



# The Corporation of the Town of Milton

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Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: December 2, 2024

Report No: ES-036-24

Subject: Ontario Regulation 284-09 - Report for 2025 Budget

**Recommendation:** THAT the compliance report for the expenses excluded from the 2025 budget outlined in report ES-036-24 be approved as a requirement of Ontario Regulation 284-09 passed under the *Municipal Act, 2001*.

## EXECUTIVE SUMMARY

The Town of Milton is required under Ontario Regulation 284/09 to report on amortization, post-employment benefits and solid waste landfill closures and post-closure expenses that are excluded from the annual budget. For 2025, amortization of \$41.2 million has been excluded from the budget.

## REPORT

### Background

As a municipality, the Town is required to follow the accounting standards established by the Public Sector Accounting Board. Since the introduction of tangible capital asset accounting in 2009, the accounting standards have not required budgets to be prepared on a full accrual basis. The Town of Milton continues to prepare budgets on a modified accrual basis. The annual budget of a municipality is an important exercise, one which plans for current and future activities and acquisitions. A key outcome of the annual budget is a tax rate which Council approves. This tax rate is based on annual cash requirements and therefore does not include the PSAB requirements around accrual accounting and accounting for “non-financial assets and liabilities.” The lifecycle requirements for the non-financial infrastructure assets are instead captured in the operating budget through transfers to reserve and debt charge payments, with the related expenditure reflected in the

## Background

capital budget. This approach provides a better reflection of the Town's current and future investment needs for both financial planning and reporting purposes.

## Discussion

The Province of Ontario introduced Ontario Regulation 284/09 (O. Reg. 284/09), which allows a municipality to exclude from its annual budget estimated expenses related to the following:

- 1) Amortization
- 2) Solid waste landfill closure and post-closure
- 3) Post-employment benefits

The regulation requires that the municipality report on the impact of these excluded costs and, before adopting a budget for the year that excludes any of the expenses listed above, Council must adopt the report by resolution. The Town of Milton's 2025 initial budget and associated tax levy excludes the following:

- a. Amortization expenses, estimated at \$41.2 million, since amortization is a non-cash expense.
- b. Solid waste landfill closure and post-closure expenses as the Town does not have responsibility for landfill sites.

It is important to note that instead of amortization, the Town includes in its operating budget the transfers to the reserve and reserve funds, as well as debt charge payments, as these forms of capital financing better reflect the Town's current and future funding requirements.

It is also worth noting that beginning with the 2023 Financial Statements, the Town of Milton began reporting on the Asset Retirement Obligation (ARO) that is associated with Town assets in accordance with the public sector accounting standard PS3280. The estimated amortization related to the ARO is incorporated into the figure presented above.

Post-employment benefits were discontinued for Town employees with the exception of the firefighters where, based on the Town's current Collective Agreement with the Milton Fire Fighter's Association, extended health care benefits are available up to age sixty five (65) for individuals who retire early. Furthermore, retirees are also eligible for an additional allowance of up to \$2,500 per year for a period of ten (10) years commencing on the day the employee reaches 65 years of age. To support financial reporting and planning, actuarial reviews are conducted to estimate the liability related to both fire fighters as well as the closed group of others employees who remain eligible under a previous program.

The 2025 budget accommodates the current year's post-employment benefit expenses for the Town's eligible retired employees.



## Financial Impact

This report ensures compliance with the requirements of O.Reg 284/09.

Although amortization expenses are not an ideal method of determining the impairment of an asset, since it is used to attribute the capital cost over the life of the asset it can be one potential tool to predict the annual financial commitment required for future asset rehabilitation. As discussed in the Asset Management Plan report ES-017-24, current annual contributions to capital reserves are not sufficient to maintain the lifecycle replacement requirements of the Town's growing asset base.

The 2025 budget includes funding for the future lifecycle costs of new growth assets (those constructed by the Town and assumed by developers). The existing transfers to capital reserve area also increased each year with consideration for inflation and assessment growth. The 2025 budget also includes the contribution of an additional \$750,000 in funding towards reducing the infrastructure deficit. These strategies are expected to be continued in the forecast period in order to grow the long-term reserve balances to more sustainable funding levels and provide the financial resources that will be required to maintain the desired level of service for the community.

Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer

For questions, please contact: Jennifer Kloet, CPA, CA Phone: Ext. 2216

## Attachments

None

Approved by CAO  
Andrew M. Siltala  
Chief Administrative Officer



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## 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.