:

- Policy 61: FINANCIAL - Cash Management & Investments
- Policy 96: Reserve Funds
- Policy 98: Revenue - OLGC Revenue
- Debt Management (was previously part of Policy 22: Budget Capital)

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Reserve & Reserve Fund Definitions and Policies						
Stabilization Reserves and Reserve Funds These funds are used to offset extraordinary and unforeseen expenditure requirements, one-time expenditures, revenue shortfalls, and to manage cash flows and minimize large fluctuations in the tax levy.						
Name	Reserve/ Reserve Fund (Note 1)	Operating or Capital	Purpose of Fund	Funding Source	Intended Use	Target Balance
Tax Rate Stabilization	R	Operating	To mitigate fluctuations in the tax levy during preparation of the annual operating budget and provide financial resources to respond to extraordinary events that are operating and typically one-time in nature, or unanticipated deficits that may occur in the year.	Contributions from the operating fund.	Funds are to be used for one-time expenditures identified through the operating budget or annual operating deficits.	10% of previous year's tax levy.
Severe Weather Stabilization	R	Operating	To provide funding for the cost associated with severe weather events which exceed the amount provided for in the Town's operating budget so as not to adversely impact the current year's operating fund.	Contribution from the operating fund.	Monies may be used to fund winter control deficits and/or costs associated with severe weather events.	3% of previous year's tax levy
Building Rate Stabilization	RF	Both	The Building Division must report their surpluses and deficits to the industry as a separate entity as the Building Code Act states that the fees collected are to be used to administer the Act; surpluses cannot be used to fund general Town expenditures, and deficits	Surplus earned on building permit revenues in excess of the costs to administer the Building Code Act.	Funds will be used as required in years where building permit revenues are insufficient to recover the costs associated with administering the Building Code Act.	Two years-worth of gross operating costs required to administer the Building Code Act.

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			should be funded from a Reserve Fund and not from the Town funds. For this reason, the Building Rate Stabilization Reserve Fund was established to provide for capital expenditures and revenue stabilization, as building permit activity is highly cyclical.			
Corporate Use Reserves These reserves provide for various contingent and potential future liabilities, generally arising from the operating fund.						
Name	Reserve/ Reserve Fund	Operating or Capital	Purpose of Fund	Funding Source	Intended Use	Funding Target
Insurance and Legal Matters	R	Both	This reserve is used to provide a source of funding for insurance claims and other insurance related expenditures in excess of annual budget amounts. It will also be used to finance unbudgeted or extraordinary costs associated with legal matters so as to not impact negatively on the Town’s operating fund.	Contribution from the operating fund. Surplus resulting from unexpended insurance deductible expenses or occasional third party recoveries. Developer contributions, to be collected at time of subdivision registration or site plan for residential units at an amount set out in the annual User Fee By-law.	Monies may be used to fund extraordinary costs associated with legal matters and expenditures within the deductibles of the Town’s insurance policies that are in excess of the annual budgeted deductible expenses, claims related expenditures in excess of the Town’s insurance policies, or additional insurance related expenditures as approved by Council.	Estimated liability to the Town for outstanding insurance claims plus an estimated amount related a catastrophic claim or legal matter.
Per Unit Development Processing Fee	R	Operating	To recover time spent by staff outside the Planning and Building Department for review and	Developer contributions, to be collected at time of subdivision registration or site plan for residential units at an amount set	To be distributed proportionately among the processing departments based on the time spent on development applications.	Two years-worth of the gross operating costs of staff in reviewing and

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			processing of development related applications.	out in the annual User Fee By-law.		processing development related applications
WSIB	R	Operating	As a municipal government, the Town is classified as a 'Schedule 2' employer through the Workplace Safety & Insurance Board which means the Town is responsible for the full cost of the accident claims filed by its employees. WSIB claims payments are budgeted based on average historical experience. This reserve will provide a source of funding to offset greater than budgeted cost of claims as well as the costs associated with any catastrophic claims.	Contribution from the operating fund.	Monies may be used to fund any unbudgeted costs for both claims associated with accidents in the workplace or catastrophic claims so as not to impact on the operating fund.	Based on the most current actuarial obligation including both the Town's benefit obligation and provision for any future catastrophic claims.
Infrastructure Renewal Reserves These funds are used to fund the annual capital program including both the replacement and rehabilitation of existing infrastructure to maintain assets in a state of good repair and purchase of infrastructure to support a growing community.						
Name	Reserve/ Reserve Fund	Capital or Operating	Purpose of Fund	Funding Source	Intended Use	Funding Target
Infrastructure Renewal– Roads & Structures, Traffic	R	Capital	This reserve is used to fund infrastructure renewal expenditures to extend the useful life on or replace Town road, bridges, culverts and traffic assets.	Contribution from the operating fund. A portion Milton Hydro dividends. Perpetual Maintenance fees received from Developers. In years where capital surcharge revenues exceed costs to administer the capital program	Replacement or renewal of roads, structures and traffic assets as identified and prioritized in the Corporate Asset management Plan including the portion of growth projects where there is a benefit to existing residents. Funds will also be used to offset impact in years where there is a shortfall in capital surcharge revenues relative to costs to administer capital program.	When combined with forecasted new revenue & anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the Town's Corporate Asset Management Plan for the full lifecycle of the assets. As a proxy, the Town will also compare the balance to the accumulated

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				the excess will be transferred to the reserve.		amortization for the asset classes based on historical cost and/or replacement costs.
Infrastructure Renewal – Stormwater	R	Capital	This reserve is used to fund infrastructure renewal expenditures to extend the useful life on or replace Town’s stormwater infrastructure.	Contributions from the operating fund.	Replacement or renewal of stormwater infrastructure as identified and prioritized in the Corporate Asset Management Plan including the portion of growth projects where there is a benefit to existing residents	When combined with forecasted new revenue & anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the Town’s Corporate Asset Management Plan for the full lifecycle of the assets. As a proxy, the Town will also compare the balance to the accumulated amortization for the asset classes based on historical cost and/or replacement costs.
Infrastructure Renewal – Recreation, Facilities, Misc.	R	Capital	This reserve is used to fund infrastructure renewal expenditures to extend the useful life of Town recreation, facilities and misc. or to fund the replacement of assets that have reached the end of their useful life.	Contribution from the operating fund.	Replacement or renewal of recreation, facilities or other infrastructure as identified and prioritized in the Corporate Asset Management Plan including the portion of growth projects where there is a benefit to existing residents.	When combined with forecasted new revenue & anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the Town’s Corporate Asset Management Plan for the full lifecycle of the assets. As a proxy, the Town will also compare the balance to the accumulated amortization for the asset

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						classes based on historical cost and/or replacement costs.
Information Technology	R	Capital	To fund the information technology requirements of the Town including both replacement of existing hardware as well as software acquisitions and associated training costs.	Contributions from the operating fund. Proceeds from sale of used equipment.	Purchase of computer hardware and software outlined in the 10 year capital forecast and associated training costs	The average annual information technology requirements for hardware and software as determined by the ten year replacement forecast.
Studies and Other Non Growth Capital	R	Capital	This fund provides a source of financing for any non-growth, non-renewal capital requirements that are not eligible to be funded from other reserves or revenue sources based on policy or legislation.	Contribution from the operating fund.	Monies will be used to fund non-growth, non-renewal capital projects including the portion of growth projects that have a benefit to existing residents and are ineligible to be funded from development or other growth funding sources or infrastructure renewal reserves.	The average annual requirements based on the 10 year capital forecast.
Vehicles and Equipment Replacement	R	Capital	To fund the refurbishment and/or replacement of Town owned vehicles and associated equipment.	Contribution from the operating fund. Proceeds from sale or disposal of used equipment.	Funds will be used to purchase replacements of operations vehicles and equipment, fire trucks, transit buses, recreation vehicles and protective services vehicles.	Based on lifecycle requirement targets as outlined in the most current Equipment Rate Review study.
Canada Community-Building Fund (formerly Federal Gas Tax)	RF	Capital	This reserve fund is used to track receipts and disbursements of funds in accordance with the terms of the Municipal Funding Agreement for the transfer of Canada Community Building Fund revenues as per the Municipal Funding Agreement for the Transfer of Canada Community Building Funds.	Contributions from the Association of Municipalities for Ontario for the Federal Government as per the Municipal Funding Agreement for the Transfer of Canada Community Building Funds.	New incremental capital spending on municipal infrastructure for renewal and material enhancement and construction on projects including transit, local roads, bridges, active transportation, amateur sport, fire stations, recreation and cultural infrastructure.	Based on annual contributions from the Federal Government on a per capita basis.

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Ontario Community Infrastructure	RF	Capital	Funding received from the Ontario Community Infrastructure fund (OCIF) on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and the expenditure of these funds.	Contributions from the OCIF on behalf of the OMAFRA. Interest earned on monthly balances and surplus financing from completed capital projects.	Contributions to capital fund to finance eligible projects and expenditures under the OCIF-Formula based component agreement.	Not applicable.
Ontario Lottery Corporation Proceeds	RF	Both	Proceeds received from the Ontario Lottery and Gaming Corporation operations at Mohawk Racetrack are invested into the community through contributions to the capital fund, contributions to community organizations and contributions to the hospital expansion.	Contributions from the Ontario Lottery and Gaming Corporation operations at Mohawk Racetrack.	Contribution to the capital fund. Contribution to community organizations. Contribution to fund Milton District Hospital Expansion.	Will fluctuate based on proceeds received and timing of capital projects.
Project Variance Reserve	R	Capital	To provide flexibility in managing in-year variances within the Town's capital projects.	Surpluses within the Town's capital projects and transfers from other Town source reserves as required and approved by Council.	To manage in-year variance to the Town's capital projects.	10% of the average annual portion of the Town's capital forecast that is to be funded from Project Variance Reserve-related funding sources (i.e. it will exclude the portion of the forecast that is to be funded from Development Charges, Gas Tax, external recoveries, etc.)
Infrastructure Growth Reserves These funds will be used to fund any component of growth-related capital projects that are not funded by development revenues.						
Name	Reserve/ Reserve Fund	Capital or Operating	Purpose of Fund	Funding Source	Intended Use	Funding Target
Growth Capital - Other	R	Capital	This fund provides a source of financing for the growth related portion of capital assets and	Annual contribution from the operating budget.	Monies will be used to fund the growth portion capital projects or studies not eligible for external growth funding.	The average annual amount informed by the Town's Development

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			studies not eligible for external growth funding.	Excess supplementary tax revenues over the established limit.		Charges Study and ten year capital forecast.
Capital Provision	R	Capital	In order to mitigate the impact of growth on tax rates and on the Town's debt capacity limits, developers have agreed to provide a capital provision fee over and above the Development Revenues payable on residential development. This reserve is used to fund non-development revenue recoverable projects on growth-related capital projects.	Developer contributions to be collected at time of building permit issuance or subdivision or site plan.	Provision of capital facilities and infrastructure as negotiated and identified in fiscal impact assessments.	Fund should be drawn down to zero by end of HUSP build out.
Cash-in-lieu of Parkland	RF	Capital	<p>In accordance with the Planning Act R.S.O. 1990 sec. 42. (6), municipalities may adopt a by-law requiring a percentage of land being developed or redeveloped to be conveyed to the municipality for park or other public recreational purposes. Where parkland cannot appropriately be provided, the municipality may require a payment of the value of land otherwise to be conveyed.</p> <p>The funding collected in this reserve fund will be used to fund the acquisition of land for parks or any other public recreational</p>	Contributions received in lieu of land being conveyed to the Town for parkland requirements as per the Planning Act.	Contribution to the capital fund to fund the construction and development of parkland.	Not applicable

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			purpose and the development or redevelopment of land, parks, and recreational facilities.			
Cash-in-lieu of Parking	RF	Capital	<p>In accordance with the Planning Act R.S.O. 1990 sec. 40. (2), municipalities may enter into an agreement with a property owner for providing and maintaining parking facilities on their land as required under municipal by-law and to provide funding to the municipality as consideration for granting the exemption.</p> <p>The funding collected in this reserve fund will be used to finance parking lot construction in areas which do not meet the minimum zoning requirements and land acquisition.</p>	Contributions received from developers in lieu of providing and maintaining parking facilities on properties being developed.	Contribution to the capital fund to fund the construction of parking lots and acquisition of land.	Not applicable.
Development Charges	RF	Capital	As per the Development Charges Act, 1997, c.27, s. 2(1), Municipalities may pass a by-law that allows the development revenues against lands that are being developed that will result in greater capital costs due to increased needs for services provided by the municipality. Based on Town provided services as referenced in the Act.	Contributions received from developers as per the Development Charges by-law.	Growth-related capital projects as funded by the development charges by-law and identified in the Development Charges Background Study.	Based on growth activity.

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Post Period Capacity	RF	Capital	To interim finance excess capacity in growth capital projects until the funds can be collected through future DC by-laws.	Contributions received from developers through applicable Development Charge by-laws.	Interim finance excess capacity in growth capital projects until the funds can be collected through future DC by-laws.	Not applicable.
Program Specific These are established to accumulate funds for specific programs or contain funding received for a specified purpose.						
Name	Reserve/ Reserve Fund	Operating or Capital	Purpose of Fund	Funding Source	Intended Use	Funding Target
Property Transactions	RF	Capital	To provide financing for property acquisition to meet Town needs (i.e. rights of way, road allowances, etc).	Proceeds from sale of Town owned property. Contribution from the operating fund. Revenue earned from leases in excess of the portion that offsets Town costs and agreements.	Contribution to the capital fund to finance land as required.	Will fluctuate as property needs are addressed.
Provincial Gas Tax	RF	Both	This reserve fund is used to track funding received from the Ministry of Transportation and the expenditure of these funds as per the guidelines of the Dedicated Gas Tax Funds for Public Transportation Program.	Contributions from the Ministry of Transportation based on an allocation formula of 70% ridership and 30% population.	Incremental operating or capital expenditures that promote increased transit ridership. Increased capital expenditures that provide improvements to transit security and passenger safety.	Not applicable.
Election	R	Operating	To mitigate budget pressure resulting from the expenditures of a municipal election. One-quarter of the estimated costs of the election will be transferred annually to this reserve and drawn upon in the year of election.	Contributions from the operating fund.	Funds are to be used for election related expenses.	Cyclical. The projected cost of each election is to be accumulated over a 4-year period.
Aggregate Permit Fees	RF	Capital	To assist in financing rural roads reconstruction as a result of truck	Legislated per tonne fee collected from the Ministry of	Monies will be used to fund road reconstruction on rural haul routes.	Not applicable.

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			traffic to and from local quarries to extract aggregate.	Natural Resources for all aggregate extracted in Milton.		
Arts Programming	RF	Operating	This reserve is to track receipts and disbursements pursuant to the Donor Advised Named Endowment Fund Agreement (the “agreement”) between the Community Foundation of Halton North (CFHN) and the Town of Milton.	<p>Funds received by the Town of Milton from sale of naming rights of the Arts Centre as well as donations received from fundraising campaigns specific to the agreement will be held in this reserve fund prior to distribution to the CFHN.</p> <p>Annual disbursements of income earned from the CFHN endowment fund to the Town of Milton will be transferred into this reserve fund to be used for Arts programming.</p>	Contribution to the CFHN for Arts programming	Not applicable.
Seniors’ Fundraising	R	Operating	To segregate historical fundraising by the Seniors’ Centre for use in funding activities at the Seniors’ Centre through the operating fund.	Historical surplus fundraising revenue generated by the Seniors’ Centre.	To be used as a contribution to the operating fund to fund expenditures related to betterment of Older Adults in the community.	Not applicable.
Mayor’s Legacy	RF	Capital	To be used for the development of trails within the Milton Heights area.	Funds received from 25th Anniversary Mayor’s Legacy Fund.	Monies will be used to fund the capital construction of trails within the Milton Heights area.	Not applicable.
<p>Board, Committee and Other</p> <p>These are established for the specific use of the Town boards and Committees as well as the expansion of the Milton District Hospital. Also included are obligatory reserve funds used to track the revenues received from the Provincial and Federal Governments through various grant programs. The funds accumulate in the respective reserve funds until such time as they can be spent following approval and in accordance with the guidelines of each program.</p>						
Name	Reserve/ Reserve Fund	Operating or Capital	Purpose of Fund	Funding Source	Intended Use	Funding Target

Appendix A
Financial Management – Treasury Policy No. 116

Library Tax Rate Stabilization	R	Operating	To stabilize revenue streams and provide resources to respond to extraordinary events. This reserve will be used to moderate fluctuations in the Library Tax Levy during preparation of the annual operating budget and to protect the Library against unforeseen expenditures or unanticipated deficits that may occur in the fiscal year.	Contribution from the tax levy. Operating fund surplus from Library.	Contribution to the operating fund for: 1. Funding of year-end operating deficits. 2. Funding of extraordinary events and unanticipated expenditures.	10% of the Library's previous year's operating budget.
Library Capital Works	R	Capital	This reserve is used to fund infrastructure renewal expenditures that extend the useful life or replace Library assets. The reserve will also be used to fund any component of growth related projects that are not eligible for funding from development revenues. This reserve may also be used to fund emergency capital requirements outside of the annual budget process.	Contribution from the tax levy. Operating fund surplus from Library. Proceeds from sale or disposal of used assets.	Contribution to the capital fund.	Based on the average annual capital requirements for Library assets as identified in the 10 year capital forecast.
DBIA Surplus	RF	Operating	To finance improvements in the Downtown Milton Business Improvement Area (BIA).	Surplus funds generated by the BIA.	Subject to approval of BIA Board of Directors.	At the discretion of the DBIA Board of directors.
Provincial Government Transfer	RF	Both	To track grant funding received from the Provincial Government (excluding Provincial Gas Tax) that requires distinct interest bearing accounts as well as the expenditure of those funds.	Funds received from the Provincial Government.	Contribution to capital fund. Contribution to operating fund.	Not applicable.

Appendix A
Financial Management – Treasury Policy No. 116

Federal Government Transfer	RF	Both	To track grant funding received from the Federal Government (excluding Federal Gas Tax) that requires distinct interest bearing accounts as well as the expenditure of those funds.	Funds received from the Federal Government.	Contribution to capital fund. Contribution to operating fund.	Not applicable.
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Note 1: Reserve Funds receive an annual interest allocation based on average annual balance; Reserves do not receive an interest allocation

Approval Report/By-law Number: ES-009-25
Appendix H

Approval Date: March 17, 2025
Effective Date: March 18, 2025

Policy Statement: The [Financial Management - Development Finance Policy](#) provides a high level framework to guide the development of agreements and financial framework supporting growth in the community while protecting the Town's financial position.

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1. Policy Purpose

To establish a framework that expands on the legislative requirements in order to allow staff to efficiently and effectively collect and manage growth-related revenues and securities.

2. Guiding Principles & Objectives

This policy is guided overall by the Financial Management - Financial Principles Policy No. 110. Specific guiding principles and objectives related to Development Agreements are:

- i. **Sustainability** - The results of the long-term fiscal impact studies and long-range planning exercises, including official plan reviews and master plans, will be used as the basis for negotiating development agreements.
- ii. **Affordability** - Through the use of development agreements, the Town shall limit the impact to existing taxpayers the costs of financing growth-related infrastructure to the maximum extent allowable.
- iii. **Financial Risk Management** - Development agreements will be developed to minimize the financial risk of development to the Town through the use of financial securities, where appropriate.

3. Scope

This policy addresses the financial management of development within the Town and applies to all departments involved in the negotiation and preparation of financial agreements, planning approvals and any process requiring a financial security to ensure underlying obligations of agreements/approvals are met. Bonds/Sureties required in connection with purchasing contracts and damage deposits associated with facility rentals are excluded from this policy. This policy does not address the role of the Development Finance and Financial Consulting Business Unit in agreements managed by other program areas.

4. Policy

4.1 Development Charges

The Town of Milton will prepare and maintain a by-law to impose development charges in accordance with the Development Charges Act, 1997 (DCA), or subsequent Act as amended, to recover growth related expenditures for core services to the greatest extent allowable under Provincial legislation.

4.1.1 Administration of Development Charges

The Town will collect development charges on behalf of the Region of Halton, the Halton District School Board and the Halton Catholic District School Board. All funds collected on behalf of these agencies will be forwarded to the respective agency in accordance with the DCA.

The individual agencies are responsible for interpreting their respective by-laws and calculating the amount of development charges payable. They also maintain responsibility for addressing all inquiries and complaints with respect to their development charge calculations and by-laws. Formal complaints under the DCA and the Education Act, with respect to Town and School Board development charges, respectively, will be heard by Town of Milton Council. Formal complaints under the DCA, with respect to Regional development charges will be heard by Regional Council.

The Region of Halton is responsible for the administration, calculation, including interest charges, and collection of Regional development charges collected under section 26.1 or through section 27 agreements of the DCA. In the event of payment default, the Town is responsible for adding the applicable charges to the tax roll and remitting the payment to the Region, in accordance with the DCA.

4.1.2 Deferral Agreements - Non-Residential (Non-Retail) Development Charges

Pursuant to section 27 of the DCA, the Town is authorized to enter into agreements to defer the payment of development charges and to allow for all or part of the payment to be made at a date otherwise than that provided for under a development charges by-law. The Town will upon request of an owner consider entering into any such deferral agreement which may relate to the payment of non-residential development charges for any such development which may apply to new developments, redevelopments and building expansions for non-retail development and any decision to enter into any deferral agreement by the Town shall be based on the following:

- i. For the purpose of this Policy, eligible non-residential developments shall have the same meaning as “non-retail development” in the Town’s development charges bylaw as may be amended by the Town, and shall be limited to those developments that increase non-population based employment and/or provide an economic or otherwise benefit to the community generally. Population-driven employment developments, such as but not restricted exclusively to retail development, will generally not be considered an eligible non-residential development and will not in accordance with this Policy be considered for a deferral agreement. The eligibility of a development to be considered for a deferral agreement under this section shall be determined by the Treasurer in accordance with this Policy framework.
- ii. Any amounts which are to be deferred shall be amortized over a period not to exceed five (5) years.

- iii. Interest shall be calculated in accordance with section 4.1.7 of this Policy.
- iv. Payments are required to be made on an annual basis, except in such cases where the term of the agreement is less than one year, in which case, one lump sum payment will be due as specified in the agreement.
- v. The deferral agreement shall permit registration on title to the satisfaction of the Town solicitor.
- vi. In the event that any payment is not made in accordance with the specific terms of the deferral agreement, such non-compliance may be deemed to be a default of the agreement which default may result in the immediate termination of the deferral agreement and the full outstanding principal and interest amount may immediately become due and payable and will be added to the property tax roll and collected as taxes. Determination of the appropriate remedy under this section shall be determined by the Treasurer in accordance with this Policy framework.

4.1.3 Deferral Agreements - Temporary Sales Trailer/Pavilion

Pursuant to section 27 of the DCA, the Town is authorized to enter into agreements to defer the payment of development charges and to allow for all or part of the payment to be made at a date otherwise than that provided for under a development charges by-law. The Town shall upon request by a proponent enter into such a deferral agreement which may relate to the payment of non-residential development charges that may apply to the development of temporary sales trailers/pavilions based on the following:

- i. The Treasurer can approve up to a three-year deferral for any eligible non-residential temporary sales trailer/pavilion.
- ii. Prior to the issuance of a building permit, the applicant will provide financial securities in the full amount of the development charges otherwise payable.
- iii. The Town will return the financial securities to the applicant following confirmation of the demolition or removal of the temporary sales trailer/pavilion within three (3) years of the building permit issuance.
- iv. The Treasurer may approve an extension for up to three (3) additional years.

Failure to remove the temporary sales trailer/pavilion within the agreement timeframe will result in default of the agreement and the financial securities will be used to pay the development charges owing. The proponent will be invoiced separately for any accrued interest, calculated per section 4.1.7 of this Policy, in excess of the value of the financial security along with any costs which the Town may incur in order to have the temporary sales trailer/pavilion removed.

4.1.4 Installment Agreement - Institutional Developments

Section 26.1 of the DCA provides for development charges to be paid in equal annual installments for institutional developments as defined in section 11.1 of O.Reg 82/98 under the DCA. Pursuant to section 27 of the DCA, the Town is authorized to enter into agreements to allow for all or part of the payment to be made before it would otherwise be payable. The Town shall, upon request by a proponent, enter into such an early-payment agreement which allows for the payment in full of development charges for institutional developments at the time of building permit issuance.

4.1.5 Agreement - Rental Housing Developments

Section 26.2(1.1) of the DCA provides for reductions in development charges owing for a rental housing development, as defined in section 1 of the Act, dependent upon the number of bedrooms within each rental unit. Furthermore, section 26.1 requires the payment of such development charges to be paid in six (6) equal annual installments commencing on the date the building is first occupied. To protect the Town's interest and ensure the development remains a rental housing development, the Town will require the proponent to enter into a rental housing development agreement that confirms:

- i. The development meets the rental housing development definition in section 1 of the Act and that it is intended to remain a rental housing development for a minimum of five (5) years.
- ii. The proponent agrees to either:
 - a. pay the discounted development charges in six (6) equal annual installments, plus interest, in accordance with the Act; or
 - b. if the proponent chooses, the Town will allow the proponent to pay the discounted development charges in one lump sum payment at the time of building permit issuance, utilizing the legislative permissions of section 27 of the DCA.
- iii. Interest will be calculated and applied in accordance with section 4.1.7 of this Policy.

If, within 5 years of occupancy, the development no longer meets the rental housing development definition, the proponent is required to immediately pay any portion of the development charges outstanding and/or the rental discount, plus any applicable interest calculated in accordance with section 4.1.7 of this Policy.

4.1.6 Agreement - Affordable Housing

Section 4.1 of the DCA, provides an exemption from development charges for affordable residential units as defined in the Act. The Act further requires, through subsection 4.1(9), the Town to enter into an agreement requiring the exempt residential unit to be an affordable residential unit for a period of 25 years. To protect the Town's interest and to ensure the units remain affordable for the required term, the agreement will require the following:

- i. Agreement is to be a tri-party agreement between the Town, Halton Region and the Owner.
- ii. Agreement is to be registered on title.
- iii. A section 118 restriction under the Land Titles Act is to be registered by the Owner agreeing not to transfer and charge any part of the lands without written consent of the Town.
- iv. At first occupancy or transfer of title (if applicable), the Owner is required to enter into a collateral mortgage that must remain in effect for 25 years. At the time of the collateral mortgage, the section 118 restriction can be removed.
- v. In the case of a rental unit, the Owner must provide annual confirmation that the exempted unit meets the affordability requirements of the current provincial Affordable Residential Units Bulletin for the year and that it is intended to do so for the coming year.
- vi. If, within 25 years of the unit first being rented or sold, the unit no longer meets the affordability requirements of the DCA, a default has occurred and the development

charges, community benefits charges, land conveyance for park or other recreational purposes or other exempt fees/charges, become due and payable immediately.

- vii. Interest on exempt charges will commence on the day of default and will be calculated in accordance with clause 4.1.7 below; however, if default occurs within the first two years following date of first occupancy, interest will be calculated from the date the charges would have otherwise been payable.

The Town will enter into a Memorandum of Understanding with the Region to grant authority to the Town to undertake the following actions on behalf of the Region in connection with the tri-party affordable housing agreements:

- i. Advise applicants of the available exemption as part of the planning circulations, including the obligation to register notices and agreements on title to the subject lands.
- ii. Prepare and administer the tri-party agreement including:
 - a. Ensure the registration on title of the agreement and section 118 restriction under the Land Titles Act.
 - b. Ensure the securing of a collateral mortgage, inclusive of the Region's development charge amount as calculated and provided by the Region.
 - c. Allow postponements to other instruments on behalf of the Region.
 - d. Collection of annual affidavits from affordable rental unit proponents.
 - e. Provide compliance on ownership transactions.

4.1.7 Application of Interest

The Town will charge interest on agreements under this Policy and in accordance with sections 26.1(7) and 26.2(3) of the DCA. Interest will be calculated using the maximum allowable interest rate as determined under section 26.3 of the DCA, and will be applied as follows:

- i. Interest under section 26.2(3) of the DCA, will accrue, and along with the development charges calculated, become part of the amounts owing at permit issuance.
- ii. Interest on deferral agreements and under section 26.1(7) of the DCA, will be payable annually with the development charge payment.

4.2 Provision of Financial Securities

To ensure compliance with the Town's standards and/or to protect the Town's financial interests, the Town requires the submission of financial securities in connection with the related approval processes or agreements including, but not limited to,

- Pre-servicing, servicing, subdivision, site plan, model home or condominium agreements
- Various financial agreements
- Site alteration, entrance, road occupancy, or road cut permit
- Encroachment agreements
- Local Stormwater Management Facility Monitoring Program
- Undertakings

Determination of the value of the financial security is the responsibility of the requesting department and shall be calculated in accordance with the underlying policy, by-law, user fee

and/or other agreement. Where applicable, the public service cost estimate, as required in the Engineering and Parks Standards Manual, shall be included as a Schedule in the Agreement and shall be used as the basis for calculating the required financial security, in accordance with the Town's User Fee By-law .

4.2.1 Form of Security

Financial securities may be provided by:

- Cash or debit
- Certified Cheque
- Bank draft or money order
- Standby Letter of Credit
- Surety Bond, only for land use planning matters as identified in section 4.2.4 below

4.2.2 Acceptable Financial Institutions - Letters of Credit

A. Unless otherwise directed by Council, letters of credit will only be accepted by the Town from:

- Schedule I Banks: domestic banks authorized under Schedule I of the Bank Act to accept deposits; and
- Schedule II Banks: foreign bank branches of foreign institutions that have been authorized to under Schedule II of the Bank Act to do business in Canada

B. The Schedule I and II Banks must:

- Be federally regulated financial institutions under the Office of the Superintendent of Financial Institutions (OSFI) or its successor; and
- Have a credit rating of at least R-1 (Mid) as provided by the Dominion Bond Rating Service (DBRS) or an equivalent rating by one of the other acceptable agencies (ie. Moody's or Standard and Poors).

C. LOC provided from Schedule I and II Banks do not have an upset limit.

Notwithstanding clauses A., B., C., an Additional Class of financial institutions will be maintained whereby a letter of credit may be accepted from a financial institution, provided that all of the following conditions are met:

- Financial institution must have a credit rating of at least R-1 (Mid) as provided by the Dominion Bond Rating Service (DBRS) or an equivalent rating by one of the other acceptable agencies (ie. Moody's or Standard and Poors);

OR

Financial institution must have, based on the most recent audited financial statements, each of the following:

- Positive retained earnings;
- Regulatory capital of at least the percentage of its total assets set out in subsection 2.0.3 of O.Reg 438/97;
- Regulatory capital of at least the percentage of its total risk weighted assets set out in subsection 2.0.4 of O.Reg 438/97;
- Positive net income for three of its five most recently completed fiscal years;

and

The financial institution may be required to certify in writing that all of the financial indicators mentioned in subsection 2.0.2 of O.Reg 438/97 are met by the credit union or central.

- The total value of letters of credit accepted from individual financial institutions within this class shall be up to a maximum of \$2.0 million or as otherwise determined at the discretion of the Town Treasurer; and
- The applicant within this class must provide all information required by the Town Treasurer in order for the Treasurer to determine the applicant's eligibility for the Letter of Credit.

In the event that a financial institution fails to maintain eligibility, the Town may require a new letter of credit from an acceptable financial institution. This letter of credit will be provided to the Town within 30 days of the request. If the replacement letter of credit is not received, the Town reserves the right to immediately draw upon the original letter of credit.

4.2.3 Standby Letter of Credit

If a standby letter of credit is provided as security, it must be in compliance with the Town's Letter of Credit template, established by the Development Finance and Financial Consulting Business Unit, and be from an acceptable financial institution as identified under this Policy. Letters of credit shall:

- i. Be issued in Canadian Funds;
- ii. Be registered in the name of the Corporation of the Town of Milton;
- iii. Specify the Letter of Credit is unconditional and irrevocable and is intended to secure all obligations and satisfy all debts which may be owing to the Town of Milton;
- iv. Permit partial drawings; and
- v. Include an automatic renewal clause requiring the financial institution to provide at least 30 days advance written notice to the Treasurer or Deputy Treasurer, by registered mail, if it intends not to renew.

Where the agreement requires, the standby letter of credit must include a clause for automatic indexing, annually on April 1st in accordance with the rate to be determined under the Town's Development Charges By-law.

4.2.4 Surety Bonds

As required through O.Reg 461/24 under the Planning Act, the Town will accept Surety Bonds with the Town identified as the Obligee, that meet the requirements of subsection 2(2) of the Regulation, only to secure an obligation that is required as a condition to an approval in connection with land use planning pursuant to subsections 41(7)(c), 45, 51(26) and 53(12) of the Planning Act. In addition to the requirements of the Planning Act, a Surety Bond shall only be accepted by the Town as a form of security where the following conditions are met:

- i. The language in the associated Development Agreement permits the provision of a surety bond as a form of security; for clarity, requests to transition active securities will only be accepted where the language in the associated Development Agreement permits surety bonds as a form of security and provided the applicable user fee is paid in full.

- ii. The Surety Bond must be in compliance with the Town's Surety Bond template, established by the Development Finance and Financial Consulting Business Unit;
- iii. The Surety Bond is to be issued in Canadian Funds; and
- iv. The Principal must submit all information required by the Town Treasurer in order to determine the Surety's eligibility to provide a Surety Bond under this Policy.

Where, in the opinion of the Town, a Surety Bond received and held by the Town ceases to meet any or all of the requirements of this Policy, the Town may, in its sole and absolute discretion, require an alternative security. The alternative security must be provided to the Town without negotiation within fifteen (15) days of demand for same, after which the original Surety Bond will be returned and/or exchanged for the alternative security. In the event the alternative security is not received as required, the Town reserves the right to immediately draw upon the original Surety Bond.

4.2.5 Release of Financial Securities

Upon request by a proponent, periodic reductions to a financial security posted through a Subdivision, Servicing, or Site Plan Agreement will be considered provided:

- i. The request is not related to a Pre-Servicing Agreement;
- ii. If posted through a subdivision or servicing agreement, the request includes a Statutory Declaration, as described in section 43 of the Evidence Act, R.S.O. 1990, c. E.23, or as amended, and as prescribed by the approving Business Unit, of payment of accounts and a Professional Engineer's certification of work completed and any other documentation as prescribed by the approving Business Unit;
- iii. Upon confirmation of inspection by the Town, the services have been completed to the Town's satisfaction;
- iv. A review of the proponents' standing with the Town has been completed; and
- v. The reduction request is no less than \$250,000 or 25% of the original estimated costs of the works to be completed, whichever is less, unless the reduction request is the final reduction related to completed works entering the maintenance period.

A 10% holdback will be accrued on each security reduction collected through a subdivision or servicing agreement and held until assumption. Upon assumption of the public works, the residual security will be returned. A 10% holdback on site plan agreements with respect to landscaping works will be held for one winter season following a satisfactory inspection and subject to re-inspection before release.

All other financial securities will be released in full, following completion and inspection of the works for which the security was posted or once conditions of the underlying agreement/by-law/permit have been met and a review of the proponents' standing with the Town has been completed.

4.2.6 Draw of Financial Securities

Should the proponent fail to fulfill any of the obligations for which the security is held, the Town may draw upon the securities to fulfill the obligations or to acquire the services of a qualified contractor to fulfill the obligations.

4.2.7 Unclaimed Financial Securities

Should the Town find itself holding unclaimed financial securities for which the proponent cannot be located or is unresponsive, the Town will undertake reasonable efforts to return such funds however failing that, all monies for which there is no claim may be transferred to the Town's general funds.

4.2.8 Interest on Financial Securities

Interest is not paid on securities held.

4.2.9 Management of Financial Securities

The Development Finance and Financial Consulting Business Unit will be the custodian of all financial securities held by the Town. To ensure the safeguarding of the securities, all letters of credit and surety bonds will be securely stored in a fireproof vault and tracked electronically. All cash securities will be recorded and tracked through the Town's financial management software. The master list of financial securities will be reviewed and reconciled annually.

4.3 Donated Assets

For all agreements whereby the proponent will be constructing public infrastructure that will be assumed by the Town, the agreement must contain clauses requiring the proponent to provide all information required to fulfill the Town's Public Sector Accounting Board requirements for section 3150 Tangible Capital Assets in a format as prescribed by the Financial Planning and Policy Business Unit.

4.4 Insurance and Indemnification Requirements

For all agreements whereby the proponent will be constructing public infrastructure that will be assumed by the Town, the agreement must contain insurance and indemnification clauses as provided by the Risk Management Business Unit.

4.5 User Fees

The proponent is responsible for paying all applicable user fees associated with an agreement and related works as set out in the most recent Town of Milton User Fee By-law.

5. Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	<ul style="list-style-type: none"> i. Approve the Development Charge By-laws. ii. Maintain the financial integrity of the Town.

Strategic Management Team & Leadership Management Team Members	<ul style="list-style-type: none"> i. Ensure that master plans, studies, and service-related strategies include sufficient financial analysis and costing information to support the preparation of the Development Charge Background Study, Community Benefits Strategy, fiscal impact analyses and other financial analysis as required.
Treasurer	<ul style="list-style-type: none"> i. Authorize a reduction and/or release of a financial security held solely in relation to financial obligations of various financial agreements (i.e. Deferral Agreements). ii. Endorse security draws authorized by all internal departments. iii. Approve Development Charge Deferral agreements in accordance with this Policy.
Development Finance and Financial Consulting Business Unit	<ul style="list-style-type: none"> i. Prepare the Development Charge Background study and by-law following the requirements of the DCA and associated regulations. ii. Establish the letter of credit template and acceptable financial institution listing. iii. Establish the Surety Bond template and confirm a surety bond insurer is licensed under the Insurance Act to write surety insurance. iv. Establish the Statutory Declaration template. v. Ensure all financial obligations and associated financial reporting requirements of development agreements are adhered to. vi. Responsible for the custody, monitoring and reporting of financial securities. vii. Process the draw, reduction and/or release of financial securities authorized by all Town departments and approve minor amendments to financial securities. viii. Administer and calculate development charges for all applicable development applications and collect development charges and other financial obligations under various development and financial agreements. ix. Coordinate the payment of development charges to the Region and School Boards in accordance with the DCA. x. Prepare the prescribed financial reports as required under the Planning Act and DCA.
Financial Planning and Policy Business Unit	<ul style="list-style-type: none"> i. Establish the acceptable format to obtain the necessary tangible capital asset information for donated public infrastructure. ii. Evaluate and confirm financial institution eligibility for letters of credit authorized under section 4.2.2.

	<ul style="list-style-type: none"> iii. Evaluate and confirm surety bond insurer meets the ratings identified in subsection 2(2) of O.Reg. 461/24 under the Planning Act.
Development Engineering Business Unit/Development Review Business Unit	<ul style="list-style-type: none"> i. Determine the value of the required financial security, where a public service cost estimate is required or in accordance with the underlying policy, by-law, user fee or other obligation/agreement. ii. Obtain and validate accuracy/completeness of the Statutory Declaration and Engineering Certificate of Completion following the inspection of the works to be used as supporting documentation for the security reduction/release request. iii. Authorize the reduction and/or release of the security based on fulfilment of the secured obligations as evidenced by inspection and certification documentation, ensuring the development is in compliance with the agreement. iv. Authorize a draw of a security to fulfill the obligations for which the security was held. v. Collect required financial securities in accordance with this Policy.
Plans and Permits Business Unit	<ul style="list-style-type: none"> i. Review development applications and complete the required forms used for the calculation of development charges, including confirming the number of residential units, bedroom counts and/or area and proposed use of non-residential developments. ii. Responsible for the collection of development charges at building permit issuance; ensuring no permits are issued before the receipt of the amounts owing.
Infrastructure and ROW Business Unit; Parks/Facilities Design and Construction Business Unit; Other Business Units as required	<ul style="list-style-type: none"> i. Determine the value of the required financial security in accordance with the underlying policy, by-law, user fee or other obligation/agreement. ii. Collect the required financial securities in accordance with this Policy. iii. Authorize the reduction and/or release of the security based on fulfilment of the secured obligations as evidenced by inspection and certification documentation, ensuring the development is in compliance with the agreement. iv. Authorize a draw of a security to fulfill the obligations for which the security was held.
Purchasing and Risk Management Business Unit	<ul style="list-style-type: none"> i. Collect and monitor insurance documentation required in the various development agreements. ii. Develop insurance and indemnification requirements to be included in development agreements.

Legal and Legislative Services Business Unit	i. Perform lien checks against properties as part of the clearance process for subdivision assumptions.
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6. Policy Management

The Treasurer is delegated the authority to make administrative changes to this Policy as required from time to time due to legislative changes, Council decisions, or if, in the opinion of the Treasurer, the amendments do not change the intent of the Policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7. Reporting

7.1 Development Charges Act, 1997

Reporting of development charges will be prepared in accordance with the DCA.

7.2 Planning Act

Reporting of cash-in-lieu of parkland will be prepared in accordance with the requirements outlined in the Planning Act.

7.3 Financial Securities

Reporting of the financial securities held will be prepared annually, in conjunction with the reporting of development charges and community benefits charges.

8. Related Policies, By-laws, Regulations, Legislation and Accounting Standards

- Municipal Act, 2001
- Development Charges Act, 1997
- Planning Act
- Delegated Authority By-law No. 071-2016

9. Definitions

- Public Works** - includes roads, sidewalks and siteworks, storm sewers, streetlighting, traffic signals, drainage and erosion control, landscaping and lot grading
- Irrevocable Letter of Credit** - a Letter of Credit which is not subject to change or cancellation by the financial institution
- Letter of Credit** - a legal undertaking by a financial institution to honour, without inquiry, and make payment on a specific demand of the holder
- Obligee** - the party who requires, and often receives the benefit of, the Surety Bond; for the purposes of this Policy, the Town
- Principal** - the party that purchases the bond and undertakes an obligation to perform an act as promised
- Surety** - The insurance company, licensed under the Insurance Act, that guarantees the obligation of the Surety Bond

- vii. **Surety Bond** - a legal undertaking by an insurer licensed under the Insurance Act to write surety insurance to honour, without inquiry, and make payment on a specific demand of the Obligee
- viii. **Unclaimed Financial Security** - any cash security which is no longer required by the Town and for which the proponent has not come forward and cannot be located

10. History of the Policy

Last amended: This Policy was amended on March 17, 2025 via ES-009-25.

Previous Policies: This policy was originally approved on July 20, 2020 via CORS-039-20. This Policy replaced the following former policies and staff reports:

- Policy No. 003 AGREEMENT - Financial
- Policy No. 043 DEVELOPMENT - Development Charges
- Policy No. 106 DEVELOPMENT - Financial Requirements
- CORS-025-07 and CORS-040-07: Enforcement of Cost Sharing Among Developing Landowners