

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

**Approval Date:** March 17, 2025  
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**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

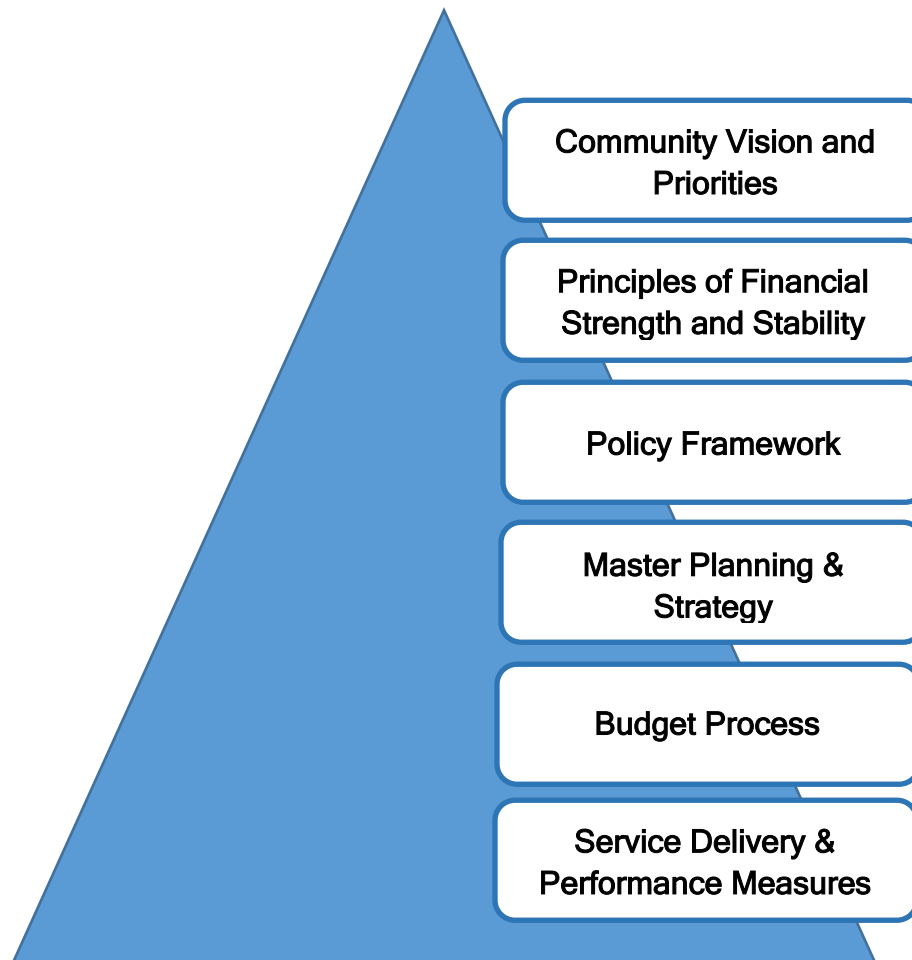
##### ii. Financial Policy Framework

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"> <li>i. to represent the public and to consider the well-being and interests of the municipality</li> <li>ii. to evaluate and approve the policies and programs of the municipality</li> <li>iii. to determine which services the municipality provides along with the related service levels</li> <li>iv. to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council</li> <li>v. to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality</li> <li>vi. to maintain the financial integrity of the municipality</li> </ol>

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

## 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