

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

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



- 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
<b>Linear Assets:</b>	
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 &amp; 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 &amp; 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 &amp; 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 &amp; TICC Packages in a timely manner, ensuring that proper authority to pay has been received, and that a correct account number &amp; 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>
<p>Budget Owners / Town Staff</p>	<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>
<p>Asset Management Team</p>	<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>
<p>Financial Planning and Policy</p>	<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:
  - a. 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;
  - b. Have useful economic lives extending beyond one year;
  - c. Are to be used on a continuing basis; and
  - d. 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)