



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: June 3, 2024

Report No: ES-013-24

Subject: 2023 Annual Report and Financial Statements

Recommendation: THAT the draft audited Financial Statements for the Town of Milton and Boards be approved.

EXECUTIVE SUMMARY

- The financial audit of the Town has been completed for the year ended December 31, 2023 and the results are presented in the attached financial report.
- Staff are pleased to report that the Town has received an unqualified audit opinion, meaning that in the auditor's opinion the statements are fairly and appropriately presented and in accordance with Public Sector Accounting Board (PSAB) standards.
- Following Council approval of the statements, the Town's auditor expects to issue their independent auditor's report on the statements for the Town and Boards

REPORT

Background

The 2023 draft financial report is being presented to Council for approval. Representatives from the Town's auditor, Deloitte LLP, will be making a brief presentation to Council to highlight the audit findings for the year ended December 31, 2023 and will be available to answer any questions. Under Canadian Auditing Standards, the Auditors' Report can only be signed by Deloitte upon the approval of the financial statements by Town Council.

Discussion

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The Public Sector Accounting Board of the Chartered Professional Accountants (CPA) Canada issues recommendations and reporting requirements that the Town is obligated to adhere to in preparation of the audited financial statements.



Discussion

Under Canadian public sector accounting standards, municipal reporting requirements include the following:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Change in Net Financial Assets
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

These statements and notes provide information on the cost of all Town activities, how they were financed, investing activities, as well as the assets and liabilities of the Town.

Included in the Town's annual report is a Financial Statement Discussion and Analysis (FSDA) section that explains in details key figures, changes and trends from the Town's financial statements. Highlights of the FSDA and statements include:

Consolidated Statement of Financial Position

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$191.1 million, a 6.5% increase of \$11.7 million from the prior year. The increase in financial assets of \$8.5 million was amplified by a decrease in financial liabilities of \$3.2 million. The largest contributors to the change in financial assets was an increase in investments of \$21.0 million. The decrease in financial liabilities is mostly attributable to a reduction of deferred revenue balances of \$5.1 million and long-term debt repayment of \$5.7 million, slightly offset by increase in developer obligations of \$3.1 million and asset retirement obligation of \$2.7 million.

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The \$64.4 million increase in TCA reflects the Town's investment in new capital infrastructure and the value of new assets that were built by developers and assumed by the Town. This growth in the Town's asset inventory is outpacing the annual amortization costs.

Overall, the Town ended the year with an accumulated surplus of \$1,434.7 million, an increase of 5.71% from the prior year balance of \$1,357.2 million. This change represents the annual excess of revenues over expenses for the year of \$77.5 million, and is largely related to the infrastructure assumed from or funded by development. It is critical for readers of the financial statements to understand that the term "accumulated surplus" cannot be construed as "cash or funds" available for spending, as the bulk of the value represents non-financial assets and reflects the Town's investment in infrastructure which is used to deliver programs and services. They are not assets which are surplus to operations and available to be liquidated.



Discussion

Consolidated Statement of Operations

The total revenue reported for the year 2023 was \$227.5 million, an increase of \$26.1 million from 2022. Taxation revenue, an increase in developer contributed assets and user charges contributed to the revenue growth, as did developer contributions and investment income.

Total expenses increased by \$10.3 million to \$150.0 million for the year. This is reflective of the resumption of service for the full fiscal year, inflationary pressures and growth in the Town's services and asset base.

Consolidated Statement of Change in Net Financial Assets

Net financial assets increased during 2023 by \$11.7 million. This change is primarily attributable to increases in the Town's investments.

Consolidated Statement of Cash Flows

The consolidated cash position of the municipality decreased by \$14.2 million from \$70.6 million in 2022 to \$56.4 million in 2023. Net cash from operating activities increased cash position by \$83.1 million. Various activities that required cash outflow and reduced the Town's cash position include an acquisition of tangible capital assets of \$76.6 million, cash used in investment activities of \$15.3 million, as well as cash used to repay long-term debt of \$ 5.7 million.

Financial Impact

In addition to being a requirement under section 294.1 of the Municipal Act, 2001, the production of audited financial statements on an annual basis is an integral part of Town's financial management. The financial impacts of the transactions that occurred in 2023 as well as the Town's 2023 year end position are outlined in detail in the attached statements.

Through report CORS-013-24, Council approved the year end accounting entries and reserve transfers based on the estimated year end position. The resulting estimated deficit of \$0.23 million was funded through transfer from the Tax Rate Stabilization Reserve.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Zaneta Kowalik

Phone: Ext. 2122



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Attachments

The Corporation of the Town of Milton Financial Report for the Fiscal Year Ended
December 31, 2023

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

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