



# The Corporation of the Town of Milton

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Report To: Council

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From: Glen Cowan, Chief Financial Officer/Treasurer

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Date: May 27, 2019

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Report No: CORS-034-19

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Subject: 2018 Financial Report

**Recommendation: THAT the draft audited 2018 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, 2018 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.

## REPORT

### Background

The 2018 draft financial report is being presented to Council for approval. Ms. Lois Ouellette and Mr. Scott Plugers from KPMG LLP will be making a short presentation to Council to highlight some of the audit findings for the year ended December 31, 2018 and will be available to answer any questions. Under Canadian Auditing Standards, the Auditors' Report will be signed by KPMG 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.



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 (Net Debt)
- Consolidated Statement of Cash Flows
- Consolidated Schedule of Segment Disclosure
- 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.

## 2018 Financial Highlights

Growth in the community and the Town's infrastructure are primary contributors to the annual financial results for a municipality such as Milton. 2018 saw declines in both residential and non-residential building permit issuances in Milton as compared to a relatively high level of activity in 2017. With respect to infrastructure, the Town assumed \$22.4 million in contributed assets from developers, and saw progress on significant construction projects such as the Sherwood Community Centre and Library, the rehabilitation of Fire Station No. 1, and the widening of Louis. St. Laurent. These factors are reflected in and influence the Town's 2018 statements.

Total revenue for 2018 is \$187.2 million compared to total expenses of \$118.1 million resulting in net revenue of \$69.1 million. This differential can be largely attributed to the developer contributed assets and development charges earned during the year, each of which results in growth in the Town's tangible capital asset base as well as future operating costs.

The audited financial statements indicate that the Town's net financial position at December 31, 2018, as represented by the accumulated surplus, equals \$1,149.3 million. This amount has grown by 6% relative to 2017 year end. The large majority of the accumulated surplus, as well as the growth in it, is related to non-financial assets such as the Town's infrastructure, which is used to support service delivery. Growth in this asset base, much of which is initially constructed and/or funded by developers, will require sufficient annual funding in order to provide for the eventual rehabilitation and replacement of many of these assets if existing service levels are to be sustained.

The Town finished 2018 with debt principal outstanding of \$42.7 million, a large portion of which relates to the Town's local contribution towards the hospital expansion. The



# The Corporation of the Town of Milton

Town's debt capacity ratio of 7.38% is well within the guidelines set by both the Province and Town Council. Reserve balances increased from \$68.7 million to \$75.3 million.

## Consolidated Statement of Financial Position

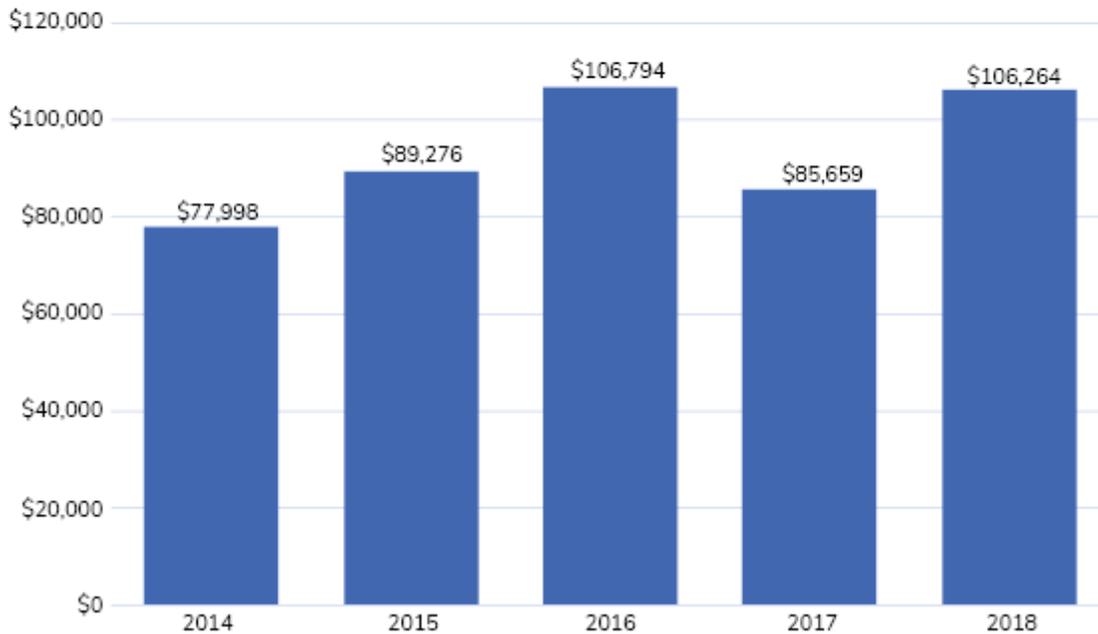
Net Financial Assets  
(in thousands of dollars)

	2018	2017	Variance	% Change
Financial Assets	\$ 262,055	\$ 254,064	\$ 7,991	3.1%
Less: Financial Liability	155,791	168,405	(12,614)	(7.5)%
Net Financial Assets	\$ 106,264	\$ 85,659	\$ 20,605	24.1%

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$106.3 million, a 24.1% increase of \$20.6 million from the prior year. The increase in financial assets of \$8.0 million was amplified by a decrease in financial liabilities of \$12.6 million. The largest contributors to the change was the increase in the Town's reserve of \$6.7 million, a decrease in debt balances of \$6.4 million and an increase in the equity of Milton Hydro Inc. of \$2.9 million.

The following chart illustrates the five year trend in net financial assets.

**Net Financial Assets**  
(in thousands of dollars)





## Financial Assets

In 2018, the Town's financial assets increased by \$8.0 million, mostly due to a \$19.1 million increase in cash and cash equivalents, \$2.9 increase in the Investment in the Milton Hydro Holdings Inc., offset by a \$17.9 million decrease in investments as described in the following sections.

### Cash and Short-Term Investments

At the end of 2018 the year end cash and cash equivalents balance was \$76.4 million. The \$19.2 million increase over the 2017 year-end balance of \$57.2 million was due to market conditions along with cash requirements for major capital projects including the Sherwood Community Centre and Branch Library. The average yield on cash balances for 2018 was 1.98%, generating \$1.5 million in interest income.

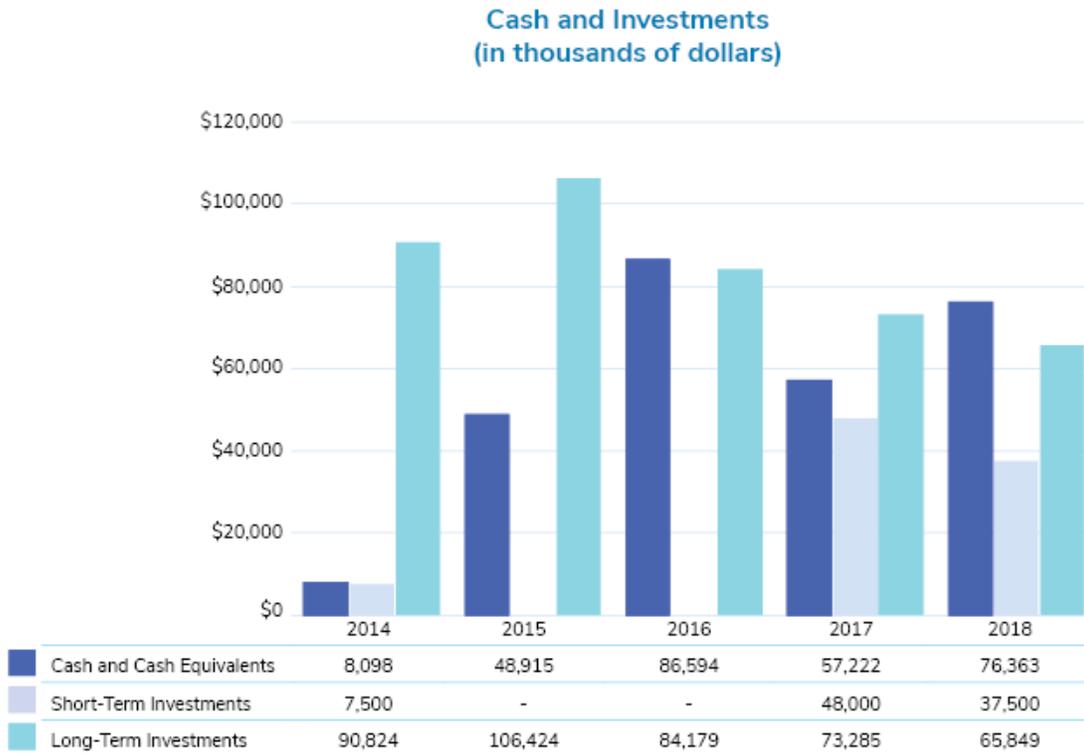
During 2018 short term investments, securities with a holding period of one year or less, were purchased as the yields were favourable to savings and high interest accounts and comparable to yields on five year provincial bonds while still providing liquidity options if the funds were required. The average yield on short term investments for 2018 was 2.25%, generating \$1.1 million in investment earnings. At the end of 2018 the Town held \$37.5 million in short term securities.

### Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$65.9 million, a decrease of \$7.4 million from last year. The decrease in 2018 was related to the maturities of long term investments that were held in savings accounts which offered similar yields to long term investments but had the advantage of greater liquidity. In 2018 the long term investment average rate of return was 1.89%, generating \$1.3 million in investment earnings.



Cash and investment holdings at year end are compared over the past five years in the following graph:

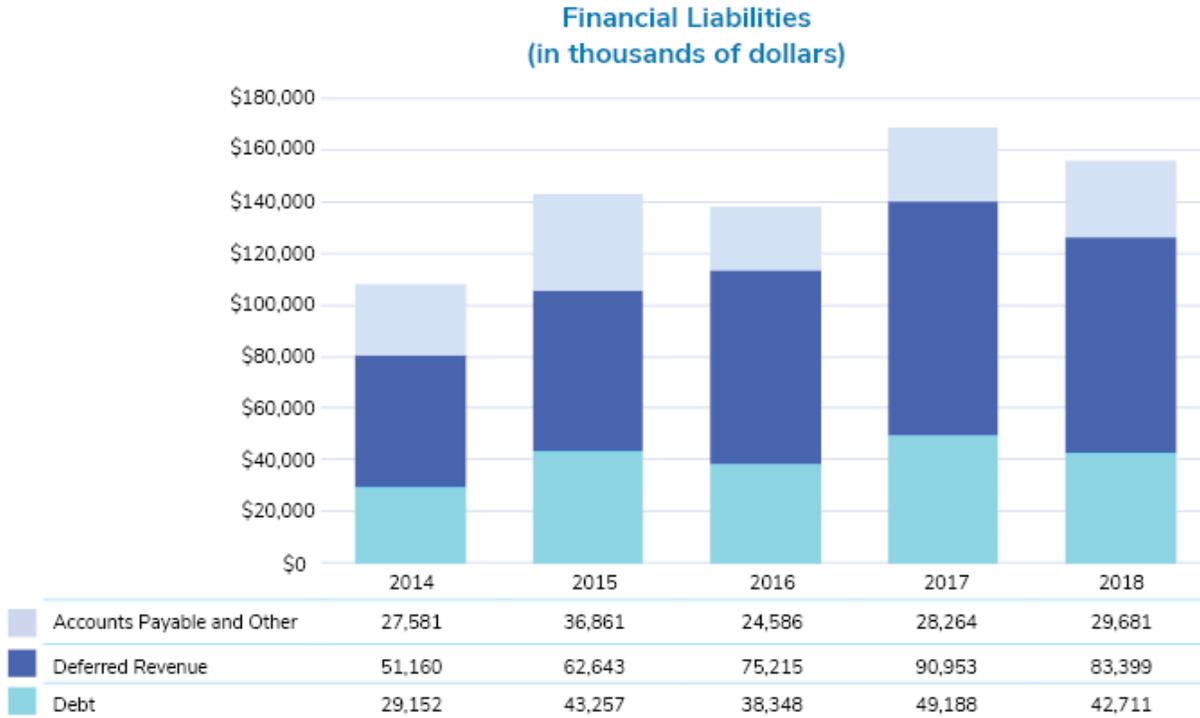


Financial Liabilities

The major contributors to the decrease of \$12.6 million in financial liabilities was decreased deferred revenue, long term debt, and accounts payable.

The decrease in deferred revenue of \$7.6 million was primarily attributable to the utilization of development charges for the construction of capital infrastructure. The decrease in long term debt of \$ 6.5 million was mainly due to debt principal repayment in 2018. See debt section below for more details.

The chart below outlines the trend in financial liabilities over the previous five years:



## Debt

The 2018 long term debenture balance has decreased to \$42.7 million, from \$49.2 million last year, due to \$6.5 million in principal repayments. Based on the timing of capital project spending no new debt was issued in 2018.

Guidelines established through Ontario Regulation 403/02 allow for a maximum debt payment ratio of 25% of own source revenues, which in 2018 equaled \$26.4 million. Through Council direction, Milton has further restrictive guidelines of 15% and up to 20% with the inclusion of non-tax supported debt. The Town's current debt capacity ratio of 7.38% is well within the guidelines set by both the Province and Town Council.

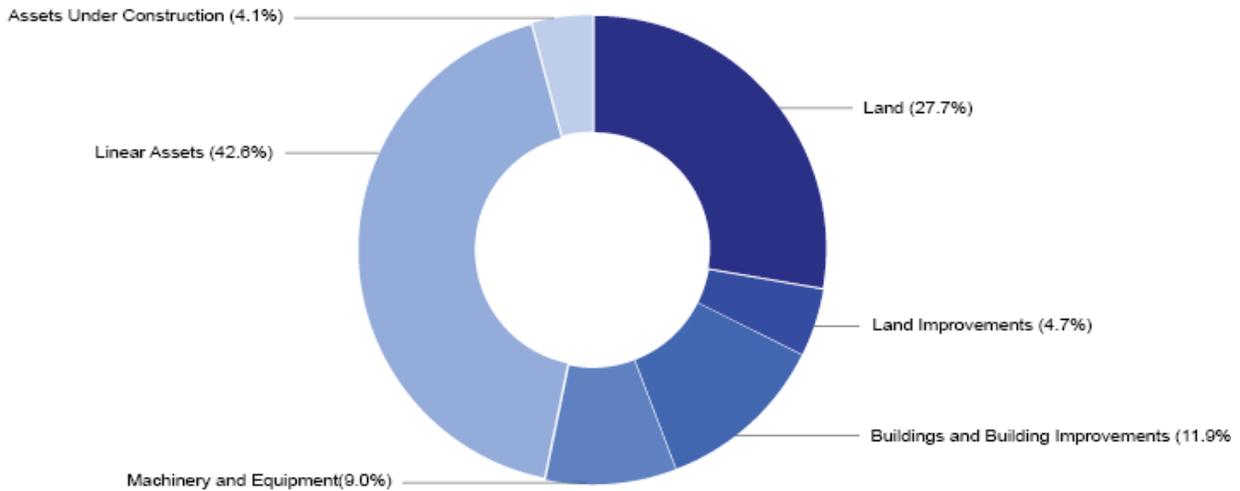
## Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The increase of \$48.4 million 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.

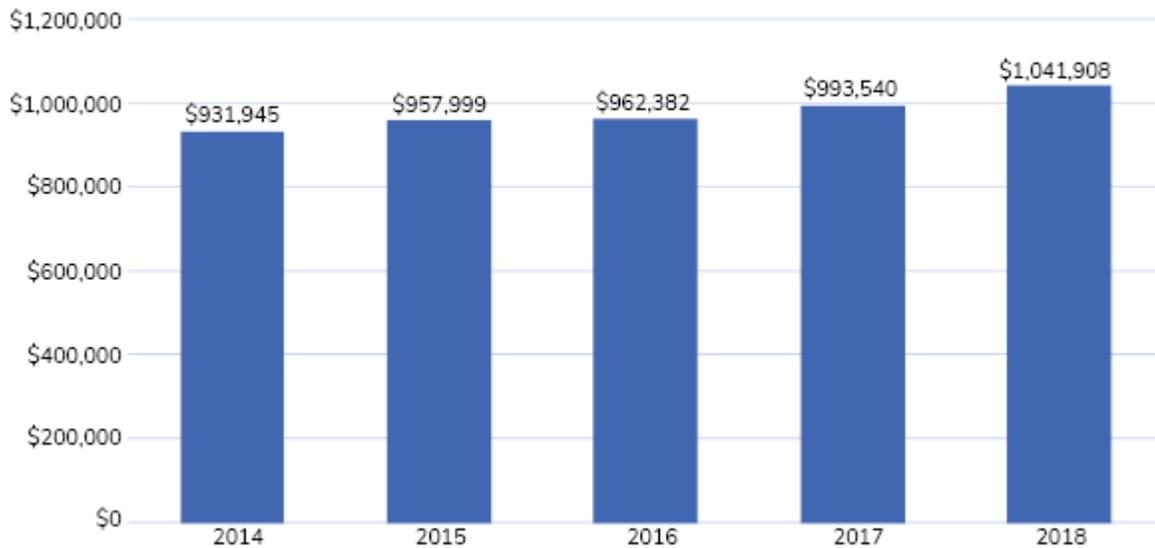
The pie chart below provides the breakdown of tangible capital assets by the function they support.

**2018 Tangible Capital Assets Breakdown At Net Book Value**



The chart below shows the tangible capital asset growth trend over the previous five years:

**Tangible Capital Assets At Net Book Value  
(in thousands of dollars)**





Accumulated Surplus

Overall, the Town ended the year with an accumulated surplus of \$1,149.3 million, an increase of 6.1% from the prior year balance of \$1,080.2 million. This change represents the annual excess of revenues over expenses for the year of \$69.1 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.

A detailed breakdown of accumulated surplus (in thousands) is presented in Note 11 “accumulated surplus” of the Consolidated Financial Statements. Summary information is included in the table below:

**Accumulated Surplus Comparative Summary**  
(in thousands of dollars)

	<b>2018</b>	<b>2017</b>	<b>Change</b>
Reserves	\$ 55,658	\$ 50,977	\$ 4,681
Reserve Funds	19,687	17,695	1,992
Invested in tangible capital assets	1,041,908	993,540	48,368
Unexpended capital	16,853	13,394	3,459
Investment in Milton Hydro	60,178	57,221	2,957
Endowment Fund	2,035	-	2,035
Operating surplus - Town	-	102	(102)
Operating surplus - Library	-	51	(51)
Unfunded liabilities	(47,007)	(52,815)	5,808
<b>Total Accumulated Surplus</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>	<b>\$69,147</b>

The reserve balances have experienced an increase of \$4.6 million as contributions for future needs exceeded current year’s withdrawals. The main driver of the increase is a \$2.1 million increase in the Infrastructure Renewal reserve as the Town continues to build this reserve to mitigate the infrastructure funding deficit identified through the most recent Asset Management Plan.

The discretionary reserve funds have increased by \$2.0 million from the \$17.7 million reported in 2017. This includes a \$4.6 million increase in Property transaction



reserve that resulted from transferring proceeds from sale of the former operations yard at Nipissing Road. Counteracting this increase was reduction in the Investment in the Arts reserve by \$1.9 million as a result of the transfer to the Community Foundation of North Halton to support art programs for the children of Milton.

The unfunded liabilities balance is comprised of the principal outstanding on debentures that have been issued by the Town, estimates of future employee benefit costs and amounts owing to developers for infrastructure constructed on behalf of the Town. The \$5.8 million decrease in unfunded liabilities is related to the decrease in the long-term debt discussed in the previous sections.

### Consolidated Statement of Operations

The Consolidated Statement of Operations is the municipal equivalent of the private sector's income statement, providing a summary of revenues and expenses throughout the year. The annual surplus reported on this statement represents the difference between the cost of providing the Town's services and the revenues recognized for the year on an accrual basis. Budget figures represent capital and operating budgets combined as outlined in Note 15 of the financial statements.

The variations in the budget and actual columns are primarily related to differences in assumptions used. Council-approved budgets are prepared in a manner that determines the annual cash levy requirements. The actuals reported on the audited financial statements are following PSAB requirements, and are predominantly fully accrued transactions. These differences in reporting methodologies will always generate significant variances when compared to each other. One example of a significant difference is the unbudgeted tangible capital asset activity such as developer contributed assets, which gave a positive variance of \$27.0 million.

Another contributing factor is the timing of capital expenses and revenues being incurred in a different year from the budget year. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and does not include approved funding from the obligatory reserve funds for outstanding work. This caused an unfavourable fluctuation in developer contributions revenue of \$13.1 million.

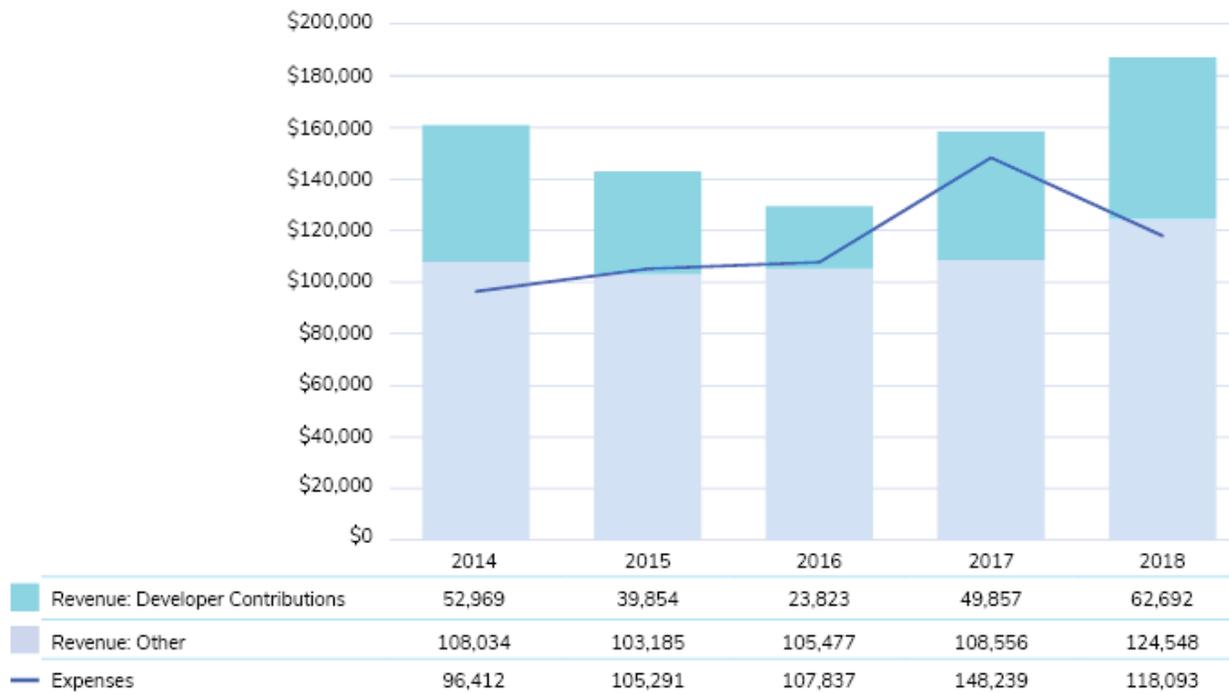
The favourable variance of \$6.7 million in miscellaneous revenue is related to proceeds of disposition of the former Nipissing Operations Yard. The proceeds of disposition of assets are reflected in reserve and reserve fund balances and are not part of the operating or capital budgets.



Note 15, “Budget Data” provides a reconciliation between the statements and the operating and capital budgets previously approved by Town Council.

In 2018 revenues totaled \$187.2 million relative to expenses of \$118.1 million. The following table illustrates how the 2018 results compare over the five-year period.

**Five-Year Revenue to Expense Comparative Analysis**  
(in thousands of dollars)



Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to assist financial statement users in fully understanding the nature of the Town’s financial activities in the period. The statement backs out all the non-financial activity from the statement of operations (e.g. amortization, gains/losses, purchases and sale of assets). Thus, the financial impact on the surplus attributable to change in financial assets is an increase of \$20.6 million, compared to last year’s decrease of \$21.1 million. This is primarily attributable to decreases in debt balances, amplified by an overall increase in financial assets, such as the cash held in reserve and accounts receivable.



## Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows explains how the Town financed its activities and met its cash requirements. It also details items not involving cash such as annual amortization and developer contributed assets. This schedule reconciles the change in cash and cash equivalents from one year to another. The consolidated cash position of the municipality increased from \$57.2 million in 2017 to \$76.4 million in 2018.

Investing activities, such as maturity of investments of \$17.9 million and Milton Hydro dividend of \$1.5 million were the main contributing factor to \$19.1 cash position increase in 2018.

Change in cash from capital activities \$51.7 million cash outflow due to the acquisition of tangible capital assets was mitigated by \$6.3 million in cash inflow from sale of Town's assets. Various operating activities increased Town's cash position by \$51.6 million. No new debt was issued in 2018 and \$6.5 million of debt was repaid. All these activities produced an offsetting effect on net cash flow, resulting in a net cash decrease of \$0.3 million.

## Canadian Award for Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada presented the Town of Milton with the Canadian Award for Financial Reporting for its 2017 Financial Report in recognition of the Town's ability to present financial information in a clear, concise and informative manner. This award program encourages innovative financial reporting and maintains a high quality standard that is recognized amongst peers. The Town of Milton has been the recipient of this award for the past seven years and is continuing this standard of high quality reporting for the submission and evaluation for the 2018 award program. Following Council approval of report CORS-034-19, Town staff will submit the approved 2018 Financial Report (a draft copy of which is attached to this Council report) to the GFOA.

## **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 occurring in



# The Corporation of the Town of Milton

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2018 as well as the Town's 2018 year-end position are outlined in detail in the attached statements.

Through report CORS-012-19, Council approved the year end accounting entries and reserve transfers based on the estimated year end position. Through the process of finalizing the 2018 financial statements, the estimated figures have since been revised. Health and dental costs, the 2018 POA revenues and capitalization of legal charges on sale of property resulted in a net reduction in the transfer to the tax stabilization reserve of \$30,736. The updated amount will be reflected in the Town's future variance reporting and 2020 Budget.

Respectfully submitted,

Troy McHarg  
Commissioner, Corporate Services

For questions, please  
contact:

Zaneta Kowalik Ext. 2122

<b>Attachments</b>
Appendix A – Draft 2018 Financial Report

CAO Approval  
William Mann, MCIP, RPP, OALA, CSLA, MCIF, RPF  
Chief Administrative Officer



**MILTON**

**The Corporation of the Town of Milton**

# **FINANCIAL REPORT**

Town of Milton, Ontario, Canada  
For the Fiscal Year Ended December 31, 2018

# **2018**

2018 THE CORPORATION OF THE TOWN OF MILTON  
FINANCIAL REPORT  

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For the fiscal year ending December 31, 2018

**The Corporation of the Town of Milton, Ontario, Canada**

This report was prepared by:

The Finance Division of the Corporation of the Town of Milton

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# About Milton

## The Town's Vision

Together, we will shape the future of Milton by building a vibrant, thriving and innovative community, where everyone feels welcome, safe, connected and engaged.

## The Town's Mission

We are committed to providing a range of quality programs and services that meet the needs of our growing and diverse community.

## The Town's Strategic Action Plan for 2015-2018

The Town's updated strategic plan, *Destiny Milton 3*, is the result of extensive research and collaboration between Council, Town staff, stakeholders and members of the community. With the significant amount of growth that the Town continues to face, *Destiny Milton 3* has been designed to strategically guide the Town's priorities and decision-making.

## Destiny Milton 3 - Goals

The goals and actions identified in the strategic plan will ensure that the Town is responding to population and employment growth in a way that is positive, sustainable and responsive to the changing and diverse needs of the community.

It will provide direction on all short-term and long-term planning and influence the services that the Town provides, how the Town provides these services, where the Town directs its efforts and how the Town allocates its resources.





## Goal 1 - Vibrant and Connected Community

Provide a complete, sustainable and livable community by focusing on:

1. Responsive and innovative programs and services.
2. Collaborative planning with Halton Region and the development industry.
3. The implementation of an integrated and coordinated inter- and intra-regional multi-modal transportation plan.



## Goal 2 - Economic Growth

Stimulate and provide a healthy economy and standard of living by focusing on attracting:

1. Non-residential growth.
2. High value jobs and employers.
3. High impact economic investment.



## Goal 3 - Financial Sustainability

Ensure sound and diversified short-term and long-term financial management by focusing on:

1. Continued asset management development and maintenance.
2. Program-based budgets.
3. Structured and balanced budgets.
4. Long-range financial plans and evaluation.
5. The overall general health of the Town's finances.



## Goal 4 - Enhanced Communication

Improve the quality of internal and external communications by focusing on:

1. A communications team and strategy.
2. Standardized community engagement.
3. Work plan review and alignment.



## Goal 5 - Organizational Effectiveness

Continue to strive for organizational effectiveness and optimization by focusing on:

1. Succession and workforce planning.
2. Staff development.
3. The preservation of a positive corporate culture and supportive workplace.

# About Milton

Over the last few decades, the Town of Milton has emerged as a unique and dynamic community. Located in a prime position within the western part of the Greater Toronto Area, Milton presents an impressive blend of historic charm, scenic rural beauty, along with new developments and opportunities.

Recognized as one of the fastest growing municipalities in Canada, the Town has embraced its growth while at the same time retaining its core character and appeal. With an expansive portfolio, Milton can proudly be described as a community that has it all, making it an ideal place to live, learn, work and grow.

## Our Place in the GTA



- Central access to 400-series highways
- ✈ Close proximity to international airports
- 🚢 Nearby port access
- Direct link to GO transit commuter lines
- 🇺🇸🇨🇦 Close proximity to US / Canada border crossing

# Quick Facts



**365** sq. km  
Land Area



**120,500**  
Population  
(2018 estimate)



**330**  
Population density  
per sq. km



**283%**  
Population growth (2001-2018)  
From 31,500 to 120,500

## 238k

**Milton continues to be one of Canada's fastest growing mid-size municipality.**

The Town has had record breaking growth from 2006-2018 of 122% and a total population forecast for 2031 of 238,000 - a further increase of 117,500 or 98%



**36,555**  
Number of households



**\$128,664**  
\*2018 estimate of average household income. GTA average at \$127,780

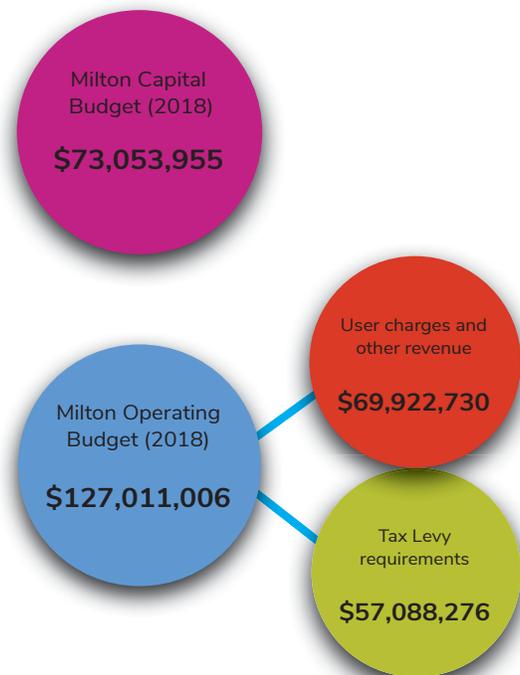
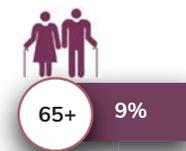
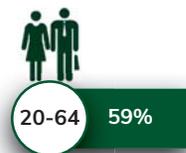
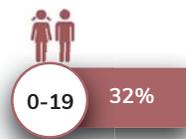


**\$502,387**  
\*2018 average value of dwelling



**2.7%**  
\*Property Taxes as a % of household income. Lowest in GTA which has an average of 3.8%

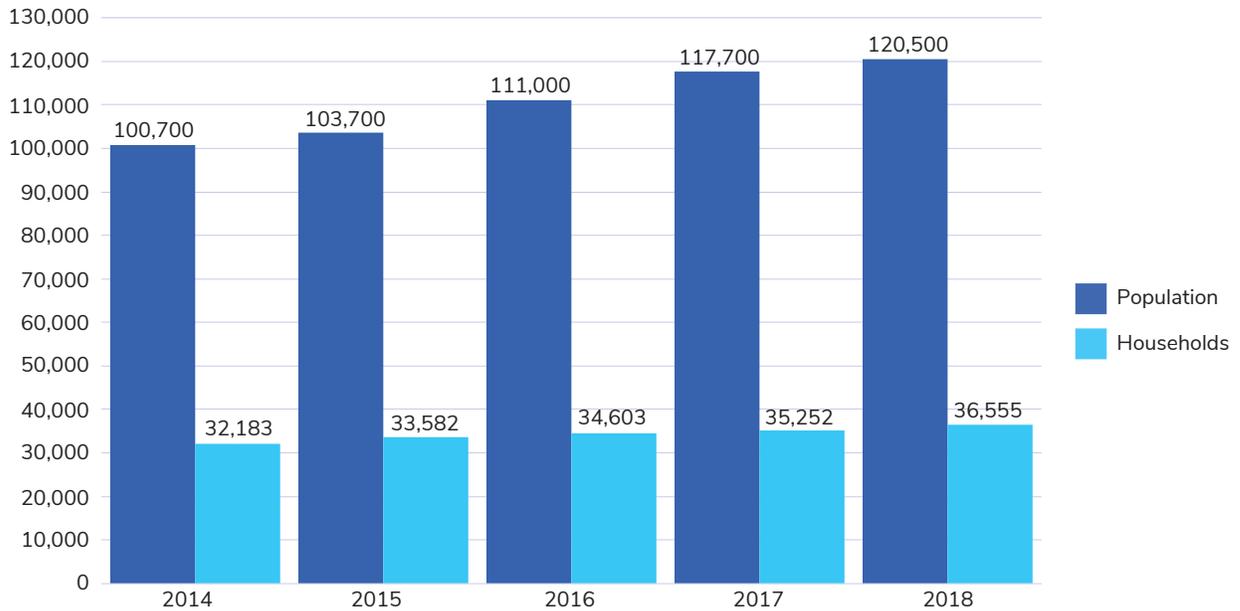
### \*Age of population (by age groups)



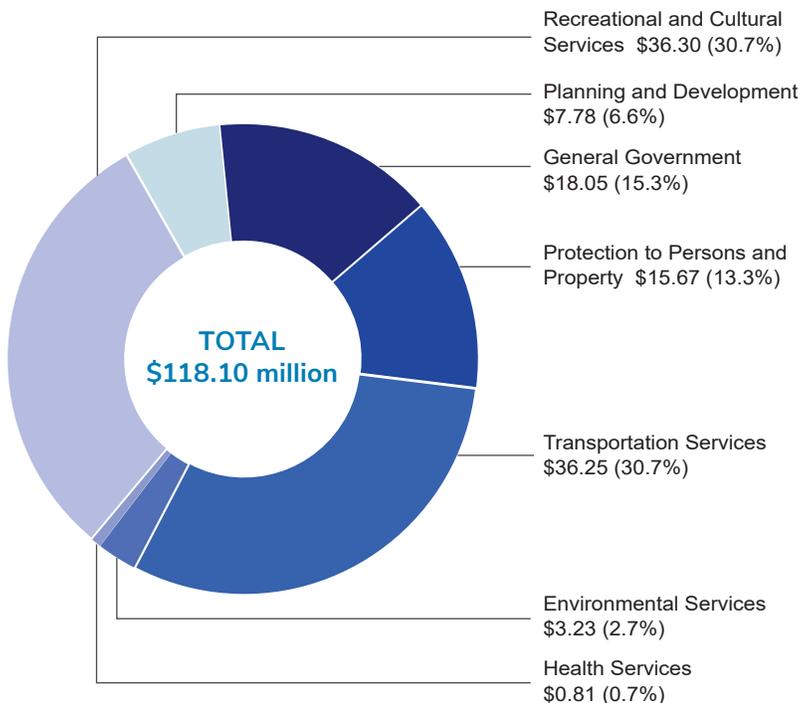
\*Source: BMA Management Consulting Inc. Municipal Study 2018

# Highlights

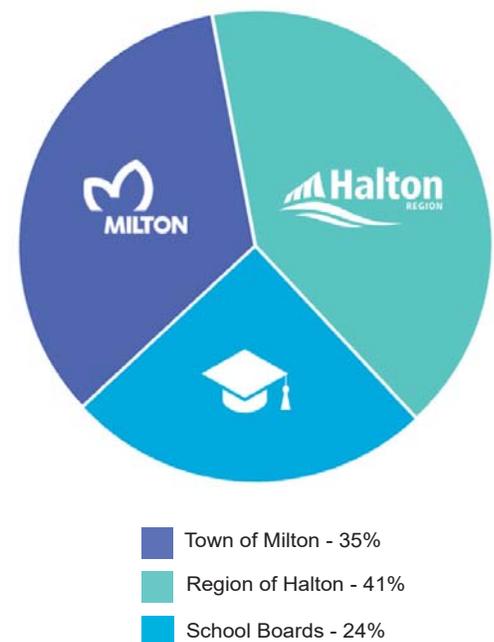
## Population Growth and Household Increase (over the last 5 years)



## 2018 Expenses (Actuals) (in million dollars)



## 2018 Residential Tax Breakdown



## Mayor and Council

The Town's Council is comprised of the Mayor, four Regional Councillors and four Town Councillors, elected for four-year terms of office. Through the representation of wards, these members of Council are the governing body of the Town and have the following responsibilities:

1. Represent the public and consider the well-being and interests of the municipality.
2. Evaluate and approve policies and programs of the municipality.
3. Determine which services the municipality provides.
4. Ensure that administrative and controllership policies, practices and procedures are in place to implement the decisions of Council.
5. Maintain the financial integrity of the municipality.



**Gordon Krantz**  
Mayor

Council is the governing body responsible for representing public interest. Staff are responsible for administering Town programs and services. The Milton Public Library and Downtown Business Improvement Area are each managed by individual Boards.



**Colin Best**  
Regional Councillor  
Ward 1



**Rick Malboeuf**  
Regional Councillor  
Ward 2



**Mike Cluett**  
Regional Councillor  
Ward 3



**Zeeshan Hamid**  
Regional Councillor  
Ward 4



**Kristina Tesser Derksen**  
Town Councillor  
Ward 1



**John Challinor II**  
Town Councillor  
Ward 2

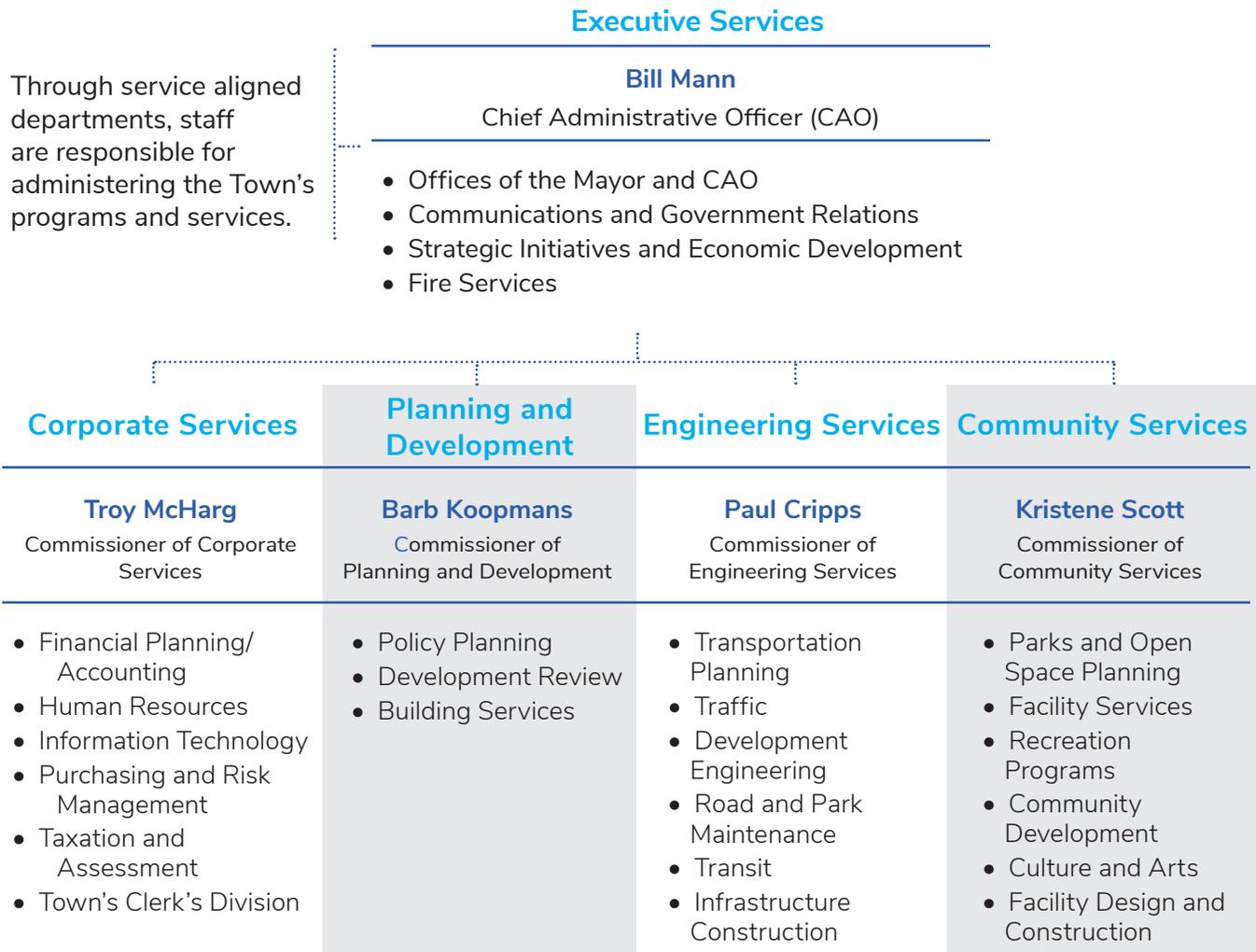


**Rick Di Lorenzo**  
Town Councillor  
Ward 3



**Sameera Ali**  
Town Councillor  
Ward 4

# Organizational Structure



The Chief Administrative Officer (CAO) has overall responsibility for the Town's operating departments led by the Strategic Management Team (SMT). As leaders, the CAO and SMT are responsible for ensuring quality services are provided to the community and that the services provided are aligned with Council approved priorities. The CAO and SMT members also advise the Mayor and Town Council on matters of policy related to the civic administration of the Town of Milton. Divisional directors are responsible for the day-to-day operations of the departments.



Government Finance Officers Association

## Canadian Award for Financial Reporting

Presented to

**Town of Milton  
Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

### Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Town of Milton for the fiscal year ended December 31, 2017.

The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements.

The Town of Milton joined this program in 2010 receiving its first award in 2011 for the 2010 Financial Report. The Town of Milton is continuing this standard of high quality reporting for the submission and evaluation for the 2018 award program.

# Message from the Treasurer

The Town of Milton is proud to present its annual Financial Report, which details the Town's financial performance and highlights key accomplishments through 2018. The financial statements have been prepared in accordance with the Municipal Act, 2001, and are based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Managing growth continues to be a priority for the Town. In 2018 Council initiated the secondary planning for the Agerton Employment and Trafalgar Corridor Secondary Plan Areas, and also awarded a contract for the Major Transit Station Area Mobility Hub Study. With respect to infrastructure, the widening of Louis St. Laurent Avenue and the construction of the Sherwood Community Centre and Library that will open to the public in 2019 highlight key investments have continued during this past year.

The Town continues to implement the recommendations of the most recent Asset Management Plan and invest in the improvement of existing infrastructure. In addition to providing for incremental investments related to inflation and the growth in the Town's asset base, the 2018 Budget also included an additional \$1 million in funding to reduce the Town's annual infrastructure deficit. 2018 also saw the contract awards for the rehabilitation of Fire Station No. 1 and road improvements including Bronte Street, Main Street and Martin Street.

Milton's Town Council also created or enhanced a number of important policies and invested in innovation in 2018. The Town established a Community Engagement Framework as well as Mid-rise and Tall Building Guidelines, and updated important financial policies in areas such as procurement, budget management, taxation and assessment base management. With consideration for changing Provincial legislation, the Town undertook comprehensive employee compensation reviews for its non-union workforce and arrived at new collective agreements with several bargaining groups. A Green Innovation Plan was also developed and endorsed, and pilot projects such as the Miovision TrafficLink program and the Light Emitting Diodes (LED) streetlight program were transitioned into permanent programs.

Looking forward, growth, infrastructure renewal and a changing legislative landscape will continue to be common narratives in the Town's financial planning. As such the continuation of long-term fiscal impact studies, service delivery reviews, and budget processes that are focused on balancing service levels, sustainability and affordability will be important towards ensuring informed decision making and the management of these pressures.

The accomplishments of 2018 are reflective of the collaborative and forward thinking approach that continues to shape a vibrant and connected community within Milton. The Town looks forward to further building on this foundation in the years to come.

Glen Cowan  
Chief Financial Officer & Treasurer  
May 27, 2019

# Financial Statements Discussion and Analysis

The accompanying financial statements are prepared in accordance with the Canadian public sector accounting standards published by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The Financial Report is published to provide the Town's Council, staff, citizens and other readers with detailed information concerning the financial position and activities of the Corporation of the Town of Milton (the "Town") for the fiscal year ended December 31, 2018.

There are four required financial statements:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Change in Net Financial Assets
4. Statement of Cash Flows.

These financial statements must 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.

## Town of Milton Mandate

The Town of Milton is a municipality within the Province of Ontario, Canada. As described in the notes to the consolidated financial statements, the Town conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

The consolidated financial statements include the Town as well as local boards that are accountable for the administration of their own financial affairs and resources but are owned or controlled by the Town with the exception of Milton Hydro Holdings Inc., which is accounted for on the modified equity basis of accounting. These entities and organizations include:

1. The Milton Public Library Board
2. The Board of Management of the Milton Downtown Business Improvement Area

The Town of Milton is a lower tier municipality within the Regional Municipality of Halton. The Town collects taxes and other revenues on behalf of the Region of Halton (an upper tier municipal government) and the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region of Halton and the school boards are not reflected in these consolidated financial statements.

As a lower tier municipality, the citizens and businesses of Milton rely on the Region of Halton to provide a number of services which include, but are not limited to, policing, waste and recycling collection, water and sewage treatment and social housing.

The Town of Milton provides the following municipal services under the mandate of The Municipal Act:

- General Government – Mayor and Council, clerks, communications, financial planning and policy, accounting, information technology, property taxation, human resources, purchasing and risk management
- Protection to Persons and Property – fire services, by-law enforcement, parking enforcement, licensing, animal and weed control and building services.
- Transportation Services – roads construction and maintenance, transit and street lighting.
- Environmental Services – storm water management and emergency spills.
- Recreation and Cultural Services – community development, recreational programs, parks, recreational facilities, libraries and arts and cultural programs.
- Planning and Development – planning policy, zoning, development review, building inspections and economic development.

# Financial Statements Discussion and Analysis

## Management Responsibility

The Town's management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

The Town's management monitors and maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Town Council meets with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, an independent external auditor appointed by the Town. The Independent Auditor's Report, which is included in the statements, provides an unqualified "clean" opinion on the Town's consolidated financial statements for the year ended December 31, 2018. The report also outlines the auditor's responsibilities and the scope of their examination.

An audit is conducted in accordance with Canadian generally accepted auditing standards. These standards require that the auditors comply with ethical requirements necessary to plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing specific procedures chosen by the auditors to obtain audit evidence in order to verify the amounts and disclosures in the consolidated financial statements as well as to assess the risk of material misstatements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

The budget is an important strategic planning and resource allocation process that is required by legislation and serves as the foundation for the Town's financial planning and control. Section 290 of the *Municipal Act, 2001* requires a municipality to adopt a budget including estimates of all sums required during the year for the purpose of the municipality. The process of budget compilation commences early in the year in an effort to ensure that the Town has an approved budget in place for the start of the new fiscal year. The Town's management prepares a proposed budget which is submitted to Town Council for review and approval, generally in December of each year. Citizens are involved in the budget process through surveys and public meetings.

# Financial Statements Discussion and Analysis

## Risk Management and Significant Financial Management Policies

The financial management and control of the Town is largely governed through by-laws and Council resolutions that prescribe purchasing, accounting, investment, budgeting, risk management, debt and reserve policies. Town Council has sole authority to allocate funds through the annual approval of the operating and capital budgets.

The annual operating budget is balanced with revenues equaling expenditures for the calendar year. The operating budget must include estimates of all sums required by the municipality including any debt payments and all forms and sources of revenue.

The Town strives to leverage non-tax sources of revenue to sustain its level of services to its citizens. The Town charges user fees to recover costs of services where it is appropriate to do so. A comprehensive review of the user fees is conducted every three to five years. There is also an annual update to ensure that the user fees are increasing at the appropriate yearly rate of inflation. The annual fee schedule is reviewed and approved by Town Council.

The Town's financial management policies regarding tangible capital assets ("TCAs") stipulate that said assets are recorded at cost and include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the TCAs are amortized on a straight-line basis over their estimated useful lives. Works in progress are not amortized until the asset is available for productive use, at which time they are capitalized. The Town has a capitalization threshold for each individual asset class, such that individual TCAs of lesser value are expensed unless they are pooled, because collectively they have significant value or could not be operated separately.

The Town's key financial policies establish guidelines for debt, revenue sources and utilization of reserves and reserve funds, budget variance reporting and include the procurement by-law that establishes authorization limits. Each of these policies is intended to mitigate risk, safeguard the Town's assets and ensure that proper internal controls are in place.

# Financial Statements Discussion and Analysis

## 2018 Economic Update

### Employment Growth

In 2018 the average Canadian unemployment rate was 5.8%, with the Ontario rate at 5.6%\*. Halton Region performed even better than national and provincial rates, with an average regional unemployment rate of 5.3%\*\*. A balance of residential and non-residential growth helps ensure a financially healthy community while providing employment opportunities to support growing and highly educated population.



### Inflation

The Town uses a customized Municipal Price Index (MPI) to accurately reflect the inflationary pressures impacting the municipality, in accordance with the Government Finance Officers Association best practices. Using the MPI increases accuracy when budgeting for the services and goods the Town needs to acquire, and takes into account the Town's significant level of investment in capital infrastructure spending.

For the 2018 budget, the MPI for the Town of Milton was calculated at 2.74%.

### Interest Rates/Borrowing

Due to the strength in the Canadian and global economies and in order to manage inflation rates, the Bank of Canada increased the overnight rate by 25 basis points to 1.75% in October 2018, the fifth such increase since the summer of 2017\*\*\*. This affects the Town in two key ways:

1. Rising rates increase borrowing costs for debt financed projects, impacting available funding to allocate toward the capital program
2. Rising rates increase the amount of investment income, since the rate of return on surplus cash and investments is directly linked to interest rates

\*Ontario.ca. Labour market report, December 2018. <https://www.ontario.ca/page/labour-market-report-december-2018>. Accessed April 18, 2019

\*\*Halton Region. LPS27-19 - Economic Development - Economic Review 2018. <http://sirepub.halton.ca/councildocs/pm/23/Mar%2027%202019%20REGULAR%20MEETING%20OF%20REGIONAL%20COUNCIL%20LPS2719%20%20Economic%20Development%20%20Economic%20Review%20%20%20LPS2719%20signedoc%20230718.pdf#search=economic%20review>. Accessed April 18, 2019.

\*\*\*Bank of Canada. Policy Interest Rate. <http://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>. Accessed April 18, 2019.

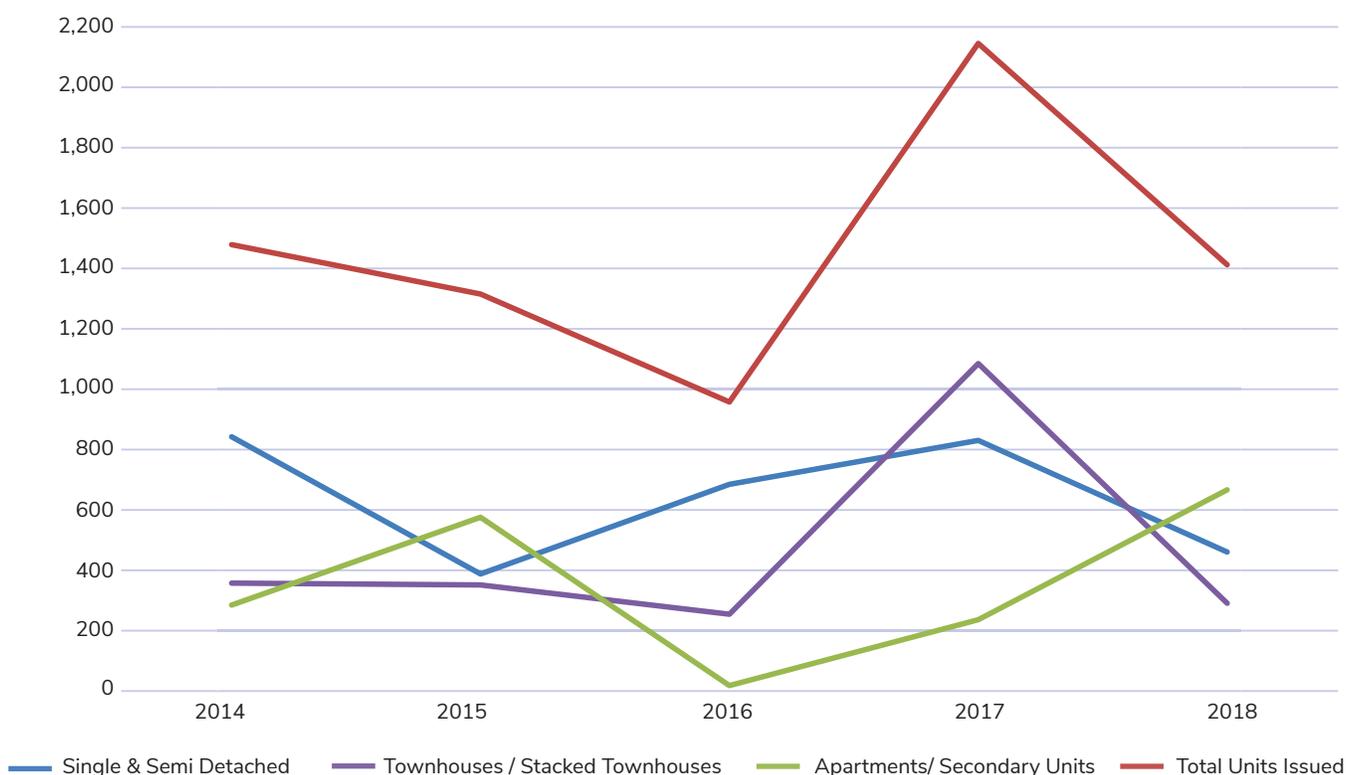
# Financial Statements Discussion and Analysis

## 2018 Significant Events Affecting Financial Statements

### Growth and Building Activity

The number of new residential units created through building permits issued in 2018 was lower than 2017 and more in line with the levels realized in 2014. Building permits were issued for 1,415 dwelling units, a decrease of 35.3% from 2017. This was largely related to the change in the construction activity of townhouses, which exhibited a similar trend.

**Residential Development  
(in units)**

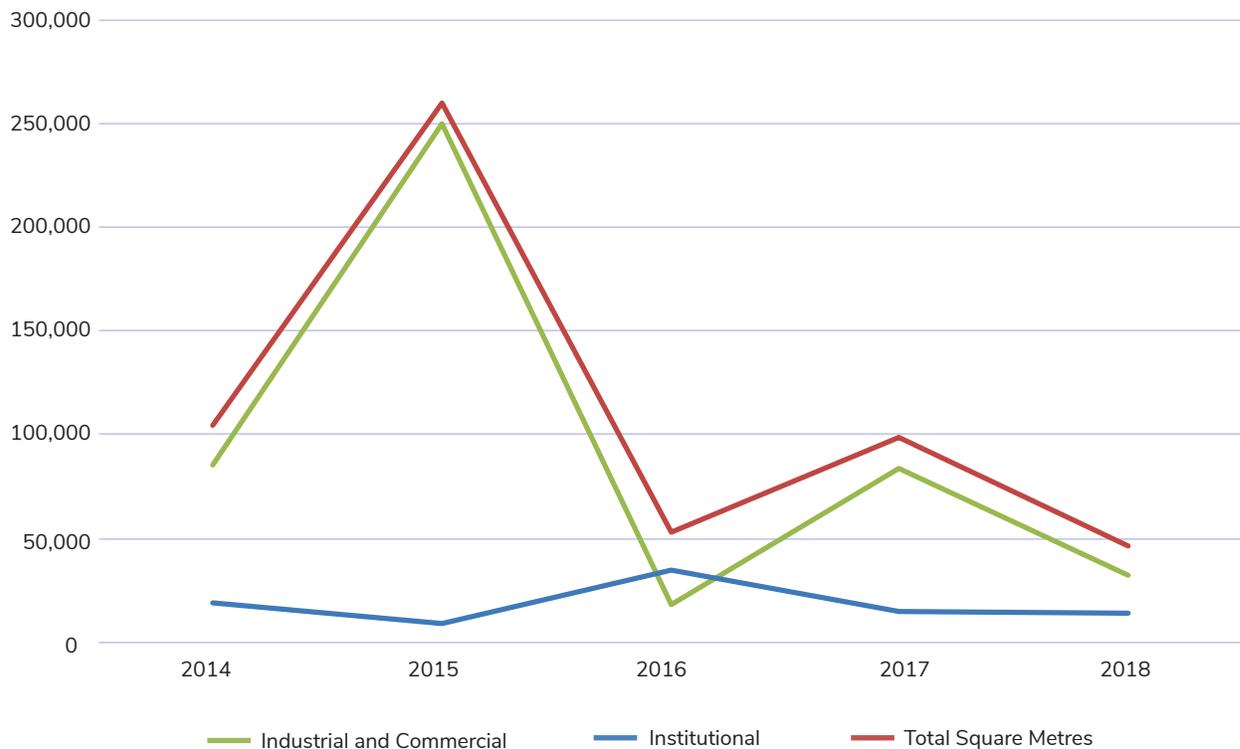


	2014	2015	2016	2017	2018
Single and Semi Detached	841	386	685	831	460
Townhouses / Stacked Townhouses	356	352	253	1,082	289
Apartments / Secondary Units	284	578	18	233	666
<b>Total Units Issued</b>	<b>1,481</b>	<b>1,316</b>	<b>956</b>	<b>2,146</b>	<b>1,415</b>

# Financial Statements Discussion and Analysis

Industrial, Commercial and Institutional (“ICI”) development decreased in 2018. Permits were issued for 46,015 square metres of newly constructed floor space, a decrease of 53.3% from 2017. Non-residential construction activity is expected to rise in 2019 with development proceeding in the Derry Green Secondary Planning Area.

**Non-Residential Development  
(in square metres)**



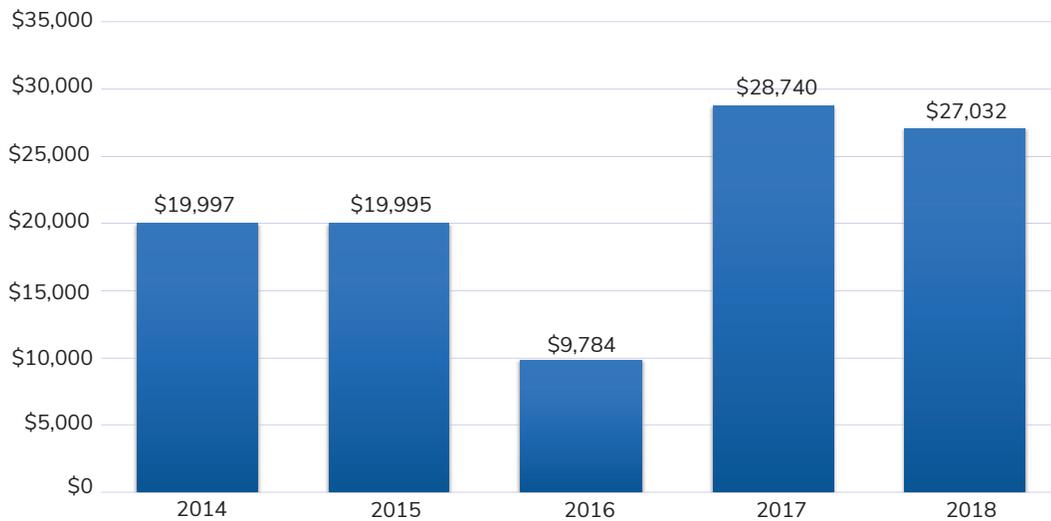
	2014	2015	2016	2017	2018
Industrial and Commercial	85,334	250,193	17,883	83,526	32,093
Institutional	19,219	9,144	34,740	15,166	13,982
<b>Total Square Metres</b>	<b>104,554</b>	<b>259,337</b>	<b>52,623</b>	<b>98,692</b>	<b>46,075</b>

# Financial Statements Discussion and Analysis

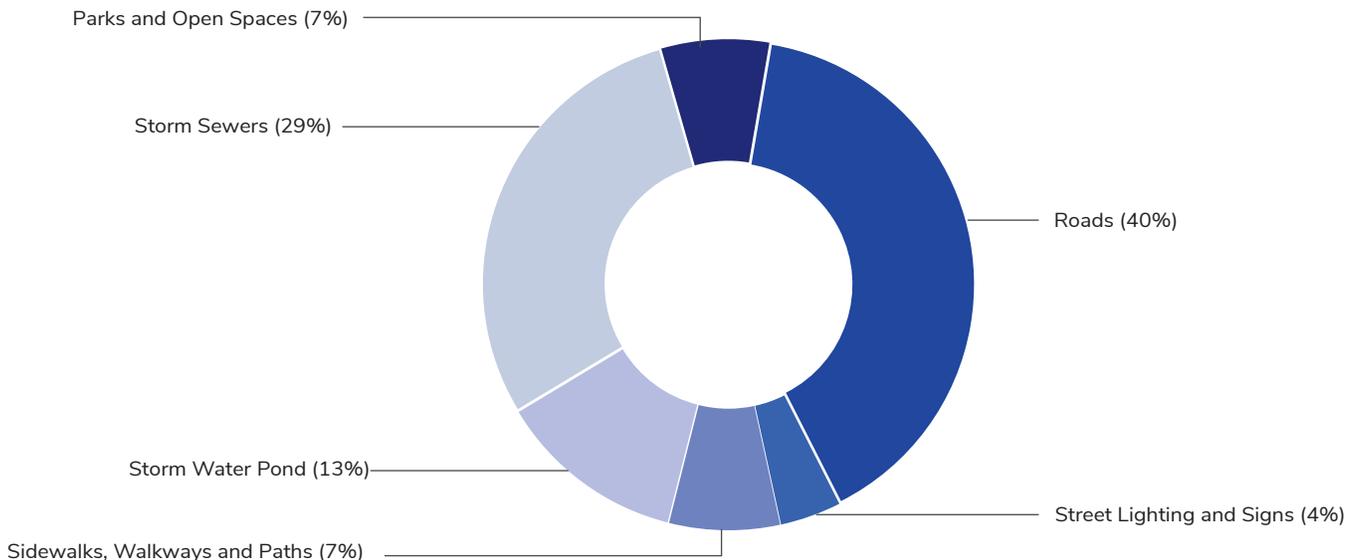
## Developer Contributed Assets

Donated assets, excluding land, are recorded at the time the Town assumes responsibility for the maintenance of the municipal services such as roads, sidewalks and storm sewers. This usually occurs approximately three to four years from registration of the subdivision, although it may be longer depending on the development. Land is recorded earlier in the process at the time of plan registration. Fluctuations in value of donated assets differ from year to year based on the number of plans registered, timing of subdivision assumptions and the infrastructure constructed in each subdivision in any given year. The following graph reflects the five year trend of developer contributed assets.

**Developer Contributed Assets  
(in thousands of dollars)**



**Breakdown of Contributed Assets - 2018**



# Financial Statements Discussion and Analysis

## Major Construction Projects in 2018

### Sherwood Community Centre and Library

Construction on the Sherwood Community Centre and Library continued through 2018. This new recreation facility, scheduled to open in the late summer of 2019, features a multi-use design to accommodate a wide range of activities as well as multi-generational spaces and activities that will be accessible to people of all ages and backgrounds. The facility will include a twin pad arena, an aquatic centre with a 25 metre pool and leisure/therapeutic pool, a branch library, older adult activity area, active living studio and multi-purpose space. The estimated total cost for the construction is \$50.6 million.



### Louis St Laurent from Regional Road 25 to Vickerman Way

Louis St Laurent is a mid-block arterial roadway that provides east-west connection from Tremaine Road and James Snow Parkway. During 2018, construction continued on the widening of Louis St Laurent Avenue between Regional Road 25 and Vickerman Way to 4 lanes to accommodate traffic from new growth development. The project includes the expansion of the Sixteen Mile Creek bridge and will include a roundabout at Yates Drive. Construction on this segment is anticipated to be completed during 2019 with total project costs, once complete, estimated at \$7.7 million.

# Financial Statements Discussion and Analysis

## Fire Station No. 1

Fire Station No. 1, located at 405 Steeles Avenue East, was built in 1977 and until 2012 functioned as the main Fire Station Headquarters, at which time headquarters was relocated to Fire Station No. 3 and Fire Station No. 1 was designated as a fire station and training centre to meet the needs of the planned growth in the community. The rehabilitation project will include multiple training rooms, a simulation room and storage systems/space to support the Town's firefighter training needs along with staff living quarters to meet the Town's forecasted service level demands. Construction on the facility began in 2018 and will continue into 2019 at a total estimated total cost of \$5.8 million.



# Financial Statements Discussion and Analysis

## 2018 Financial Highlights

Growth in the community and the Town's infrastructure are primary contributors to the annual financial results for a municipality such as Milton. As such, the aforementioned development trends, contributed assets and capital projects influence the Town's 2018 statements in several respects.

Total revenue for 2018 is \$187.2 million compared to total expenses of \$118.1 million resulting in net revenue of \$69.1 million. This differential can be largely attributed to the developer contributed assets and development charges earned during the year, each of which results in growth in the Town's tangible capital asset base as well as future operating cost.

The audited financial statements indicate that the Town's net financial position at December 31, 2018, as represented by the accumulated surplus, equals \$1,149.3 million. This amount has grown by 6% relative to 2017 year end. The large majority of the accumulated surplus, as well as the growth in it, is related to non-financial assets such as the Town's infrastructure, which is used to support service delivery. Growth in this asset base, much of which is initially constructed and/or funded by developers, will require sufficient annual funding in order to provide for the eventual rehabilitation and replacement of many of these assets if existing service levels are to be sustained.

The Town finished 2018 with debt principal outstanding of \$42.7 million, a large portion of which relates to the Town's local contribution towards the hospital expansion. The Town's debt capacity ratio of 7.38% is well within the guidelines set by both the Province and Town Council. Reserve balances increased from \$68.7 million to \$75.3 million.

# Financial Statements Discussion and Analysis

## Consolidated Statement of Financial Position

### Net Financial Assets

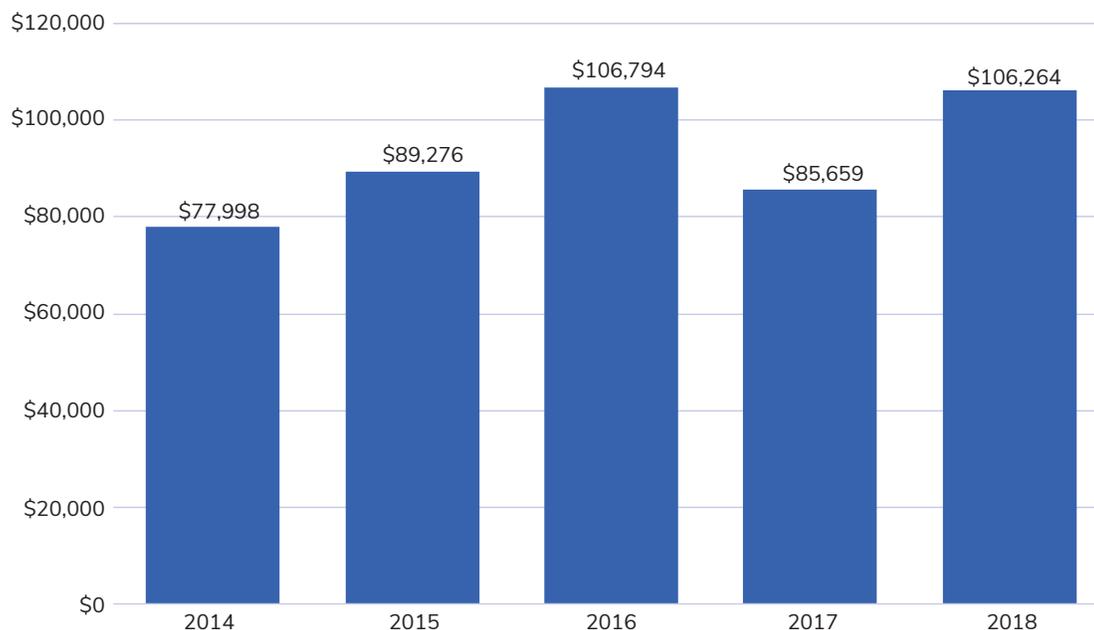
(in thousands of dollars)

	2018	2017	Variance	% Change
Financial assets	\$ 262,055	\$ 254,064	\$ 7,991	3.1%
Financial liabilities	155,791	168,405	(12,614)	(7.5)%
<b>Net financial assets</b>	<b>\$ 106,264</b>	<b>\$ 85,659</b>	<b>\$ 20,605</b>	<b>24.1%</b>

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$106.3 million, a 24.1% increase of \$20.6 million from the prior year. The increase in financial assets of \$8.0 million was amplified by a decrease in financial liabilities of \$12.6 million. The largest contributors to the change was the increase in the Town's reserve of \$6.7 million, a decrease in debt balances of \$6.4 million and an increase in the equity of Milton Hydro Inc. of \$2.9 million.

The following chart illustrates the five year trend in net financial assets.

**Net Financial Assets**  
(in thousands of dollars)



### Financial Assets

In 2018, the Town's financial assets increased by \$8.0 million, mostly due to a \$19.1 million increase in cash and cash equivalents, \$2.9 increase in the Investment in the Milton Hydro Holdings Inc., offset by a \$17.9 million decrease in investments as described in the following sections.

# Financial Statements Discussion and Analysis

## Cash and Short-Term Investments

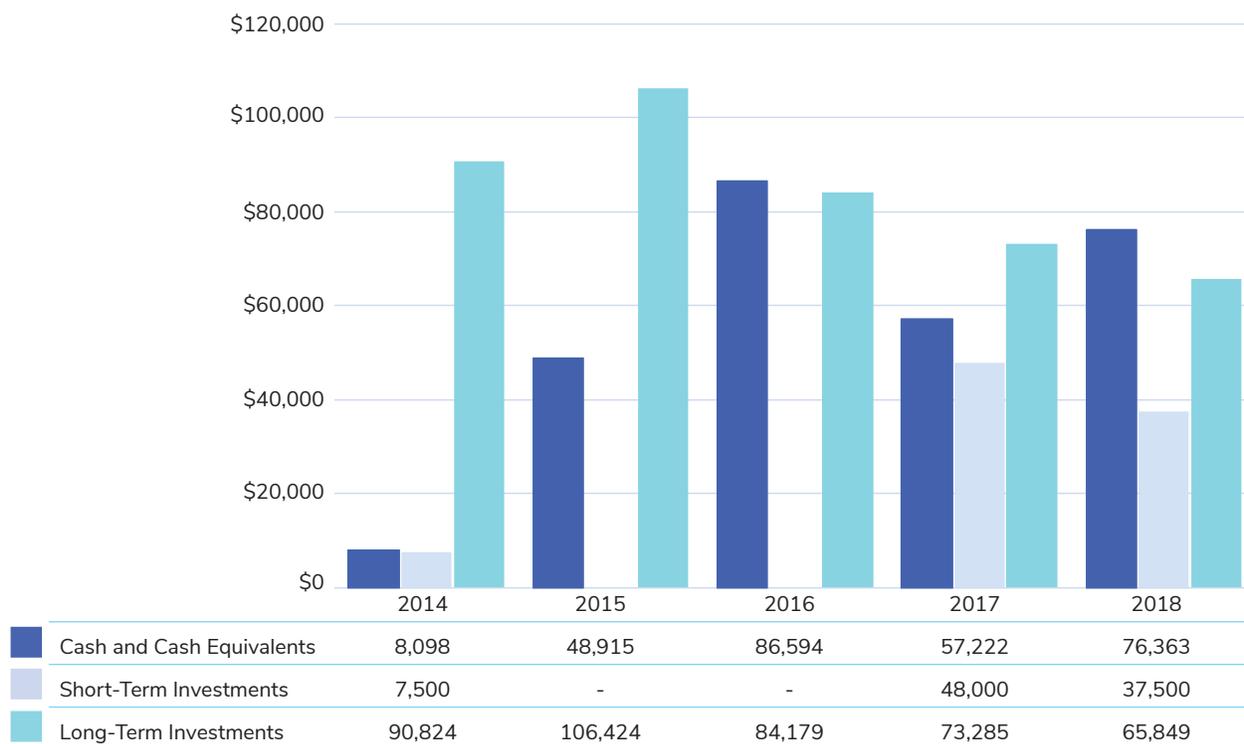
At the end of 2018 the year end cash and cash equivalents balance was \$76.4 million. The \$19.2 million increase over the 2017 year-end balance of \$57.2 million was due to market conditions along with cash requirements for major capital projects including the Sherwood Community Centre and Branch Library. The average yield on cash balances for 2018 was 1.98%, generating \$1.5 million in interest income.

During 2018 short term investments, securities with a holding period of one year or less, were purchased as the yields were favourable to savings and high interest accounts and comparable to yields on five year provincial bonds while still providing liquidity options if the funds were required. The average yield on short term investments for 2018 was 2.25%, generating \$1.1 million in investment earnings. At the end of 2018 the Town held \$37.5 million in short term securities.

## Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$65.9 million, a decrease of \$7.4 million from last year. The decrease in 2018 was related to the maturities of long term investments that were held in savings accounts which offered similar yields to long term investments but had the advantage of greater liquidity. In 2018 the long term investment average rate of return was 1.89%, generating \$1.3 million in investment earnings.

**Cash and Investments**  
(in thousands of dollars)



# Financial Statements Discussion and Analysis

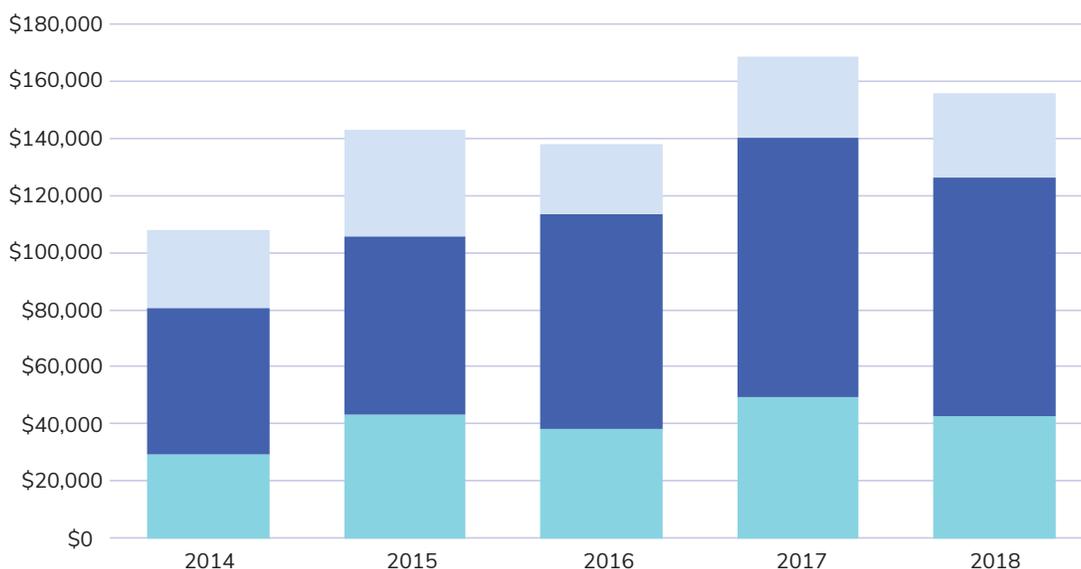
## Financial Liabilities

The major contributors to the decrease of \$12.6 million in financial liabilities was decreased deferred revenue, long term debt, and accounts payable.

The decrease in deferred revenue of \$7.6 million was primarily attributable to the utilization of development charges for the construction of capital infrastructure. The decrease in long term debt of \$ 6.5 million was mainly due to debt principal repayment in 2018. See debt section below for more details.

The chart below outlines the trend in financial liabilities over the previous five years:

**Financial Liabilities**  
(in thousands of dollars)



	2014	2015	2016	2017	2018
Accounts Payable and Other	27,581	36,861	24,586	28,264	29,681
Deferred Revenue	51,160	62,643	75,215	90,953	83,399
Debt	29,152	43,257	38,348	49,188	42,711

## Debt

The 2018 long term debenture balance has decreased to \$42.7 million, from \$49.2 million last year, due to \$6.5 million in principal repayments. Based on the timing of capital project spending no new debt was issued in 2018.

Guidelines established through Ontario Regulation 403/02 allow for a maximum debt payment ratio of 25% of own source revenues, which in 2018 equaled \$26.4 million. Through Council direction, Milton has further restrictive guidelines of 15% and up to 20% with the inclusion of non-tax supported debt. The Town's current debt capacity ratio of 7.38% is well within the guidelines set by both the Province and Town Council.

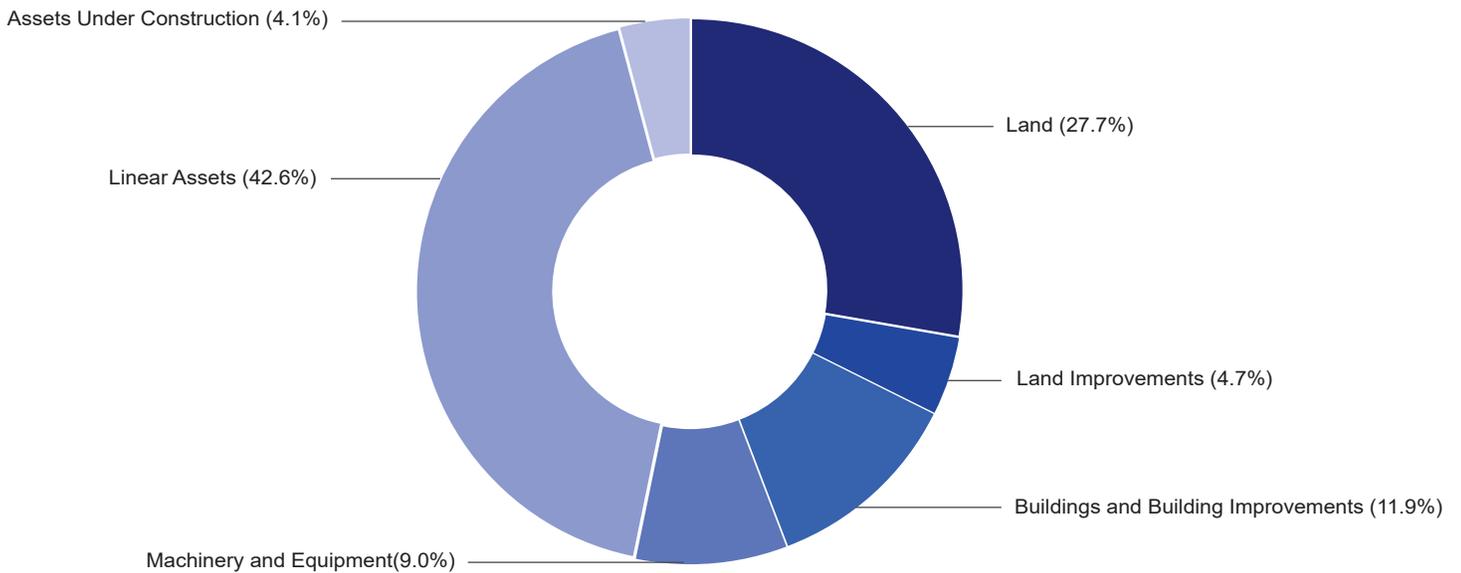
# Financial Statements Discussion and Analysis

## Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The increase of \$48.4 million 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.

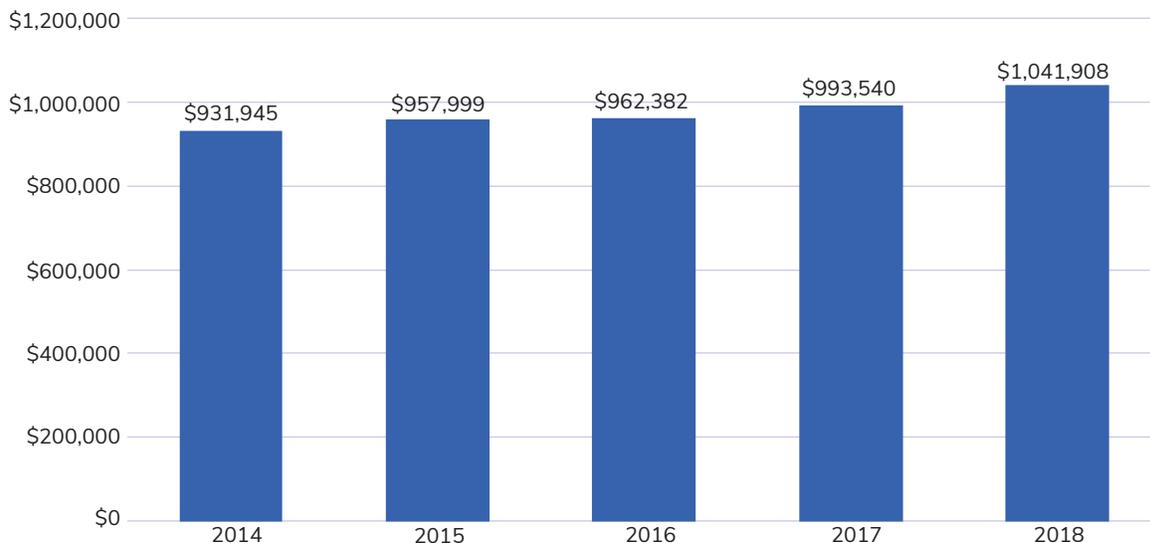
The pie chart below provides the breakdown of tangible capital assets by the function they support.

**2018 Tangible Capital Assets Breakdown At Net Book Value**



The chart below shows the tangible capital asset growth trend over the previous five years:

**Tangible Capital Assets At Net Book Value  
(in thousands of dollars)**



# Financial Statements Discussion and Analysis

## Tangible Capital Assets Comparative Summary

(in thousands of dollars)

Asset Type	2018	%	2017	%	Change	% Change
Land	288,834	27.7%	\$ 286,806	28.9%	\$ 2,028	0.2%
Land improvements	48,398	4.6%	41,956	4.2%	6,442	0.6%
Buildings and building improvements	123,423	11.8%	126,746	12.8%	(3,323)	-0.3%
Machinery and equipment	93,914	9.0%	95,672	9.6%	(1,758)	-0.2%
Linear assets	444,177	42.6%	417,687	42.0%	26,490	2.7%
Assets under construction	43,162	4.1%	24,673	2.5%	18,489	1.9%
<b>Total</b>	<b>\$ 1,041,908</b>	<b>100.0%</b>	<b>\$ 993,540</b>	<b>100.0%</b>	<b>\$ 48,368</b>	<b>4.9%</b>

## Accumulated Surplus

Overall, the Town ended the year with an accumulated surplus of \$1,149.3 million, an increase of 6.1% from the prior year balance of \$1,080.2 million. This change represents the annual excess of revenues over expenses for the year of \$69.1 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.

A detailed breakdown of accumulated surplus (in thousands) is presented in Note 11 “accumulated surplus” of the Consolidated Financial Statements. Summary information is included in the table below:

## Accumulated Surplus Comparative Summary

(in thousands of dollars)

	2018	2017	Change
Reserves	\$ 55,658	\$ 50,977	\$ 4,681
Reserve funds	19,687	17,695	1,992
Investment in tangible capital assets	1,041,908	993,540	48,368
Unexpended capital	16,853	13,394	3,459
Investment in Milton Hydro	60,178	57,221	2,957
Endowment fund	2,035	-	2,035
Town surplus	-	102	(102)
Library surplus	-	51	(51)
Unfunded liabilities	(47,007)	(52,815)	5,808
<b>Total accumulated surplus</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>	<b>\$ 69,147</b>

# Financial Statements Discussion and Analysis

The reserve balances have experienced an increase of \$4.6 million as contributions for future needs exceeded current year's withdrawals. The main driver of the increase is a \$2.1 million increase in the Infrastructure Renewal reserve as the Town continues to build this reserve to mitigate the infrastructure funding deficit identified through the most recent Asset Management Plan.

The discretionary reserve funds have increased by \$2.0 million from the \$17.7 million reported in 2017. This includes a \$4.6 million increase in Property transaction reserve that resulted from transferring proceeds from sale of the former operations yard at Nipissing Road. Counteracting this increase was reduction in the Investment in the Arts reserve by \$1.9 million as a result of the transfer to the Community Foundation of North Halton to support free art programs for the children of Milton.

The unfunded liabilities balance is comprised of the principal outstanding on debentures that have been issued by the Town, estimates of future employee benefit costs and amounts owing to developers for infrastructure constructed on behalf of the Town. The \$5.8 million decrease in unfunded liabilities is related to the decrease in the long-term debt discussed in the previous sections.

## Consolidated Statement of Operations

The Consolidated Statement of Operations is the municipal equivalent of the private sector's income statement, providing a summary of revenues and expenses throughout the year. The annual surplus reported on this statement represents the difference between the cost of providing the Town's services and the revenues recognized for the year on an accrual basis. Budget figures represent capital and operating budgets combined as outlined in Note 15 of the financial statements.

# Financial Statements Discussion and Analysis

## Revenues

### 2018 Budget to Actual Comparative Analysis

(in thousands of dollars)

Revenues	Budget	Actual	Variance	% Variance
Taxation	\$ 59,978	\$ 60,976	\$ 998	1.7%
User charges	18,324	18,607	283	1.5%
Government transfers:				
Federal	5,590	5,126	(464)	-8.3%
Provincial	2,995	2,899	(96)	-3.2%
Other municipalities	5,050	4,385	(665)	-13.2%
Investment income	3,095	3,959	864	27.9%
Penalties and interest	2,419	2,434	15	0.6%
Developer contributions	48,793	35,660	(13,133)	-26.9%
Developer contributed assets	-	27,032	27,032	100.0%
Proceeds from Ontario Lottery Corporation	5,850	6,484	634	10.8%
Licences, permits, rents etc.	7,381	6,568	(813)	-11.0%
Equity in income of Milton Hydro	1,500	4,457	2,957	197.1%
Donations	421	876	455	108.1%
Other recoveries	911	449	(462)	100.0%
Miscellaneous	584	7,328	6,744	1,154.8%
<b>Total revenues</b>	<b>\$ 162,891</b>	<b>\$ 187,240</b>	<b>\$ 24,349</b>	<b>14.9%</b>

The variations in the budget and actual columns are primarily related to differences in assumptions used. Council-approved budgets are prepared in a manner that determines the annual cash levy requirements. The actuals reported on the audited financial statements are following PSAB requirements, and are predominantly fully accrued transactions. These differences in reporting methodologies will always generate significant variances when compared to each other. One example of a significant difference is the unbudgeted tangible capital asset activity such as developer contributed assets, which gave a positive variance of \$27.0 million.

Another contributing factor is the timing of capital expenses and revenues being incurred in a different year from the budget year. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and does not include approved funding from the obligatory reserve funds for outstanding work. This caused an unfavourable fluctuation in developer contributions revenue of \$13.1 million.

# Financial Statements Discussion and Analysis

The favourable variance of \$6.7 million in miscellaneous revenue is related to proceeds of disposition of the former Nipissing Operations Yard. The proceeds of disposition of assets are reflected in reserve and reserve fund balances and are not part of the operating or capital budgets.

Note 15, "Budget Data" provides a reconciliation between the statements and the operating and capital budgets previously approved by Town Council.

## Year Over Year Comparative Analysis

(in thousands of dollars)

Revenues	2018	2017	Change	% Change
Taxation	\$ 60,976	\$ 55,164	\$ 5,812	10.5%
User charges	18,607	18,130	477	2.6%
Government transfers:				
Federal	5,126	4,170	956	22.9%
Provincial	2,899	3,202	(303)	-9.5%
Other municipalities	4,385	4,304	81	1.9%
Investment income	3,959	3,761	198	5.3%
Penalties and interest	2,434	2,248	186	8.3%
Developer contributions	35,660	21,117	14,543	68.9%
Developer contributed assets	27,032	28,740	(1,708)	-5.9%
Proceeds from Ontario Lottery Corporation	6,484	6,182	302	4.9%
Licences, permits, rents etc.	6,568	6,298	270	4.3%
Equity in income of Milton Hydro	4,457	2,815	1,642	58.3%
Donations	876	1,197	(321)	-26.8%
Other recoveries	449	263	186	70.7%
Miscellaneous	7,328	822	6,506	791.5%
<b>Total revenues</b>	<b>\$ 187,240</b>	<b>\$ 158,413</b>	<b>\$ 28,827</b>	<b>18.2%</b>

Total revenue reported for the year 2018 was \$187.2 million, an increase of \$28.8 million from last year's amount of \$158.4 million.

One of the main drivers of the increased revenue was developer contributions increasing by \$14.5 million. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and do not include the actual cash collected in that year. The increase in this revenue source was related to more capital work activity being completed and funded through development charges.

# Financial Statements Discussion and Analysis

The increase in taxation revenue of \$5.8 million is consistent with the increased 2018 levy requirement approved by Council. The increase in miscellaneous revenue relates to the aforementioned proceeds from the disposition of the Nipissing Operations Yard.

The decrease in developer contributed assets of \$ 1.7 million is related to a decrease of number and value of assets received through subdivision assumptions. The Town receives assets from developers as part of their obligation under subdivision agreements, which are deemed to be donated assets because no cash changes hands. These assets are transferred into the ownership of the Town and must be recorded on the Town's Statement of Financial Position as part of the tangible capital asset pool. At the same time, the value of the assets contributed must be recognized as revenue received by the Town on the Statement of Operations.

## Expenses

### 2018 Budget to Actual Comparative Analysis

(in thousands of dollars)

Expenses	Budget	Actual	Variance	Less Amortization and Losses on TCA	Subtotal	Less Capital Expenses	Operating Expenses Variance
General government	\$ 15,818	\$ 18,045	\$ (2,227)	\$ 2,498	\$ 272	\$ 135	\$ 407
Protection services	14,945	15,672	(727)	1,395	668	(4)	664
Transportation services	20,826	36,252	(15,426)	14,942	(484)	982	498
Environmental services	652	3,232	(2,580)	2,386	(193)	311	118
Health Services	789	812	(23)	-	(23)	29	6
Recreational and cultural services	26,894	36,302	(9,408)	9,164	(244)	(175)	(419)
Planning and development	6,380	7,778	(1,398)	4	(1,393)	1,808	414
<b>Total expenses</b>	<b>\$ 86,305</b>	<b>\$ 118,093</b>	<b>\$ (31,788)</b>	<b>\$ 30,391</b>	<b>\$ (1,398)</b>	<b>\$ 3,087</b>	<b>\$ 1,689</b>

The 2018 financial position of the Town results in actual expenditures of \$118.1 million. The variance between the budget and actual columns is primarily related to tangible capital asset activity of \$30.4 million, which is comprised of amortization and gains or losses on disposal that were not included in the budget column.

In addition, \$3.1 million of expenses are included in capital budgets and cannot be capitalized, and therefore need to be expensed on the Statement of Operations. These expenses would include, for example, studies or work undertaken on behalf of others which may lend themselves better to the capital budget for transparency, funding or project administration purposes. Once the methodology differences related to tangible capital amounts are accounted for, the remaining variance equals \$1.7 million in favourable variance.

# Financial Statements Discussion and Analysis

Multiple staff vacancies are noted to be the biggest contributor the cost savings in various departments of the Town.

In addition to lower labour costs in 2018, Transportation services had savings in winter control materials and contracts of \$0.22 million as well as savings in traffic control of \$0.31 million from lower than anticipated hydro costs, reductions in contracted work including pavement markings, maintenance of traffic signals and railway crossings, fewer railway crossing upgrades and reduced purchases of cobra head streetlight replacement parts in anticipation of the conversion of street lights to LED. Also, General Government services have realized \$0.4 million in savings in 2018 of which \$0.2 million resulted from the deferral of IT projects, savings in service and licensing agreements and savings in the Town's communication infrastructure.

In 2018 Recreation services had an unfavourable variance \$0.4 million of actual expenses over budgeted. This was primarily due to unplanned equipment and maintenance repair work required to maintain levels of operation and safety.

## Year Over Year Comparative Analysis

(in thousands of dollars)

Expenses	2018	2017	Change	% Change
General government	\$ 18,045	\$ 15,970	2,075	13.0%
Protection services	15,672	14,686	986	6.7%
Transportation services	36,252	35,182	1,070	3.0%
Environmental services	3,232	2,910	322	11.1%
Health Services	812	35,866	(35,054)	-97.7%
Recreational and cultural services	36,302	37,312	(1,010)	-2.7%
Planning and development	7,778	6,313	1,465	23.2%
<b>Total expenses</b>	<b>\$ 118,093</b>	<b>\$ 148,239</b>	<b>\$ (30,146)</b>	<b>-20.3%</b>

The 2018 financial position of the Town results in a \$30.1 million decrease in expenses over 2017. Adjusting for the Town's one-time \$35.0 million local share contribution in 2017 to fund the Hospital expansion within Health Services would result in a \$4.9 million or 4.3% increase over 2017.

General Government expenses have increased by \$2.1 million compared to previous year. Among the contributing factors were \$0.6 million increased scope of software annual maintenance and service agreements in IT and \$0.6 million increase in salaries and benefits as the Town filled positions vacant in 2017. 2018 was a year of municipal elections resulting in \$0.5 million increase in expenses. Additional \$0.4 million in expense resulted from an increased actuarial valuation of Town's post-employment and WSIB benefit obligations.

Recreational and Cultural Services costs decreased by \$1.0 million, primarily due to \$1.1 million loss on disposition of land that was recorded in 2017, as well as a \$0.8 million decrease in capital project costs that were expensed. These were partially offset by a \$0.7 million increase in expenses related to the annual inflation.

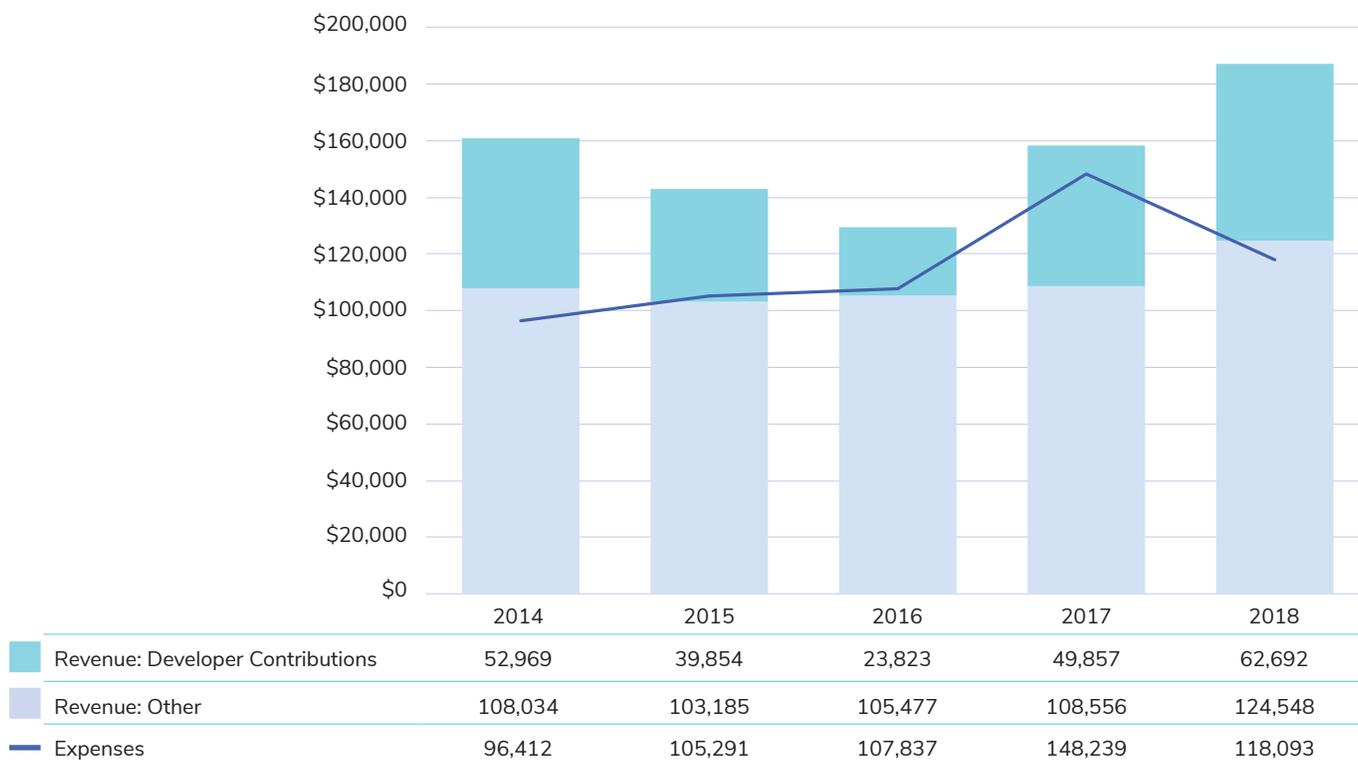
# Financial Statements Discussion and Analysis

Transportation services experienced an increase of \$1.1 million in expenses compared to last year. \$ 0.5 million of which is primarily related to increased Town’s roads winter maintenance activities, as well the Regional Roads maintenance as the Town of Milton entered into Memorandum of Understanding with the Region of Halton. Another \$0.3 million in increased expenses is related to labour costs due to implementation of Bill 148 Equal pay for equal work. An increase in Transit expense of \$0.3 million resulted from further Transit service enhancements that took place in 2017 including routes to Boyne and 401 Industrial areas along with extended evening service, which in turn led to increased maintenance and fuel cost for the transit fleet in 2018.

Planning and Development area have experienced \$1.5 million increase in expenses primarily due to increase in capital projects studies related to urban residential secondary plan of the Phase 4 Agerton Employment Area and Trafalgar Corridor Secondary Plans.

The following graph provides a five-year continuity of revenue and expenses in order to add some context for the 2018 results. As shown, annual fluctuations in revenue are often related to the changes in developer contributions, which includes the value of infrastructure that is built by developers and assumed by the town (example: local roads, storm sewers, etc.). Expenses have gradually increased over the period, which includes both inflationary pressures as well as growth in the Town. The notable increase in 2017 relates to the Town’s contribution towards the hospital.

**Five-Year Revenue to Expense Comparative Analysis**  
(in thousands of dollars)



# Financial Statements Discussion and Analysis

## Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to assist financial statement users in fully understanding the nature of the Town's financial activities in the period. The statement backs out all the non-financial activity from the statement of operations (e.g. amortization, gains/losses, purchases and sale of assets). Thus, the financial impact on the surplus attributable to change in financial assets is an increase of \$20.6 million, compared to last year's decrease of \$21.1 million. This is primarily attributable to decreases in debt balances, amplified by an overall increase in financial assets, such as the cash held in reserve and accounts receivable.

## Consolidated Statement of Cash Flows

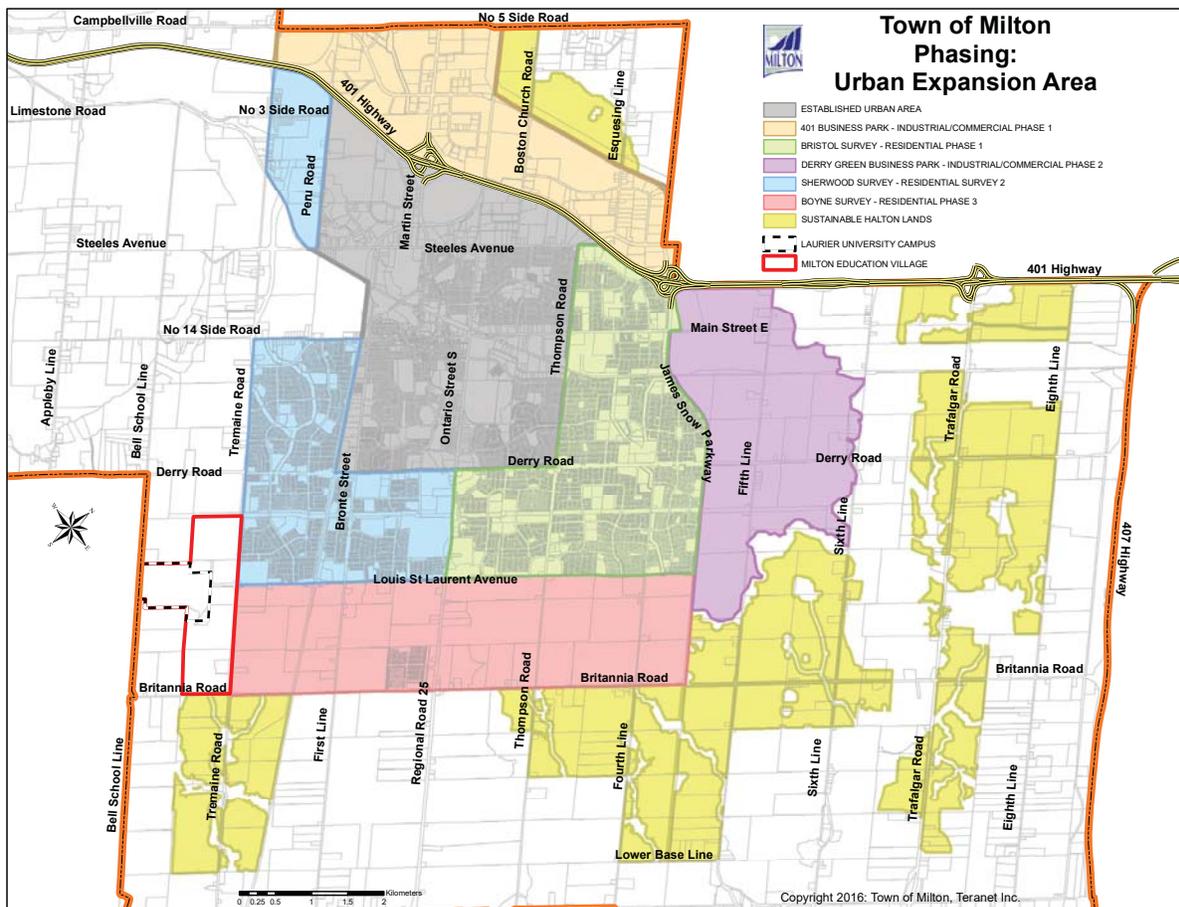
The Consolidated Statement of Cash Flows explains how the Town financed its activities and met its cash requirements. It also details items not involving cash such as annual amortization and developer contributed assets. This schedule reconciles the change in cash and cash equivalents from one year to another. The consolidated cash position of the municipality increased from \$57.2 million in 2017 to \$76.4 million in 2018.

Investing activities, such as maturity of investments of \$17.9 million and Milton Hydro dividend of \$1.5 million were the main contributing factor to \$19.1 cash position increase in 2018.

Change in cash from capital activities \$51.7 million cash outflow due to the acquisition of tangible capital assets was mitigated by \$6.3 million in cash inflow from sale of Town's assets. Various operating activities increased Town's cash position by \$51.6 million. No new debt was issued in 2018 and \$6.5 million of debt was repaid. All these activities produced an offsetting effect on net cash flow, resulting in a net cash decrease of \$0.3 million.

# Looking Forward

The 2016 Census data confirmed that Milton continues to be one of the fastest growing communities in Ontario and Canada. With a projected population of 238,000 by 2031, the Town of Milton has to strategically manage its growth in a fiscally responsible manner. The Town is currently moving towards completion of the Halton Urban Structure Plan (HUSP) lands as well as the initiation development within the Sustainable Halton Lands, and the planning for the next Regional Official Plan Review that will accommodate growth to 2041 and beyond has begun. Intensification within the established urban area continues to progress as well. As such, preparation for growth through official plans, strategic plans, secondary plans and fiscal impact assessments remains of paramount importance to the Town.



## Planning for Growth

### Halton Urban Structure Plan

The Halton Urban Structure Plan (“HUSP”) adopted by Regional Council in June of 1994, outlined and planned for development activities to accommodate growth of the Town of Milton in the following phases:

- Phase 1 (Bristol Survey)
- Phase 2 (Sherwood Survey)
- Phase 3 (Boyne Survey)
- Derry Green Corporate Business Park

# Looking Forward

As the Bristol and Sherwood Survey areas are approaching build-out, the Boyne Survey area will represent the Town's largest residential growth area in the next few years. Similarly, Derry Green will bring on-stream approximately 800 hectares (2,000 acres) of developable non-residential lands, which will accommodate the majority of the Town's employment growth during that period.

## Sustainable Halton

In December 2009, Regional Council approved Regional Official Plan Amendment 38 ("ROPA 38") which outlines where Halton Region will grow from 2021 – 2031. Otherwise known as Sustainable Halton, the planning for this next phase of growth has been prepared in response to provincial requirements including the Places to Grow Plan, the Greenbelt Plan and the Provincial Policy Statement.

Sustainable Halton lands in Milton generally extend the urban boundary to the south and east of the existing urban boundary and includes lands to the west for the proposed Milton Education Village. Through Sustainable Halton, it is expected that Milton's population will grow to an estimated total of 238,000 people and a total of 114,000 jobs.

## Trafalgar Corridor Secondary Plan Area, Agerton Employment Secondary Plan Area, and Britannia East/West Secondary Plan Area

Milton Town Council approved the secondary plan for the Trafalgar Corridor Secondary Plan Area in March 2019 and the plan is currently pending approval from Halton Region. As a key component of the Secondary Plan, phasing and implementation policies will inform the Regional Allocation Program for area servicing and tertiary planning requirements. The Agerton Secondary Plan Concept Plan was also endorsed by Town Council in March and forwarded to Halton Region for background input into the Municipal Comprehensive Review (MCR) process. These Secondary Plans establish a planning framework and related policies that will result in complete, healthy and sustainable communities.

Fieldwork for the Master Environmental Servicing Work (MESP) has been initiated for the Britannia East/West Secondary Plan Area. This work will expand on the Subwatershed Study and provide further details that will be required as this area progresses through the secondary planning process.

## Milton Education Village

The MEV is Milton's vision for a comprehensively-planned neighbourhood, integrating post-secondary education, residential, commercial and recreational uses into a 400 acre area alongside the Niagara Escarpment. The Town has a memorandum of understanding in place with Wilfrid Laurier University, who continue to pursue the creation of a new university-led post-secondary site in Milton focused on science, technology, engineering, arts and mathematics (STEAM). Classes are expected to begin as early as 2020 at the Town's MEV Innovation Centre until a permanent facility can be established.

## Established Urban Area

Milton's GO Station is identified as a Mobility Hub within the Halton Region Official Plan with guidance from Metrolinx's The Big Move Regional Transportation Plan. A Mobility Hub is a Major Transit Station Area designated by Metrolinx as regionally significant given the level of transit services planned for them and the development potential around them. It is identified as a strategic location for urban intensification and growth to promote a complete community, support transit and encourage active transportation. In 2018, Council awarded a Major Transit Station Area/Mobility Hub study that will consider the future vision and

# Looking Forward

planning, conceptual transportation plans, and functional design for proposed infrastructure along with implementation plans.

Council also endorsed guidelines for the Mid-rise and Tall Buildings in 2018. Given the increasing interest in these forms of buildings, the guidelines will assist with the interpretation of Official Plan policies and provide a clear design direction for development proposals.

## Planning to 2041 and Beyond

Halton Region has commenced its next Regional Official Plan Review (ROPR) process that is intended to examine and establish a preferred urban expansion scenario among the four local municipalities to the year 2041 and beyond. In accordance with provincial policy, the ROPR process and resulting Official Plan update is considered to be a Municipal Comprehensive Review (MCR) process. In 2018 Milton Town Council identified preferred growth options to be considered through the ROPR process and provided direction for continued Town involvement in the review process.

## Providing for Growth

### Fiscal Impact Study

In 2017 Council approved a Fiscal Impact Assessment which considered the financial impacts associated with Growth to the 2036 time horizon. The growth estimates captured the development of the Sustainable Halton lands as described above, as well as the intensification that is projected for the Town's existing urban areas.

Based on the Town's existing service levels, a capital investment over the period 2017 to 2036 of \$2.0 billion was projected, along with gross operating costs that were expected to grow to \$418 million per year. These capital and operating estimates are expected to translate to average tax increases of 5.26% annually to 2036, and pressure the Town's debt capacity limit. Further increases may also be required should non-residential growth not materialize as quickly as projected, or to incorporate any strategies to address the Town's existing infrastructure deficit. Several strategies to help mitigate the financial pressures were identified, and included focusing on non-residential growth, supporting mixed-use growth in the Agerton Employment Area, reviewing service levels, managing the pace of residential growth and capital investment, reviewing the service delivery model for transit, as well as continuing partnerships with other levels of government and the private sector.

Further detailed fiscal impact studies will proceed in alignment with the secondary and tertiary planning for the new growth areas within the Town in order to ensure that the resulting impacts are managed in a fiscally responsible manner.

### Asset Management Planning

The Town's Asset Management Plan (AMP) was updated in 2017 in order to consolidate the existing AMPs for Roads, Bridges, Culverts, Transit and Facilities and add new asset categories for Parks, Sports fields and Streetlights. A lifecycle funding analysis that leveraged the Town's Public Sector Accounting Board (PSAB) data was undertaken and suggested that the Town has an annual infrastructure funding deficit of \$33.2 million. A capital funding strategy was introduced through the 2018 budget that including an additional \$1.0 million investment in infrastructure renewal to begin to address infrastructure funding deficit. Even with further additional incremental \$1.0 million investments over a 20 year period, a significant annual

# Looking Forward

deficit is projected to remain. As such a variety of strategies, including service level review, identification of additional funding sources, as well as opportunities to extend the useful lives or reduce the costs of assets, will need to be explored and considered.

The Infrastructure for Jobs and Prosperity Act, 2015 was proclaimed in May 2016 with the intent of establishing mechanisms for strategic long-term infrastructure planning and improving municipal asset management planning practices in Ontario. Regulation 588/17 was subsequently approved in December 2017 in order to articulate the requirements that will be rolled out in phases. These requirements will increase the amount of analysis, planning and reporting required as part of the asset management planning processes.

The most immediate requirement will be for the Town to adopt a Strategic Asset Management Policy that will promote best practices and link asset management planning with budgeting, operations, maintenance and associated other municipal planning activities. The Town will also be required to include additional Town assets into the AMP such as, but not limited to, stormwater infrastructure. Compliance with the legislation is especially important as it ensures that the Town continues to be eligible for grant funding programs such as the Federal Gas Tax or future provincial funding programs.

## Annual Budget Process

The Town's 2019 budget and forecast is largely influenced by the financial pressures that are related to the extension of existing services into new growth areas within the community and infrastructure funding.

In 2019 specifically the capital budget includes 122 projects worth \$55.2 million with a significant focus on roads and public facilities, such as the widening of Louis St. Laurent and the construction of Fire Station No. 5. Of the total program, 54% is required for projects related to growth in the community, 41.9% is required for the investment in the state of good repair to ensure the ongoing serviceability of existing assets and the balance of the capital program is associated with other non-growth, non-renewal projects.

The 2019 Operating budget involves a gross expenditure of \$136.8 million for the programs and services provided to the community. Of the total, 49% is funded through property taxation with the remainder from other sources such as user fees, service charges and other transfers.

Looking beyond 2019, the 9-year forecast projects a capital investment of \$737.7 million with 63% of expenditures relating to growth. Similar to the year 2019, the largest areas of investment will remain the road and public facilities programs, accounting for 46% and 19% of the anticipated spend, respectively.

## Service Delivery Review

Through the 2019 approved budget, Council has approved the initiation of a service delivery review process that is intended to provide information that will allow Council and staff to make informed strategic decisions regarding the programs offered by the Town. The review will be delivered in phases, will investigate current services and their delivery approach, identify potential changes to service delivery method or service levels, and will recommend changes that may improve efficiency or effectiveness. In 2019 the first phase of the review will focus on the Community Services Department as well as the Engineering – Operations division.

Glen Cowan  
Chief Financial Officer & Treasurer



2018 Town of Milton Financial Report

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## Consolidated Financial Statements

For the year ended December 31, 2018

# Management Report

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Milton (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

# Independent Auditors' Report



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
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Canada

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Telefax (905) 523-2222  
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To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Milton:

## *Opinion*

We have audited the consolidated financial statements of The Corporation of the Town of Milton (the "Town"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2018 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our auditors' report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Other Information*

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in 2018 Financial Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

# Independent Auditors' Report

We obtained the information, other than the financial statements and the auditors' report thereon, included in 2018 Financial Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

## *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

## *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

# Independent Auditors' Report

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
May 27, 2019

# The Corporation of the Town of Milton

## Consolidated Statement of Financial Position

As at December 31, 2018 with comparative information for 2017  
(in thousands of dollars)

	2018	2017
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 76,363	\$ 57,222
Accounts receivable (note 3)		
Taxes receivable	8,136	6,412
Grants receivable	983	60
Other	10,570	11,294
Investments (note 4)	103,349	121,285
Investment in Milton Hydro Holdings Inc. (note 5)	60,178	57,221
Other assets	2,476	570
<b>Total financial assets</b>	<b>262,055</b>	<b>254,064</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	17,452	18,860
Other liabilities	7,324	5,231
Deferred revenue (note 6)	83,399	90,953
Long-term debentures (note 7)	42,711	49,188
Developer obligations (note 8)	2,046	1,760
WSIB, employee benefits and other liabilities (note 9)	2,859	2,413
<b>Total liabilities</b>	<b>155,791</b>	<b>168,405</b>
<b>Net financial assets</b>	<b>106,264</b>	<b>85,659</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 11)	1,041,908	993,540
Inventories of supplies	672	456
Prepaid expenses	468	510
<b>Total non-financial assets</b>	<b>1,043,048</b>	<b>994,506</b>
Contingent liabilities and guarantees (note 18)		
Commitments (note 17)		
<b>Accumulated surplus (note 12)</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>

The accompanying notes are an integral part of these consolidated financial statements.

# The Corporation of the Town of Milton

## Consolidated Statement of Operations

Year ended December 31, 2018 with comparative information for 2017  
(in thousands of dollars)

	Budget (Note 16)	2018	2017
<b>Revenues:</b>			
Taxation (note 13)	\$ 59,978	\$ 60,976	\$ 55,164
User charges	18,324	18,607	18,130
Government transfers:			
Federal (note 14)	5,590	5,126	4,170
Provincial (note 14)	2,995	2,899	3,202
Other municipalities	5,050	4,385	4,304
Investment income	3,095	3,959	3,761
Penalties and interest	2,419	2,434	2,248
Developer contributions	48,793	35,660	21,117
Developer contributed assets	-	27,032	28,740
Proceeds from Ontario Lottery Corporation	5,850	6,484	6,182
Licences, permits and rents	7,381	6,568	6,298
Equity in income of Milton Hydro Holding Inc. (note 5)	1,500	4,457	2,815
Donations	421	876	1,197
Other recoveries	911	449	263
Miscellaneous	584	7,328	822
<b>Total revenues</b>	<b>162,891</b>	<b>187,240</b>	<b>158,413</b>
<b>Expenses:</b>			
General government	15,818	18,045	15,970
Protection services	14,945	15,672	14,686
Transportation services	20,826	36,252	35,182
Environmental services	652	3,232	2,910
Health services	789	812	35,866
Recreation and cultural services	26,894	36,302	37,312
Planning and development	6,380	7,778	6,313
<b>Total expenses</b>	<b>86,304</b>	<b>118,093</b>	<b>148,239</b>
Annual surplus	76,587	69,147	10,174
Accumulated surplus, beginning of year	1,080,165	1,080,165	1,069,991
<b>Accumulated surplus , end of year (note 12)</b>	<b>\$ 1,156,752</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>

The accompanying notes are an integral part of these consolidated financial statements.

# The Corporation of the Town of Milton

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2018 with comparative information for 2017  
(in thousands of dollars)

	Budget (Note 16)	2018	2017
Annual surplus	\$ 76,587	\$ 69,147	\$ 10,174
Acquisition of tangible capital assets	(73,054)	(78,787)	(61,576)
Amortization	-	29,095	28,088
Loss (Gain) on disposal of tangible capital assets	-	(5,020)	1,706
Proceeds on sale of tangible capital assets	-	6,344	624
	<b>3,533</b>	<b>20,779</b>	<b>(20,984)</b>
Change in inventories of supplies	-	(216)	116
Change in prepaid expenses	-	42	(267)
<b>Change in net financial assets</b>	<b>3,533</b>	<b>20,605</b>	<b>(21,135)</b>
Net financial assets, beginning of year	85,659	85,659	106,794
<b>Net financial assets, end of year</b>	<b>\$ 89,192</b>	<b>\$ 106,264</b>	<b>\$ 85,659</b>

The accompanying notes are an integral part of these consolidated financial statements.

# The Corporation of the Town of Milton

## Consolidated Statement of Cash Flows

Year ended December 31, 2018 with comparative information for 2017  
(in thousands of dollars)

	2018	2017
<b>Operating Activities:</b>		
Annual surplus	\$ 69,147	\$ 10,174
<b>Items not involving cash:</b>		
Amortization	29,095	28,088
Loss (Gain) on disposal of tangible capital assets	(5,020)	1,706
Developer contributions of tangible capital assets	(27,032)	(28,740)
Change in employee benefits and other liabilities	446	63
Equity in income of Milton Hydro Holdings Inc.	(4,457)	(2,815)
<b>Change in non-cash assets and liabilities:</b>		
Accounts receivable	(1,923)	(354)
Other assets	(1,906)	282
Accounts payable and accrued liabilities	(1,408)	1,737
Other liabilities	2,093	1,042
Deferred revenue	(7,554)	15,738
Developer obligations	286	836
Inventories of supplies	(216)	116
Prepaid expenses	42	(267)
<b>Net change in cash from operating activities</b>	<b>51,593</b>	<b>27,606</b>
<b>Capital Activities:</b>		
Proceeds on sale of tangible capital assets	6,344	624
Cash used to acquire tangible capital assets	(51,755)	(32,836)
<b>Net change in cash from capital activities</b>	<b>(45,411)</b>	<b>(32,212)</b>
<b>Investing Activities:</b>		
Investments	17,936	(37,106)
Dividends from Milton Hydro Holdings Inc.	1,500	1,500
<b>Net change in cash from investing activities</b>	<b>19,436</b>	<b>(35,606)</b>
<b>Financing Activities</b>		
Debt issued and assumed	-	17,967
Debt principal repayment	(6,477)	(7,127)
<b>Net change in cash from financing activities</b>	<b>(6,477)</b>	<b>10,840</b>
<b>Net change in cash</b>	<b>19,141</b>	<b>(29,372)</b>
Cash and cash equivalents, beginning of year	57,222	86,594
<b>Cash and cash equivalents, end of year</b>	<b>\$ 76,363</b>	<b>\$ 57,222</b>
Cash paid for interest on long-term debt	(1,338)	(1,426)
Cash received from interest on investments	\$ 3,879	\$ 3,939

The accompanying notes are an integral part of these consolidated financial statements.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

The Corporation of the Town of Milton is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation. The Town provides municipal services such as fire, roads maintenance and construction, transit, planning, parks and recreation, library and other general government operations.

### 1. Significant accounting policies:

The consolidated financial statements of The Corporation of the Town of Milton (the "Town") are prepared by management in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the Town are as follows:

#### (a) Basis of consolidation:

##### (i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town except for Milton Hydro Holdings Inc., which is accounted for on the modified equity basis of accounting.

These reporting entities include:

- The Milton Public Library Board
- The Board of Management of the Milton Downtown Business Improvement Area

Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

##### (ii) Investment in Milton Hydro Holdings Inc.:

The Town's investment in Milton Hydro Holdings Inc. ("Milton Hydro") is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards. Under the modified equity basis, Milton Hydro's accounting policies are not adjusted to conform to those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Milton Hydro in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from Milton Hydro will be reflected as reductions in the investment asset account.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 1. Significant accounting policies (continued):

#### (a) Basis of consolidation (continued):

##### (iii) Accounting for Region and School Board transactions:

The taxation revenue and development charges collected by the Town on behalf of the the Region of Halton and the School Boards are not reflected in the Consolidated Statement of Operations.

#### (b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### (c) Other income:

Other income is reported as revenue in the period earned.

#### (d) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers paid are recognized as a liability and an expense when the transfer is authorized and all eligibility criteria have been met by the recipient.

#### (e) Deferred revenue:

Deferred revenue represents development charges, provincial and federal grants and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenues in the fiscal year the related services are performed.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 1. Significant accounting policies (continued):

#### (f) Investments:

Investments consist of bonds and debentures and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

#### (g) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance.

#### (h) Taxation revenue:

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

#### (i) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

#### (j) Employee future benefits:

##### (i) Future period funding:

The Town provides certain employee benefits which will require funding in future periods. These benefits include benefits under the Workplace Safety and Insurance Board (“WSIB”) Act, and extended health and dental benefits for a closed group of early retirees. An expense is recognized when a WSIB insurable event occurs.

An independent actuarial study to determine the costs of benefits under the Workplace Safety and Insurance Board Act and liabilities for future payments of extended health and dental benefits has been undertaken using management’s best estimate of insurance and health care cost trends, long term inflation rates and discount rates.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 1. Significant accounting policies (continued):

#### (j) Employee future benefits (continued):

##### (ii) Compensated vacation:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Town's benefit plans for vacation time. Under the same plan, unused banked overtime can accumulate and employees may become entitled to a cash payment upon termination of services. The cost of this banked overtime is accrued as the employee works the overtime.

#### (k) Pension agreements:

The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

#### (l) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

<u>Assets</u>	<u>Useful Life - Years</u>
Land improvements	10 - 50
Buildings and building improvements	15 - 50
Machinery and equipment	3 - 50
Linear assets	20 - 75

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 1. Significant accounting policies (continued):

#### (l) Non-financial assets (continued):

##### (i) Tangible capital assets (continued):

Amortization is charged in the year of acquisition and in the year of disposal. Amortization of the asset begins in the month of acquisition. Assets under construction are not amortized until the asset is available for productive use. The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

##### (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

##### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

##### (iv) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

##### (m) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits and the valuation of assets contributed by developers.

In addition, the Town's implementation of the Public Sector Accounting Handbook PS3150 required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 2. Accounting standard changes:

As of December 31, 2018, in accordance with Canadian public sector accounting standards, the Corporation of the Town of Milton adopted the following:

- PS 2200 Related party disclosures, defines a related party and establishes disclosures required for related party transactions
- PS 3420 Inter-entity transactions, establishes standards on how to account for and report transactions between commonly controlled entities that comprise the reporting entity. This standard provides that inter-entity transactions should generally be recorded at the carrying amount at the transaction date, except in certain circumstances
- PS 3210 Assets provides guidance for applying the definition of assets in PS 1000, Financial Statement Concepts and establishes general disclosure standards for assets
- PS 3320 Contingent Assets, establishes disclosure standards on contingent assets
- PS 3380 Contractual rights, defines and establishes disclosure standards on rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The adoption of these standards did not result in an accounting policy change for the "Town", and did not result in any adjustments to the financial statements as at December 31, 2018, but resulted in additional note disclosure.

### 3. Accounts receivable:

Taxes receivable of \$8,136 (2017 - \$6,412) reported on the Consolidated Statement of Financial Position include supplementary taxes of \$553 (2017 - \$279) recorded in 2018 as earned, but not due until 2019. Other accounts receivable are reported net of a valuation allowance of \$122 (2017 - \$9).

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

#### 4. Investments:

Investments reported on the Consolidated Statement of Financial Position have cost and market values as follows:

	2018	
	Cost	Market Value
Short-term notes and deposits	\$ 37,500	\$ 37,500
Government and government guaranteed bonds	26,162	25,743
Municipal bonds	10,687	10,565
Financial institutions	29,000	28,791
<b>Total investments, year end</b>	<b>\$ 103,349</b>	<b>\$ 102,599</b>

	2017	
	Cost	Market Value
Short-term notes and deposits	\$ 48,000	\$ 48,000
Government and government guaranteed bonds	24,720	24,207
Municipal bonds	13,740	13,889
Financial institutions	20,000	19,878
The ONE Fund Investment Program	14,825	14,692
<b>Total investments, year end</b>	<b>\$ 121,285</b>	<b>\$ 120,666</b>

#### 5. Investment in Milton Hydro Holdings Inc.:

Milton Hydro Holdings Inc. ("Milton Hydro") and its wholly owned subsidiaries (collectively, the "Corporation") is owned and controlled by the Town and is accounted for on the modified equity basis in these consolidated financial statements. The Corporation serves as the electrical distribution utility for Milton's residents and businesses.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 5. Investment in Milton Hydro Holdings Inc. (continued):

The following table provides condensed supplementary consolidated financial information for the Corporation and its subsidiaries as at and for the year ended December 31:

	2018	2017
<b>Financial Position:</b>		
<b>Assets:</b>		
Current	\$ 31,925	\$ 34,611
Capital	110,876	103,627
Other non-current assets	5,775	3,599
Regulatory balances	8,283	5,521
<b>Total assets</b>	<b>156,859</b>	<b>147,358</b>
<b>Liabilities:</b>		
Current	23,012	25,670
Long term debt	45,317	41,421
Long term note payable to Town of Milton	14,934	14,934
Other non-current liabilities	25,940	21,140
Regulatory balances	2,412	1,906
<b>Total liabilities</b>	<b>111,615</b>	<b>105,071</b>
<b>Equity:</b>		
Share capital	17,549	17,549
Retained earnings	27,695	24,738
<b>Total equity</b>	<b>45,244</b>	<b>42,287</b>
<b>Total liabilities and equity</b>	<b>156,859</b>	<b>147,358</b>
<b>Operations:</b>		
Revenue (including other comprehensive income)	122,486	119,866
Expenses (including income tax provision)	120,285	119,547
Income net of taxes	2,201	319
Net movement in regulatory balances, net of tax	2,256	2,495
Total comprehensive income	4,457	2,814
Dividend paid to Town of Milton	(1,500)	(1,500)
<b>Change in equity</b>	<b>2,957</b>	<b>1,314</b>
<b>Town of Milton investment represented by:</b>		
Promissory note receivable from Milton Hydro	14,934	14,934
2,000 Common shares	17,549	17,549
Retained earnings, end of year	27,695	24,738
<b>Total investment in Milton Hydro</b>	<b>\$ 60,178</b>	<b>\$ 57,221</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 5. Investment in Milton Hydro Holdings Inc. (continued):

The following summarizes the Town's related party transactions with Milton Hydro for the year. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

Gross revenue earned by Milton Hydro from the Town was \$3,942 (2017 - \$3,873). Property taxes paid to the Town by Milton Hydro was \$202 (2017 - \$190).

Promissory note receivable from Milton Hydro to the Town bears interest at 7.25% payable in quarterly installments of \$271, with no fixed principal repayment date. Interest expense on the note payable recorded by Milton Hydro for the year was \$1,083 (2017 - \$1,083).

### 6. Deferred revenue:

#### (a) Deferred revenue continuity:

The deferred revenue reported on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
Obligatory reserve funds (note 6.b)	\$ 63,511	\$ 72,016
Subdivision agreement fees	3,139	3,087
Property taxes prepaid	5,712	5,239
Development fees	1,673	1,233
Investment in the Arts Campaign naming rights	1,021	1,158
Naming Opportunities Deferred	6,559	6,537
Prepaid facility rentals and program registrations	925	930
Other	859	753
<b>Total deferred revenue</b>	<b>\$ 83,399</b>	<b>\$ 90,953</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 6. Deferred revenue (continued):

#### (a) Deferred revenue continuity (continued):

	2018	2017
<b>Balance, beginning of year:</b>		
Obligatory reserve funds (note 6.b)	\$ 72,016	\$ 56,244
Subdivision agreement fees	3,087	2,630
Property taxes prepaid	5,239	4,825
Development fees	1,233	2,070
Investment in the Arts Campaign naming rights	1,158	1,295
Naming opportunities	6,537	6,541
Prepaid facility rentals and program registrations	930	832
Other	753	778
<b>Total beginning balance</b>	<b>90,953</b>	<b>75,215</b>
<b>Receipts:</b>		
Obligatory reserve funds	28,951	36,249
Interest earned on obligatory reserve funds	1,034	949
Subdivision agreement fees	1,806	1,880
Property taxes prepaid	5,712	5,239
Development fees	973	501
Investment in the Arts Campaign naming rights	-	-
Naming opportunities	601	532
Prepaid facility rentals and program registrations	925	930
Other	789	700
<b>Total receipts</b>	<b>40,791</b>	<b>46,980</b>
<b>Transfers to revenue:</b>		
Obligatory reserve funds	(38,490)	(21,426)
Subdivision agreement fees	(1,754)	(1,423)
Property taxes prepaid	(5,239)	(4,825)
Development fees	(533)	(1,338)
Investment in the Arts Campaign naming rights	(137)	(137)
Naming opportunities	(579)	(536)
Prepaid facility rentals and program registrations	(930)	(832)
Other	(683)	(725)
<b>Total transfers to revenue</b>	<b>(48,345)</b>	<b>(31,242)</b>
<b>Balance, end of year</b>	<b>\$ 83,399</b>	<b>\$ 90,953</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 6. Deferred revenue (continued):

#### (b) Deferred revenue - obligatory reserve funds:

The balances in the obligatory reserve funds of the Town are summarized below:

	2018	2017	Net Change
Building stabilization	\$ 3,997	\$ 4,201	\$ (204)
Cash in lieu of parking	315	309	6
Cash in lieu of parkland	7,047	7,000	47
Federal gas tax	3,868	4,565	(697)
Ontario community infrastructure fund	594	2	592
Provincial gas tax	356	482	(126)
Provincial government transfers	128	-	128
Arts programming	16	-	16
Development charges	47,190	55,457	(8,267)
	<b>\$ 63,511</b>	<b>\$ 72,016</b>	<b>\$ (8,505)</b>

### 7. Long-term debentures:

#### (a) Long-term debentures continuity:

The balance of long-term debentures reported on the consolidated statement of financial position is made up of the following:

	2018	2017
Serial debentures issued by Region of Halton, beginning of year	\$ 34,822	\$ 23,660
Less: Principal repayment	(6,143)	(6,805)
Add: New debt issued	-	17,967
<b>Total serial debentures</b>	<b>28,679</b>	<b>34,822</b>
Sinking fund debenture, beginning of year	15,000	15,000
Less: Sinking fund assets	(968)	(634)
<b>Total sinking fund debenture</b>	<b>14,032</b>	<b>14,366</b>
<b>Net long-term debentures, end of year</b>	<b>\$ 42,711</b>	<b>\$ 49,188</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 7. Long-term debentures (continued):

The long-term liabilities issued in the name of the Town are within the annual limits set by the Ontario Regulation 403/02.

#### (b) Future principal payments:

The total principal payments to be made on the outstanding net long-term debentures, classified by the recovery source are as follows:

	Operating	Development Charges	Obligatory Reserve Funds	Discretionary Reserve Funds	Total
2019	\$ 2,288	\$ 1,335	\$ -	\$ 2,027	\$ 5,650
2020	1,833	1,385	-	2,034	5,252
2021	1,467	797	-	1,801	4,065
2022	1,434	196	-	1,829	3,459
2023	1,446	-	-	1,836	3,282
2024 - 2028	1,970	-	-	8,028	9,998
2029 - onward	-	-	-	11,005	11,005
	<b>\$ 10,438</b>	<b>\$ 3,713</b>	<b>\$ -</b>	<b>\$ 28,560</b>	<b>\$ 42,711</b>

#### (c) Total interest on long-term liabilities:

The total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$1,305 in 2018 (2017 - \$1,526). The long-term liabilities bear interest at rates ranging from 1.95% to 4.67%.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 8. Developer obligations:

In addition to long-term debentures, the Town recognizes obligations for future payments to developers as per legal agreements. The balance of developer liabilities reported on the consolidated statement of financial position is made up of the following:

	2018	2017
Subdivision agreements - parks	\$ 19	\$ 189
Sustainable Halton Studies	2,027	1,571
<b>Developer obligations, end of year</b>	<b>\$ 2,046</b>	<b>\$ 1,760</b>

Through subdivision agreements, developers have constructed parks infrastructure on behalf of the Town that is directly attributable to their particular developments. The infrastructure was constructed sooner than planned in the Town's capital forecast in order to facilitate the development of the subdivision.

Reimbursements to the developers are in accordance with the Town's capital budget approvals for the various projects.

Benefiting developers have entered into an agreement with the Town to finance various studies related to the Sustainable Halton urban expansion. Reimbursement to the developers will occur once the lands begin to develop and the costs are included in a Town-approved development charges by-law.

### 9. WSIB, employee benefits and other liabilities:

The employee benefit and other liabilities, reported on the consolidated statement of financial position, are made up of the following:

	2018	2017
Future payments to WSIB	\$ 1,528	\$ 1,459
Retiree benefits	722	408
Vacation pay and banked overtime	609	546
<b>Total</b>	<b>\$ 2,859</b>	<b>\$ 2,413</b>

#### (a) Workplace safety and insurance obligations:

In common with other Schedule 2 employers, the Town funds its obligations to the Workplace Safety and Insurance Board ("WSIB") on a "pay-as-you-go" basis for employees under Schedule 2. An independent actuarial study of the workplace safety and insurance liabilities for future payments on WSIB claims has

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 9. WSIB, employee benefits and other liabilities (continued):

#### (a) Workplace safety and insurance obligations (continued):

been undertaken. The most recent valuation of the workplace safety and insurance liabilities was completed as of December 31, 2017. The actuarial update was prepared for three consecutive years.

The significant actuarial assumptions adopted in estimating the Town's accrued benefits obligation are as follows:

Interest (discounted rate)	4.00% per annum
Administration costs	38.00% of compensation
Compensation costs (including loss of earning benefits, health care costs and non-economic loss awards)	Before allowance for mortality improvements 1.75% - 4.50% per annum After allowance for mortality improvements 3.50% - 6.25% per annum

Information with respect to the Town's Workplace Safety and Insurance Board plan is as follows:

	2018	2017
Accrued WSIB obligation, beginning of year	\$ 1,436	\$ 1,415
Benefit costs	135	102
Actuarial loss	169	-
Interest	64	59
Benefit payments	(144)	(140)
	<b>1,660</b>	<b>1,436</b>
Net unamortized actuarial gain (loss)	(132)	23
<b>Accrued WSIB liability, end of year</b>	<b>\$ 1,528</b>	<b>\$ 1,459</b>

The Town has established a WSIB reserve to mitigate the future impact of the WSIB obligations in the amount of \$1,340 (2017 - \$813).

In the current year, amortization of net actuarial gain of \$14 (2017 - \$3) has been included in the benefit expense on the Statement of Operations.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 9. WSIB, employee benefits and other liabilities (continued):

#### (b) Retiree benefits:

The Town provides dental and health care benefits between the time an employee retires under OMERS and the normal retirement age of 65 for employees hired prior to July 1, 1996. An independent actuarial study of the post-employment benefits has been undertaken. The most recent valuation of the employee future benefits was completed as of December 31, 2018. An actuarial update was prepared for three consecutive years.

The significant actuarial assumptions adopted in estimating the Town's accrued benefits obligations are following:

Interest (discount rate)	3.75% per annum
Dental benefits escalation	same as health benefits
Health benefits escalation	6.75% per annum decreasing by 0.25% per year to 3.75% in 2018 and 3.75% per annum thereafter

	<b>2018</b>	<b>2017</b>
Accrued benefits obligation, beginning of year	\$ 406	\$ 429
Current benefit cost	319	8
Actuarial loss	10	-
Interest	14	14
Benefits paid	(38)	(45)
	<b>711</b>	<b>406</b>
Unamortized actuarial gain	11	2
<b>Accrued benefits liability, end of year</b>	<b>\$ 722</b>	<b>\$ 408</b>

In the current year amortization of the actuarial gain of \$19 (2017 - \$19) has been included in benefit expense on the statement of operations.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 10. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of 485 (2017 – 472) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$55.9 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The Town’s contribution to OMERS for 2018 was \$3,787 (2017 - \$3,350) for current service and is included as an expense on the consolidated statement of operations. Employees’ contribution to OMERS in 2018 was \$3,787 (2017 - \$3,350).

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$4.2 billion as of December 31, 2018 (2017 - \$5.4 billion).

There was no change in contribution rates in 2018. OMERS expects these contribution and policy changes to return the plan to a fully funded position by 2025, if not sooner.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 11. Tangible Capital Assets:

Cost	Balance at, December 31, 2017	Additions	Disposals	Balance at, December 31, 2018
Land	\$ 286,806	\$ 2,058	\$ (30)	\$ 288,834
Land improvements	60,838	9,238	(682)	69,394
Buildings and building improvements	155,565	381	(313)	155,633
Machinery and equipment	154,441	8,308	(2,103)	160,646
Linear assets	706,276	40,313	(6,562)	740,027
Assets under construction	24,673	18,489	-	43,162
<b>Total</b>	<b>\$ 1,388,599</b>	<b>\$ 78,787</b>	<b>\$ (9,690)</b>	<b>\$ 1,457,696</b>

Accumulated amortization	Balance at, December 31, 2017	Amortization	Disposals	Balance at, December 31, 2018
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	18,882	2,753	(639)	20,996
Building and building improvements	28,818	3,686	(294)	32,210
Machinery and equipment	58,769	10,059	(2,096)	66,732
Linear assets	288,590	12,597	(5,337)	295,850
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 395,059</b>	<b>\$ 29,095</b>	<b>\$ (8,366)</b>	<b>\$ 415,788</b>

Net book value	December 31, 2017	December 31, 2018
Land	\$ 286,806	\$ 288,834
Land improvements	41,956	48,398
Buildings and building improvements	126,747	123,423
Machinery and equipment	95,672	93,914
Linear assets	417,686	444,177
Assets under construction	24,673	43,162
<b>Total</b>	<b>\$ 993,540</b>	<b>\$ 1,041,908</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 11. Tangible Capital Assets (continued):

Cost	Balance at, December 31, 2016	Additions	Disposals	Balance at, December 31, 2017
Land	\$ 275,091	\$ 12,621	\$ (906)	\$ 286,806
Land Improvements	58,102	2,927	(191)	60,838
Building and building improvements	154,907	1,145	(487)	155,565
Machinery and equipment	151,058	8,392	(5,009)	154,441
Linear assets	684,220	25,533	(3,477)	706,276
Assets under construction	13,715	10,958	-	24,673
<b>Total</b>	<b>\$ 1,337,093</b>	<b>\$ 61,576</b>	<b>\$ (10,070)</b>	<b>\$ 1,388,599</b>

Accumulated amortization	Balance at, December 31, 2016	Amortization	Disposals	Balance at, December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	16,524	2,549	(191)	18,882
Buildings and building improvements	25,405	3,666	(253)	28,818
Machinery and equipment	54,131	9,569	(4,931)	58,769
Linear assets	278,651	12,304	(2,365)	288,590
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 374,711</b>	<b>\$ 28,088</b>	<b>\$ (7,740)</b>	<b>\$ 395,059</b>

Net book value	Balance at, December 31, 2016	Balance at, December 31, 2017
Land	\$ 275,091	\$ 286,806
Land improvements	41,578	41,956
Buildings and building improvements	129,502	126,747
Machinery and equipment	96,927	95,672
Linear assets	405,569	417,686
Assets under construction	13,715	24,673

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 11. Tangible Capital Assets (continued):

Net book value	Balance at, December 31, 2016	Balance at, December 31, 2017
<b>Total</b>	<b>\$ 962,382</b>	<b>\$ 993,540</b>

#### (a) Assets under construction:

Assets under construction, having a value of \$43,162 (2017 - \$24,673), have not been amortized. Amortization of these assets will commence when the asset is put into service.

Additions to assets under construction are reported net of assets whose construction is complete and have been put into service.

#### (b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$27,032 (2017 - \$28,740) and is comprised of land and land improvements in the amount of \$5,299 (2017 - \$10,628) and linear assets in the amount of \$21,733 (2017 - \$18,112).

#### (c) Tangible capital assets recognized at nominal value:

The Town has recorded the acquisition of one heritage house at a nominal value of one dollar.

#### (d) Works of art and historical assets:

The Town manages and controls various works of art and non-operational historical cultural assets located at Town sites and public display areas. The assets consist of cenotaphs and unique historical artifacts requiring preservation.

#### (e) Contingent transactions:

The Town is party to a Memorandum of Understanding ("MOU") that may require it to transfer a certain parcel of land to a post-secondary institution. This transfer is contingent upon the post-secondary institution meeting certain conditions. The net book value of the applicable parcel of land is approximately \$7,700 and is included in tangible capital assets at December 31, 2018.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 12. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
<b>Reserves set aside by Council:</b>		
Aggregate permit fees	\$ 452	\$ 1,043
Capital provision / growth	13,820	14,727
Capital works	5,492	5,124
Computer replacement	993	782
Downtown Business Improvement Area	87	70
Election	121	254
Equipment replacement	7,534	6,980
Growth related resources	2,130	2,084
Infrastructure renewal	2,999	913
Insurance	1,286	1,055
Legal action	1,048	800
Library services	2,187	1,698
Library capital	539	769
Municipal building component	6,986	6,089
Municipal building replacement	291	208
Per unit development processing fee	1,703	1,723
Seniors fundraising	76	78
Tax rate stabilization	2,285	2,048
Training	358	299
Transit and transportation	1,399	1,247
Winter control	1,468	1,109
Working funds	1,064	1,064
WSIB	1,340	813
<b>Total reserves</b>	<b>55,658</b>	<b>50,977</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 12. Accumulated surplus (continued):

	2018	2017
<b>Reserve funds set aside for specific purpose by Council:</b>		
Cash in lieu of storm management	46	45
Investment in the Arts Campaign	(194)	1,709
Mayors legacy	88	87
Milton District Hospital	431	502
Ontario Lottery Corporation proceeds	7,108	7,814
Perpetual maintenance	591	485
Property transactions	11,583	6,930
Sports field development	34	123
<b>Total reserve funds</b>	<b>19,687</b>	<b>17,695</b>
<b>Surplus:</b>		
Invested in tangible capital assets	1,041,908	993,540
Unexpended Capital	16,853	13,394
Operating Surplus - Town	-	102
Operating Surplus - Library	-	51
Community Foundation of Halton North - Endowment fund	2,035	-
Investment in Milton Hydro Holdings Inc.	60,178	57,221
Unfunded:		
Long term debentures	(42,711)	(49,188)
Employee future benefits	(2,250)	(1,867)
Developer obligations	(2,046)	(1,760)
<b>Total surplus</b>	<b>1,073,967</b>	<b>1,011,493</b>
<b>Total accumulated surplus</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>

### 13. Taxation:

Taxation revenue reported on the consolidated statements of operations is made up of the following:

	2018	2017
Municipal and school property taxes	\$ 191,002	\$ 176,667
Payments-in-lieu of property and business taxes	1,493	1,455
Balance, end of year	192,495	178,122
Payments to Region and school boards	(131,519)	(122,958)
<b>Net property taxes and payments in-lieu available for municipal purposes</b>	<b>\$ 60,976</b>	<b>\$ 55,164</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 14. Government transfers:

The Government transfers reported on the Consolidated Statement of Operations are:

	2018	2017
<b>Ontario grants:</b>		
Ontario's After School Program	\$ 49	\$ 48
Elderly Persons Centres Program	51	57
Gas Tax Program	1,069	953
Public Library Pay Equity Grant	3	3
Ministry of Transportation - fire calls on King's highways	96	92
Ministry of Transportation - Road safety challenge	1	-
Ontario Arts Council Programs	29	23
Ontario Community Infrastructure Fund	1,384	1,385
Ontario Libraries Capacity Fund	24	93
Ontario 150 Partnership Fund - Youth 360- A Voice for Youth project	13	36
Ontario 150 Community Capital Program	-	419
Ontario Sport and Recreation Communities Fund	-	(17)
Ontario Seniors Community Grant Program	6	-
Public Library Operating Grant	52	52
Summer Experience Program	4	-
TO2015 Sport Legacy Fund	57	56
Clean Water and Wastewater Fund (Ontario)	61	2
<b>Subtotal Provincial grants</b>	<b>2,899</b>	<b>3,202</b>
<b>Federal grants:</b>		
Clean Water and Wastewater Fund	122	4
Gas Tax Fund	3,483	3,279
Public Transit Infrastructure Fund	619	54
Municipalities for Climate Innovation Program (MCI)	125	-
National Research Council of Canada	-	73
Seniors for Seniors: Employment and Social Development Canada	4	13
Canada Summer Jobs	16	6
TO2015 Sport Legacy Fund	757	744
TO2015 Sports Canada	-	(3)
<b>Subtotal Federal grants</b>	<b>5,126</b>	<b>4,170</b>
<b>Total transfers</b>	<b>\$ 8,025</b>	<b>\$ 7,372</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 15. Segmented information:

Segmented information has been identified based on functional classification as categorized by the Financial Information Return. The classifications are as follows:

#### (a) General Government - Mayor and Council, Executive Services, Corporate Services:

The departments within General Government are responsible for the general management and control of the Corporation, including adopting by-laws, adopting administrative policy, levying taxes, and providing administrative, communication, technical, and financial services. They also ensure quality services are provided to the community and that the services provided are aligned with Council approved actions.

#### (b) Protection to Persons and Property - Fire Department, By-law Enforcement, Licensing, Animal and Weed Control, Building Services:

Protection is comprised of the Fire department, By-Law Enforcement, Licensing, Animal and Weed control, and Building Services. The Fire department is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; detection or extinguishment of fires and emergency rescue services. By-law enforcement, marriage and business licensing and animal and weed control are provided by the Office of the Town Clerk. The Building Services Division is responsible for permit processing and building inspections.

#### (c) Transportation Services - Engineering Services, Milton Transit:

The Engineering Services Department is responsible for operations, infrastructure management (roads, bridges and sewers), traffic control, parking control, and development engineering. Milton Transit provides a fixed route conventional transit service as well as accessible transit.

#### (d) Health Services - Transfer to Halton Healthcare Services:

Revenues and expenses associated with the Town's contribution for the local share of the Milton District Hospital Expansion.

#### (e) Environmental Services - Storm Water Management:

Storm Water Management services are provided by the Engineering Services Department.

#### (f) Recreation and Cultural Services - Community Services, Library:

The Community Services Department is responsible for the development, provision and maintenance of facilities, parks and recreation and cultural programs and services. The Milton Public Library provides the

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 15. Segmented information (continued):

#### (f) Recreation and Cultural Services - Community Services, Library (continued):

community with materials, programs and services to support and encourage informal life-long learning.

#### (g) Planning and Development - Planning and Development, Economic Development, Downtown Business Improvement Area ("DBIA"):

The Planning and Development Department provides direction to Council and the community through land use policy formulation and implementation. The Economic Development Division assists businesses through technical processes associated with the relocation or set up of business. With the support of the Town, the DBIA board of management provides business promotion and improvement functions in downtown Milton.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure.

User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 15. Segmented information (continued):

	2018							Total
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	
<b>Revenues:</b>								
Taxation	\$ 10,230	\$ 9,683	\$ 14,465	\$ 439	\$ 1	\$ 22,075	\$ 4,083	\$ 60,976
User charges	1,033	237	1,891	16	-	12,658	2,772	18,607
Government transfers								
Federal	-	-	4,108	126	-	888	4	5,126
Provincial	-	96	2,454	61	-	288	-	2,899
Other municipalities	4	666	3,139	-	1	249	326	4,385
Investment income	3,904	-	-	-	31	24	-	3,959
Penalties and interest	1,375	-	949	-	-	110	-	2,434
Developer contributions	720	2,227	8,132	305	20	20,061	4,195	35,660
Developer contributed assets	-	-	13,844	11,323	-	1,865	-	27,032
Proceeds from Ontario Lottery Corporation	6,484	-	-	-	-	-	-	6,484
Licences, permits and rents	772	5,216	101	-	-	409	70	6,568
Equity in income of Milton Hydro Holding Inc.	4,457	-	-	-	-	-	-	4,457
Donations	-	2	-	-	-	819	55	876
Other recoveries	-	2	-	-	-	447	-	449
Miscellaneous	50	14	7,154	-	-	44	66	7,328
<b>Total revenues</b>	<b>29,029</b>	<b>18,143</b>	<b>56,237</b>	<b>12,270</b>	<b>53</b>	<b>59,937</b>	<b>11,571</b>	<b>187,240</b>
<b>Expenses:</b>								
Salaries, wages and employee benefits	11,346	12,803	4,955	182	-	16,193	4,893	50,372
Purchased goods	1,909	507	3,383	30	-	5,108	166	11,103
Purchased services	1,978	885	12,749	627	29	4,869	2,699	23,836
Financial expenses / (recovery)	304	55	1,377	140	783	955	16	3,630
Transfers to others	10	27	-	-	-	20	-	57
Amortization expense	2,498	1,395	13,788	2,253	-	9,157	4	29,095
<b>Total expenses</b>	<b>18,045</b>	<b>15,672</b>	<b>36,252</b>	<b>3,232</b>	<b>812</b>	<b>36,302</b>	<b>7,778</b>	<b>118,093</b>
<b>Annual surplus / (deficit)</b>	<b>\$ 10,984</b>	<b>\$ 2,471</b>	<b>\$ 19,985</b>	<b>\$ 9,038</b>	<b>\$ (759)</b>	<b>\$ 23,635</b>	<b>\$ 3,793</b>	<b>\$ 69,147</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 15. Segmented information (continued):

	2017							
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
<b>Revenues:</b>								
Taxation	\$ 8,964	\$ 8,673	\$ 13,109	\$ 435	\$ 328	\$ 19,878	\$ 3,777	\$ 55,164
User charges	976	122	1,653	15	-	12,434	2,930	18,130
Government transfers								
Federal	-	-	2,883	410	-	800	77	4,170
Provincial	-	92	2,338	2	-	770	-	3,202
Other municipalities	2	396	2,813	-	-	1,093	-	4,304
Investment income	3,694	-	-	-	20	47	-	3,761
Penalties and interest	1,272	-	872	-	-	104	-	2,248
Developer contributions	647	571	6,737	170	2	8,063	4,927	21,117
Developer contributed assets	-	-	12,440	6,057	-	10,243	-	28,740
Proceeds from Ontario Lottery Corporation	6,182	-	-	-	-	-	-	6,182
Licences, permits and rents	821	4,968	55	-	-	390	64	6,298
Equity in income of Milton Hydro Holding Inc.	2,815	-	-	-	-	-	-	2,815
Donations	-	-	49	-	-	1,106	42	1,197
Other recoveries	-	-	263	-	-	-	-	263
Miscellaneous	128	46	517	3	-	128	-	822
<b>Total revenues</b>	<b>25,501</b>	<b>14,868</b>	<b>43,729</b>	<b>7,092</b>	<b>350</b>	<b>55,056</b>	<b>11,817</b>	<b>158,413</b>
<b>Expenses:</b>								
Salaries, wages and employee benefits	9,774	12,095	4,461	191	-	15,248	4,503	46,272
Purchased goods	1,473	499	3,195	57	-	4,859	174	10,257
Purchased services	1,974	544	13,196	389	114	5,730	1,617	23,564
Financial expenses / (recovery)	354	66	1,123	237	752	2,188	15	4,735
Transfers to others	5	16	-	-	35,000	301	-	35,322
Amortization expense	2,390	1,466	13,207	2,036	-	8,986	4	28,089
<b>Total expenses</b>	<b>15,970</b>	<b>14,686</b>	<b>35,182</b>	<b>2,910</b>	<b>35,866</b>	<b>37,312</b>	<b>6,313</b>	<b>148,239</b>
<b>Annual surplus / (deficit)</b>	<b>\$ 9,531</b>	<b>\$ 182</b>	<b>\$ 8,547</b>	<b>\$ 4,182</b>	<b>\$ (35,516)</b>	<b>\$ 17,744</b>	<b>\$ 5,504</b>	<b>\$ 10,174</b>

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### 16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2018 budget approved by Council on December 11, 2017. Amortization was not incorporated in the development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
<b>Revenue:</b>	
Operating budget	\$ 127,011
Capital budget	73,054
<b>Less:</b>	
Interfund transfers	(21,672)
New debt financing	(2,935)
Debt principal payment	(5,158)
Reallocated revenues	(7,256)
Contribution from surplus	(153)
<b>Total revenue</b>	<b>162,891</b>
<b>Expenses:</b>	
Operating budget	127,011
Capital budget	73,054
<b>Less:</b>	
Acquisition of tangible capital assets	(73,054)
Interfund transfers	(28,527)
Reallocated expenses	(7,022)
Debt principal payments	(5,158)
<b>Total expenses</b>	<b>86,304</b>
<b>Annual surplus</b>	<b>\$ 76,587</b>

### 17. Commitments:

The Town has outstanding contractual obligations of approximately \$31,504 (2017 - \$55,151) for capital works and operating activities, out of which \$17,666 relates to Sherwood Community Centre capital project. The Town Council has authorized financing of these obligations.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2018  
(in thousands of dollars)

### **18. Contingent liabilities and guarantees:**

The Town has guaranteed debt of its wholly owned subsidiaries Milton Hydro Holdings Inc. and Milton Energy and Generation Solutions Inc. (MEGS) in the amount of \$5,100 (2017 - 5,100). The debt is in a current position and no claim has been made under the guarantee. In January 2019 through report CORS-005-19 Town Council approved further debt guarantee for MEGS in amount of \$9,400 on terms and conditions subject to the satisfaction of the Town's solicitor and CFO/Treasurer. At the time of preparing these financial statements an agreement has yet to be executed related to the incremental loan guarantee.

### **19. Contractual rights:**

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future.

Town's contractual rights of \$10,652 arise because of the various types of contracts entered into, among which are agreements for Cost Recovery of \$6,496, lease agreements of \$2,567, services agreements of \$1,026 and \$563 from agreements with developers.

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## 2018 Town of Milton Financial Report

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Milton Public Library Board

For the year ended December 31, 2018

# Independent Auditors' Report



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Canada

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To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Milton:

## *Opinion*

We have audited the financial statements of the Milton Public Library Board (the "Library"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- The statement of change in due from the Town of Milton for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2018 and its results of operations, its changes in net financial assets, its changes in due from the Town of Milton for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library's financial reporting process.

# Independent Auditors' Report

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
May 27, 2019

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# Milton Public Library Board

## Statement of Financial Position

As at December 31, 2018 with comparative information for 2017

	2018	2017
<b>Financial assets:</b>		
Due from the Town of Milton	\$ 3,115,493	\$ 2,858,260
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	119,624	121,127
Deferred revenue (note 3)	-	16,899
<b>Net financial assets</b>	<b>2,995,869</b>	<b>2,720,234</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 4)	2,806,021	2,657,866
Prepaid expenses	89,983	66,076
	<b>2,896,004</b>	<b>2,723,942</b>
Commitments (note 6)		
<b>Accumulated surplus (note 5)</b>	<b>\$ 5,891,873</b>	<b>\$ 5,444,176</b>

The accompanying notes are an integral part of these financial statements.

# Milton Public Library Board

## Statement of Operations

Year ended December 31, 2018 with comparative information for 2017

	Budget (Note 8)	2018	2017
<b>Revenues:</b>			
Transfer from the Town of Milton	\$ 4,785,492	\$ 4,785,492	\$ 4,594,670
Statutory revenue	117,800	125,815	120,028
User charges	24,025	37,893	28,605
Federal government transfers:			
Summer career placement grant	1,850	1,680	2,394
Seniors for seniors: building technology skills	-	4,384	13,150
Provincial government transfers:			
Library pay equity program	3,275	3,275	3,275
Public library operating grant program	52,429	52,429	52,429
Ontario Arts Council programs	-	3,465	2,035
Ontario libraries capacity fund	30,205	24,075	93,369
Municipal government transfers	83,688	83,688	46,579
Milton contributions - development charges	960,445	10,450	38,128
Miscellaneous	7,300	23,263	10,857
<b>Total revenues</b>	<b>6,066,509</b>	<b>5,155,909</b>	<b>5,005,519</b>
<b>Expenses:</b>			
Salaries, wages and employee benefits	3,192,545	3,110,757	3,028,750
Administrative	29,809	51,119	25,439
Financial	3,201	3,859	3,342
Purchased goods	251,216	279,691	158,224
Purchased services	747,080	670,208	780,657
Amortization	-	592,578	554,754
<b>Total expenses</b>	<b>4,223,851</b>	<b>4,708,212</b>	<b>4,551,166</b>
<b>Annual surplus</b>	<b>1,842,658</b>	<b>447,697</b>	<b>454,353</b>
<b>Accumulated surplus, beginning of year</b>	<b>5,444,176</b>	<b>5,444,176</b>	<b>4,989,823</b>
<b>Accumulated surplus, end of year (note 5)</b>	<b>\$7,286,834</b>	<b>\$5,891,873</b>	<b>\$5,444,176</b>

The accompanying notes are an integral part of these financial statements.

# Milton Public Library Board

## Statement of Change in Net Financial Assets

Year ended December 31, 2018 with comparative information for 2017

	Budget (Note 8)	2018	2017
Annual surplus	\$ 1,842,658	\$ 447,697	\$ 454,353
Acquisition of tangible capital assets	(1,519,907)	(740,733)	(477,071)
Amortization of tangible capital assets	-	592,578	554,754
	<b>322,751</b>	<b>299,542</b>	<b>532,036</b>
Change in prepaid expenses	-	(23,907)	19,924
<b>Change in net financial assets</b>	<b>322,751</b>	<b>275,635</b>	<b>551,960</b>
<b>Net financial assets, beginning of year</b>	<b>2,720,234</b>	<b>2,720,234</b>	<b>2,168,274</b>
<b>Net financial assets, end of year</b>	<b>\$ 3,042,985</b>	<b>\$ 2,995,869</b>	<b>\$ 2,720,234</b>

The accompanying notes are an integral part of these financial statements.

# Milton Public Library Board

## Statement of Change in Due from the Town of Milton

Year ended December 31, 2018 with comparative information for 2017

	2018	2017
<b>Cash provided by (used in):</b>		
<b>Operating Activities:</b>		
Annual surplus	\$ 447,697	\$ 454,353
Items not involving cash:		
Amortization	592,578	554,754
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(1,503)	10,393
Deferred revenue	(16,899)	(16,370)
Prepaid expenses	(23,907)	19,924
<b>Net change in due from the Town of Milton from operating activities</b>	<b>997,966</b>	<b>1,023,054</b>
<b>Capital Activities:</b>		
Cash used to acquire tangible capital assets	(740,733)	(477,071)
<b>Net change in due from the Town of Milton</b>	<b>257,233</b>	<b>545,983</b>
<b>Due from the Town of Milton, beginning of year</b>	<b>2,858,260</b>	<b>2,312,277</b>
<b>Due from the Town of Milton, end of year</b>	<b>\$ 3,115,493</b>	<b>\$ 2,858,260</b>

The accompanying notes are an integral part of these financial statements.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 1. Significant accounting policies:

The financial statements of the Milton Public Library Board (the "Library") are prepared in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the Library are as follows:

#### (a) Basis of accounting:

The Library follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### (b) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

#### (c) Other income:

Other income is reported as revenue in the period earned.

#### (d) Development charges:

Development charges are funded and recognized as revenue in the Library's statement of operations when eligible Library owned tangible capital assets are purchased.

#### (e) Deferred revenue

Deferred revenue includes provincial and federal grants which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

**1. Significant accounting policies (continued):**

**(f) Non-financial assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**(i) Tangible capital assets:**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

<b>Assets</b>	<b>Useful Life - Years</b>
IT equipment	3 - 10
Office equipment	10 - 50
Collections	3 - 10

Amortization is charged in the year of acquisition and in the year of disposal. Amortization of the asset begins in the month of acquisition. Assets under construction are not amortized until the asset is available for productive use. The Library does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

**(ii) Contributions of tangible capital assets:**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Where fair market value is not available the values are estimated.

**(g) Use estimates:**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities.

Actual results could differ from these estimates.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 2. Accounting standard changes:

As of December 31, 2018, in accordance with Canadian public sector accounting standards, the Milton Public Library Board adopted the following:

- PS 2200 Related party disclosures, defines a related party and establishes disclosures required for related party transactions
- PS 3420 Inter-entity transactions, establishes standards on how to account for and report transactions between commonly controlled entities that comprise the reporting entity. This standard provides that inter-entity transactions should generally be recorded at the carrying amount at the transaction date, except in certain circumstances
- PS 3210 Assets provides guidance for applying the definition of assets in PS 1000, Financial Statement Concepts and establishes general disclosure standards for assets
- PS 3320 Contingent Assets, establishes disclosure standards on contingent assets
- PS 3380 Contractual rights, defines and establishes disclosure standards on rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The adoption of these standards did not result in an accounting policy change for the "Library", and did not result in any adjustments to the financial statements as at December 31, 2018, but resulted in additional note disclosure.

### 3. Deferred revenue:

The deferred revenue reported on the Statement of Financial Position is made of the deferred grant revenue:

	2018	2017
Deferred grant revenue	\$ -	\$ 16,899
<b>Receipts:</b>		
Grant revenue restricted for future projects	\$ -	\$ 16,899
<b>Transfers:</b>		
Grant revenue earned	(16,899)	(33,269)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 16,899</b>

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 4. Tangible capital assets:

Cost	Balance at, December 31, 2017	Additions	Disposals	Balance at, December 31, 2018
IT equipment	\$ 402,824	\$ 160,679	\$ (10,531)	\$ 552,972
Office equipment	868,402	214,617	-	1,083,019
Collections	4,095,070	354,396	-	4,449,466
Assets under construction	3,789	11,041	-	14,830
<b>Total</b>	<b>\$ 5,370,085</b>	<b>\$ 740,733</b>	<b>\$ (10,531)</b>	<b>\$ 6,100,287</b>

Accumulated amortization	Balance at, December 31, 2017	Amortization	Disposals	Balance at, December 31, 2018
IT equipment	\$ 186,503	\$ 102,185	\$ (10,531)	\$ 278,157
Office equipment	304,145	43,260	-	347,405
Collections	2,221,571	447,133	-	2,668,704
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 2,712,219</b>	<b>\$ 592,578</b>	<b>\$ (10,531)</b>	<b>\$ 3,294,266</b>

Net book value	Balance at, December 31, 2017	Balance at, December 31, 2018
IT equipment	\$ 216,321	\$ 274,815
Office equipment	564,257	735,614
Collections	1,873,499	1,780,762
Assets under construction	3,789	14,830
<b>Total</b>	<b>\$ 2,657,866</b>	<b>\$ 2,806,021</b>

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 4. Tangible capital assets (continued):

Cost	Balance at, December 31, 2016	Additions	Disposals	Balance at, December 31, 2017
IT equipment	\$ 390,385	\$ 94,184	\$ (81,745)	\$ 402,824
Office equipment	821,679	55,515	(8,792)	868,402
Collections	4,035,446	327,372	(267,748)	4,095,070
Assets under construction	3,789	-	-	3,789
<b>Total</b>	<b>\$ 5,251,299</b>	<b>\$ 477,071</b>	<b>\$ (358,285)</b>	<b>\$ 5,370,085</b>

Accumulated amortization	Balance at, December 31, 2016	Amortization	Disposals	Balance at, December 31, 2017
IT equipment	\$ 191,781	\$ 76,467	\$ (81,745)	\$ 186,503
Office equipment	275,507	37,430	(8,792)	304,145
Collections	2,048,462	440,857	(267,748)	2,221,571
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 2,515,750</b>	<b>\$ 554,754</b>	<b>\$ (358,285)</b>	<b>\$ 2,712,219</b>

Net book value	Balance at, December 31, 2016	Balance at, December 31, 2017
IT equipment	\$ 198,604	\$ 216,321
Office equipment	546,172	564,257
Collections	1,986,984	1,873,499
Assets under construction	3,789	3,789
<b>Total</b>	<b>\$ 2,735,549</b>	<b>\$ 2,657,866</b>

The Library received no contributed assets in 2018 or 2017.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 5. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 2,806,021	\$ 2,657,866
Operating Surplus - Library	-	51,260
<b>Total surplus</b>	<b>2,806,021</b>	<b>2,709,126</b>
<b>Reserves set aside by Library Board:</b>		
Library Capital	539,138	768,553
Library Services	2,187,331	1,697,807
Library Other	359,383	268,690
<b>Total reserves</b>	<b>3,085,852</b>	<b>2,735,050</b>
<b>Accumulated surplus</b>	<b>\$ 5,891,873</b>	<b>\$ 5,444,176</b>

The capital reserve is designated by the Board for the future purchase of Library owned tangible capital assets. The library capital reserve balance represents funds that have been allocated from the Town to the Library for the acquisition of Library assets. These funds do not include development charges that have been collected under the Town's by-law.

### 6. Commitments:

The Library entered into an agreement with the Town in 2016 and is committed to minimum annual payments for services as follows:

2019	\$ 263,766
2020	270,994
2021	278,419
2022	286,048
2023	293,885
2024 and thereafter	771,504
	<b>\$ 2,164,616</b>

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 7. Development charges:

The Town of Milton (the "Town") manages a development charge obligatory reserve fund for library services in the amount of \$7,668,192 (2017 - \$9,066,222 ) that is funded by contributions received from developers as stipulated by the Development Charges By-law and identified in the Development Charges Background Study.

The development charges will be spent on tangible capital assets to facilitate Library growth. Tangible capital asset purchases may be either Town or Library owned recognizing that the Town maintains title to Library facilities and furniture.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 8. Budget data:

The budget data presented in these financial statements is based upon the 2018 operating and capital budgets approved by Council on December 11, 2017. Amortization was not incorporated into development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<b>Budget Amount</b>
<b>Revenue:</b>	
Operating budget	\$ 5,108,553
Capital budget	1,519,907
<b>Add:</b>	
Municipal government transfers	83,688
Milton contributions - development charges	960,445
<b>Less:</b>	
Contribution from surplus	(51,260)
Interfund transfers	(1,519,907)
Other transfers	(34,917)
<b>Total revenue</b>	<b>6,066,509</b>
<b>Expenses:</b>	
Operating budget	5,108,553
Capital budget	1,519,907
<b>Less:</b>	
Interfund transfers	(849,785)
Other transfers	(34,917)
Acquisition of tangible capital assets	(1,519,907)
<b>Total expenses</b>	<b>4,223,851</b>
<b>Annual surplus</b>	<b>\$ 1,842,658</b>

### 9. Comparative information

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. There is no impact to accumulated surplus as a result of the reclassification.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2018

### 10. Related party transactions

In 2016 Town of Milton entered into a lease agreement with the Milton Public Library for use of the Milton Centre for the Arts space at nominal value of \$1 dollar. The lease agreement is due for renewal in 2026.

In addition to the transactions noted, the Town also periodically provides support services at no cost. Should the Library be required to source these services independently, additional costs that could be material may be incurred.

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2018 Town of Milton Financial Report

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Board of Management of the  
Milton Downtown Business Improvement Area

For the year ended December 31, 2018

# Independent Auditors' Report



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To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Milton:

## *Opinion*

We have audited the financial statements of the Board of Management of the Milton Downtown Business Improvement Area, (the "BIA"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- The statement of change in due from the Town of Milton for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2018 and its results of operations, its changes in net financial assets and its changes in due from the Town of Milton for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the BIA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

# Independent Auditors' Report

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
May 27, 2019

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# Milton Downtown Business Improvement Area

## Statement of Financial Position

As at December 31, 2018 with comparative information for 2017

	2018	2017
<b>Financial assets:</b>		
Due from the Town of Milton	\$ 93,002	\$ 75,182
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	7,083	6,192
<b>Net financial assets</b>	<b>85,919</b>	<b>68,990</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 3)	19,021	16,117
Prepaid expenses	1,043	1,247
	<b>20,064</b>	<b>17,364</b>
Commitments (note 6)		
<b>Accumulated surplus (note 4)</b>	<b>\$ 105,983</b>	<b>\$ 86,354</b>

The accompanying notes are an integral part of these financial statements.

# Milton Downtown Business Improvement Area

## Statement of Operations

Year ended December 31, 2018 with comparative information for 2017

	Budget (Note 7)	2018	2017
<b>Revenues:</b>			
Taxation levied by Town	\$ 211,677	\$ 208,170	\$ 203,493
User charges	21,200	22,642	22,346
Federal government transfers (note 5)	4,000	3,796	4,104
Miscellaneous	17,000	29,014	14,021
<b>Total revenues</b>	<b>253,877</b>	<b>263,622</b>	<b>243,964</b>
<b>Expenses:</b>			
Beautification and planters	51,500	38,130	40,765
General administration	54,277	45,665	62,680
Salaries and benefits	101,150	114,729	85,544
Trade promotion and special events	57,450	41,033	41,379
Amortization	-	4,436	3,630
<b>Total expenses</b>	<b>264,377</b>	<b>243,993</b>	<b>233,998</b>
<b>Annual surplus / (deficit)</b>	<b>(10,500)</b>	<b>19,629</b>	<b>9,966</b>
<b>Accumulated surplus, beginning of year</b>	<b>86,354</b>	<b>86,354</b>	<b>76,388</b>
<b>Accumulated surplus (note 4), end of year</b>	<b>\$ 75,854</b>	<b>\$ 105,983</b>	<b>\$ 86,354</b>

The accompanying notes are an integral part of these financial statements.

# Milton Downtown Business Improvement Area Statement of Change in Net Financial Assets

Year ended December 31, 2018 with comparative information for 2017

	Budget (Note 7)	2018	2017
Annual surplus / (deficit)	\$ (10,500)	\$ 19,629	\$ 9,966
Acquisition of tangible capital assets	-	(7,340)	(5,047)
Amortization of tangible capital assets	-	4,436	3,630
	<b>(10,500)</b>	<b>16,725</b>	<b>8,549</b>
Change in prepaid expenses	-	204	(1,247)
<b>Change in net financial assets</b>	<b>(10,500)</b>	<b>16,929</b>	<b>7,302</b>
Net financial assets, beginning of year	68,990	68,990	61,688
<b>Net financial assets, end of year</b>	<b>\$ 58,490</b>	<b>\$ 85,919</b>	<b>\$ 68,990</b>

The accompanying notes are an integral part of these financial statements.

# Milton Downtown Business Improvement Area Statement of Change in Due from the Town of Milton

Year ended December 31, 2018 with comparative information for 2017

	2018	2017
<b>Cash provided by (used in):</b>		
<b>Operating Activities:</b>		
Annual surplus	\$ 19,629	\$ 9,966
Items not involving cash:		
Amortization	4,436	3,630
Change in non-cash assets and other liabilities:		
Accounts payable and accrued liabilities	891	670
Prepaid expenses	204	(1,247)
<b>Net change in cash from operating activities</b>	<b>25,160</b>	<b>13,019</b>
<b>Capital Activities:</b>		
Cash used to acquire tangible capital assets	(7,340)	(5,047)
<b>Net change in due from the Town of Milton</b>	<b>17,820</b>	<b>7,972</b>
<b>Due from the Town of Milton, beginning of year</b>	<b>75,182</b>	<b>67,210</b>
<b>Due from the Town of Milton, end of year</b>	<b>\$ 93,002</b>	<b>\$ 75,182</b>

The accompanying notes are an integral part of these financial statements.

# Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2018

### 1. Significant accounting policies:

The financial statements of the Board of Management of the Milton Downtown Business Improvement Area ("DBIA") are prepared by management in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the DBIA are as follows:

#### (a) Basis of accounting:

The DBIA follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and/or the creation of a legal obligation to pay.

#### (b) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

#### (c) Other income:

Other income is reported as revenue in the period earned.

#### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

<b>Assets</b>	<b>Useful Life - Years</b>
Office equipment	3 - 15
Other equipment	5 - 10

# Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2018

### 1. Significant accounting policies (continued):

#### (d) Non-financial assets (continued):

Amortization is charged in the year of acquisition and in the year of disposal. Amortization of the asset begins in the month of acquisition.

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

#### (e) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

### 2. Accounting standard changes:

As of December 31, 2018, in accordance with Canadian public sector accounting standards, the Board of Management of the Milton Downtown Business Improvement Area adopted the following:

- PS 2200 Related party disclosures, defines a related party and establishes disclosures required for related party transactions
- PS 3420 Inter-entity transactions, establishes standards on how to account for and report transactions between commonly controlled entities that comprise the reporting entity. This standard provides that inter-entity transactions should generally be recorded at the carrying amount at the transaction date, except in certain circumstances
- PS 3210 Assets provides guidance for applying the definition of assets in PS 1000, Financial Statement Concepts and establishes general disclosure standards for assets
- PS 3320 Contingent Assets, establishes disclosure standards on contingent assets
- PS 3380 Contractual rights, defines and establishes disclosure standards on rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The adoption of these standards did not result in an accounting policy change for the "DBIA", and did not result in any adjustments to the financial statements as at December 31, 2018, but resulted in

# Milton Downtown Business Improvement Area Notes to Financial Statements

Year ended December 31, 2018

### 3. Tangible capital assets:

	2018		
	Office Equipment	Other Equipment	Total
<b>Cost</b>			
Balance, beginning of year	\$ 6,615	\$ 22,363	\$ 28,978
Additions	3,309	4,031	7,340
Disposals	-	-	-
<b>Balance, end of year</b>	<b>9,924</b>	<b>26,394</b>	<b>36,318</b>
<b>Accumulated amortization</b>			
Balance, beginning of year	4,005	8,856	12,861
Disposals	-	-	-
Amortization	1,187	3,249	4,436
<b>Balance, end of year</b>	<b>5,192</b>	<b>12,105</b>	<b>17,297</b>
<b>Net book value, end of year</b>	<b>\$ 4,732</b>	<b>\$ 14,289</b>	<b>\$ 19,021</b>

# Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2018

### 3. Tangible capital assets (continued):

	2017		
	Office Equipment	Other Equipment	Total
<b>Cost</b>			
Balance, beginning of year	\$ 6,553	\$ 71,319	\$ 77,872
Additions	2,864	2,183	5,047
Disposals	(2,802)	(51,139)	(53,941)
<b>Balance, end of year</b>	<b>6,615</b>	<b>22,363</b>	<b>28,978</b>
<b>Accumulated amortization</b>			
Balance, beginning of year	6,011	57,161	63,172
Disposals	(2,802)	(51,139)	(53,941)
Amortization	796	2,834	3,630
<b>Balance, end of year</b>	<b>4,005</b>	<b>8,856</b>	<b>12,861</b>
<b>Net book value, end of year</b>	<b>\$ 2,610</b>	<b>\$ 13,507</b>	<b>\$ 16,117</b>

### 4. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
<b>Surplus</b>		
Invested in tangible capital assets	\$ 19,021	\$ 16,117
<b>Reserves</b>		
Downtown Business Improvement Area	86,962	70,237
<b>Accumulated surplus</b>	<b>\$ 105,983</b>	<b>\$ 86,354</b>

# Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2018

#### 4. Accumulated surplus (continued):

The reserve fund is designated by the Board to finance improvements in the Downtown Business Improvement Area.

The change in the reserve fund balance is as follows:

	2018	2017
Annual surplus	\$ 19,629	\$ 9,966
Less: Current year tangible capital assets additions	(7,340)	(5,047)
Add: Amortization expense	4,436	3,630
	<b>16,725</b>	<b>8,549</b>
Fund balance at beginning of year	70,237	61,688
<b>Fund balance, end of year</b>	<b>\$ 86,962</b>	<b>\$ 70,237</b>

#### 5. Government transfers:

The Federal Government transfer reported on the Statement of Operations is the Summer Career Placement Grant in the amount of \$3,796 (2017 - \$4,104).

#### 6. Commitments:

The Board of Management of the Milton Downtown Business Improvement Area has entered into a five year lease agreement in 2018 and is committed to minimum annual lease payments space as follows:

2019	\$ 12,423
2020	12,918
2021	13,392
2022	13,782
2023	10,566
<b>Total 5 year commitment</b>	<b>\$ 63,081</b>

# Milton Downtown Business Improvement Area Notes to Financial Statements

Year ended December 31, 2018

## **7. Budget data:**

The budget data presented in these financial statements is based upon the 2018 budget approved by Council on December 11, 2017. Amortization was not incorporated in the development of the budget.

## **8. Related Party Transactions**

During the year the Town has provided DBIA ground maintenance services for \$30,930 of which \$3,000 were recovered from Milton Downtown Business Area. In addition to the transactions noted, the Town also periodically provides support services at no cost. Should the DBIA be required to source these services independently, additional costs that could be material may be incurred.



## 2018 Town of Milton Financial Report

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# Multi-Year Comparison of Financial Statements

For the Fiscal Year Ended December 31, 2018

# Consolidated Statement of Financial Position

(in thousands of dollars)

	2018	2017	2016	2015	2014
Cash and cash equivalents	\$ 76,363	\$ 57,222	\$ 86,594	\$ 48,915	\$ 8,098
Accounts receivable					
Taxes receivable	8,136	6,412	5,922	5,319	7,099
Grants receivable	983	60	1,054	5,402	4,520
Other	10,570	11,294	10,436	10,712	13,855
Investments	103,349	121,285	84,179	106,424	98,324
Investment in Milton Hydro Holdings Inc.	60,178	57,221	55,906	54,427	53,045
Other Assets	2,476	570	852	838	950
<b>Total financial assets</b>	<b>262,055</b>	<b>254,064</b>	<b>244,943</b>	<b>232,037</b>	<b>185,891</b>
Non-financial assets	1,043,048	994,506	963,197	959,252	932,782
<b>Total assets</b>	<b>1,305,103</b>	<b>1,248,570</b>	<b>1,208,140</b>	<b>1,191,289</b>	<b>1,118,673</b>
Accounts payable and accrued liabilities	17,452	18,860	17,123	26,145	18,980
Other liabilities	7,324	5,231	4,189	7,929	7,131
Deferred revenue	83,399	90,953	75,215	62,643	51,160
Long-term debentures	42,711	49,188	38,348	43,257	29,152
Developer obligations	2,046	1,760	924	1,334	166
Employee benefits and other liabilities	2,859	2,413	2,350	1,453	1,304
<b>Total liabilities</b>	<b>155,791</b>	<b>168,405</b>	<b>138,149</b>	<b>142,761</b>	<b>107,893</b>
<b>Accumulated surplus</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>	<b>\$ 1,069,991</b>	<b>\$ 1,048,528</b>	<b>\$ 1,010,780</b>

# Consolidated Statement of Operations

(in thousands of dollars)

	2018	2017	2016	2015	2014
<b>Sources of revenue:</b>					
Taxation	\$ 60,976	\$ 55,164	\$ 51,710	\$ 48,059	\$ 45,576
User charges	18,607	18,130	16,961	15,977	13,943
Government transfers:					
Federal	5,126	4,170	3,030	5,862	18,140
Provincial	2,899	3,202	1,696	1,781	2,733
Other municipalities	4,385	4,304	3,288	5,137	4,270
Investment income	3,959	3,761	3,368	3,439	3,752
Penalties and interest	2,434	2,248	2,306	2,415	2,052
Developer contributions	35,660	21,117	14,039	19,859	32,972
Developer contributed assets	27,032	28,740	9,784	19,995	19,997
Proceeds from Ontario Lottery Corporation	6,484	6,182	5,863	5,685	5,588
License, permits, rents etc.	6,568	6,298	6,149	5,595	5,217
Equity in income of Milton Hydro	4,457	2,815	2,979	2,882	3,040
Donations	876	1,197	1,124	1,504	1,722
Other Recoveries	449	263	483	898	1,108
Miscellaneous	7,328	822	6,520	3,951	894
<b>Total revenue</b>	<b>187,240</b>	<b>158,413</b>	<b>129,300</b>	<b>143,039</b>	<b>161,003</b>
<b>Expenses by function:</b>					
General government	18,045	15,970	15,578	14,366	14,525
Protection to persons and property	15,672	14,686	15,278	13,532	12,690
Transportation services	36,252	35,182	33,313	36,143	33,500
Environmental services	3,232	2,910	2,609	2,371	2,042
Health Services	812	35,866	479	505	-
Recreational and cultural services	36,302	37,312	34,128	32,377	28,663
Planning and development	7,778	6,313	6,452	5,997	4,992
<b>Total expenses</b>	<b>118,093</b>	<b>148,239</b>	<b>107,837</b>	<b>105,291</b>	<b>96,412</b>
Annual surplus	69,147	10,174	21,463	37,748	64,591
Accumulated surplus, beginning of year	1,080,165	1,069,991	1,048,528	1,010,780	946,189
<b>Accumulated surplus, end of year</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>	<b>\$ 1,069,991</b>	<b>\$ 1,048,528</b>	<b>\$ 1,010,780</b>

# Consolidated Statement of Change in Net Financial Asset

(in thousands of dollars)

	2018	2017	2016	2015	2014
Annual surplus	\$ 69,147	\$ 10,174	\$ 21,463	\$ 37,748	\$ 64,591
Acquisition of tangible capital assets	(78,787)	(61,576)	(33,665)	(55,018)	(85,525)
Amortization of tangible capital assets	29,095	28,088	27,418	25,591	22,462
Loss on disposal of tangible capital assets	(5,020)	1,706	(5,626)	(1,060)	749
Proceeds on sale of tangible capital assets	6,344	624	7,490	4,433	177
	20,779	(20,984)	17,080	11,694	2,454
Change in supplies of inventory	(216)	116	158	(171)	(302)
Change in prepaid expenses	42	(267)	280	(245)	(4)
Change in net financial assets	20,605	(21,135)	17,518	11,278	2,148
Net financial assets, beginning of year	85,659	106,794	89,276	77,998	75,850
<b>Net financial assets, end of year</b>	<b>\$ 106,264</b>	<b>\$ 85,659</b>	<b>\$ 106,794</b>	<b>\$ 89,276</b>	<b>\$ 77,998</b>

## Analysis of Expenses by Object

(in thousands of dollars)

	2018	2017	2016	2015	2014
Salaries, wages and employee benefits	\$ 50,372	\$ 46,272	\$ 44,910	\$ 41,203	\$ 38,946
Purchased goods	11,103	10,257	11,822	11,355	11,035
Purchased services	23,836	23,564	20,605	22,750	20,636
Financial expenses	3,630	4,735	2,830	4,065	2,975
External transfers	57	35,322	252	327	358
Amortization expense	29,095	28,089	27,418	25,591	22,462
<b>Total expenses</b>	<b>\$ 118,093</b>	<b>\$ 148,239</b>	<b>\$ 107,837</b>	<b>\$ 105,291</b>	<b>\$ 96,412</b>

# Net Book Value of Tangible Capital Assets

(in thousands of dollars)

	2018	2017	2016	2015	2014
Land	\$ 288,834	\$ 286,806	\$ 275,091	\$ 276,381	\$ 272,401
Land improvements	48,398	41,956	41,578	42,451	39,573
Buildings and building improvements	123,423	126,747	129,502	132,944	101,723
Machinery and equipment	93,914	95,672	96,927	98,795	80,360
Linear assets	444,177	417,686	405,569	402,166	338,157
Assets under construction	43,162	24,673	13,715	5,262	99,731
<b>Total assets</b>	<b>\$ 1,041,908</b>	<b>\$ 993,540</b>	<b>\$ 962,382</b>	<b>\$ 957,999</b>	<b>\$ 931,945</b>

# Accumulated Surplus

(in thousands of dollars)

	2018	2017	2016	2015	2014
<b>Reserves set aside by Council:</b>					
Aggregate permit fees	\$ 452	\$ 1,043	\$ 1,003	\$ 958	\$ 638
Capital provision/growth	13,820	14,727	14,328	12,196	10,104
Capital works	5,492	5,124	8,409	8,642	7,687
Computer replacement	993	782	643	1,191	1,098
Downtown Business Improvement Area	87	70	62	34	14
Election	121	254	184	91	-
Equipment replacement	7,534	6,980	5,750	4,245	3,353
Growth related resources	2,130	2,084	1,613	1,235	970
Infrastructure renewal reserve	2,999	913	579	305	201
Insurance	1,286	1,055	834	723	663
Legal action	1,048	800	557	317	58
Library services	2,187	1,698	1,203	721	434
Library capital	539	769	857	804	548
Municipal building component	6,986	6,089	4,587	3,717	2,401
Municipal building replacement	291	208	1,181	916	789
Per unit development processing fee	1,703	1,723	1,495	1,227	1,303
Seniors fundraising	76	78	87	103	112
Tax rate stabilization	2,285	2,048	2,103	2,636	2,291
Training	358	299	270	265	229
Transit and transportation	1,399	1,247	760	798	683
Winter control	1,468	1,109	976	848	723
Working funds	1,064	1,064	1,064	1,064	1,064
WSIB	1,340	813	423	870	403
<b>Total reserves</b>	<b>\$ 55,658</b>	<b>\$ 50,977</b>	<b>\$ 48,968</b>	<b>\$ 43,908</b>	<b>\$ 35,766</b>

# Accumulated Surplus (Continued)

(in thousands of dollars)

	2018	2017	2016	2015	2014
<b>Reserve funds set aside for specific purpose by Council:</b>					
Cash in lieu of storm water management	\$ 46	\$ 45	\$ 143	\$ 141	\$ 138
Investment in the Arts Campaign	(194)	1,709	1,856	(913)	(754)
Mayor's legacy	88	87	85	83	82
Milton District Hospital	431	502	16,824	17,856	2,426
Ontario Lottery Corporation proceeds	7,108	7,814	10,915	11,386	10,572
Perpetual maintenance	591	485	472	463	454
Property transactions	11,583	6,930	8,856	3,928	2,048
Sports field development	34	123	112	101	90
<b>Total reserve funds</b>	<b>\$ 19,687</b>	<b>\$ 17,695</b>	<b>\$ 39,263</b>	<b>\$ 33,045</b>	<b>\$ 15,056</b>

	2018	2017	2016	2015	2014
<b>Surplus:</b>					
Invested in tangible capital assets	\$ 1,041,908	\$ 993,540	\$ 962,382	\$ 957,999	\$ 931,945
Unexpended capital	16,853	13,394	4,440	4,545	5,084
Operating surplus - Town	-	102	102	102	34
Operating surplus - Library	-	51	48	45	43
Investment in Milton Hydro	60,178	57,221	55,906	54,427	53,045
Endowment fund	2,035	-	-	-	-
<b>Unfunded:</b>					
Long term debentures	(42,711)	(49,188)	(38,348)	(43,257)	(29,152)
Employee future benefits	(2,250)	(1,867)	(1,846)	(952)	(875)
Developer obligations	(2,046)	(1,760)	(924)	(1,334)	(166)
<b>Total surplus</b>	<b>1,073,967</b>	<b>1,011,493</b>	<b>981,760</b>	<b>971,575</b>	<b>959,958</b>
<b>Total accumulated surplus</b>	<b>\$ 1,149,312</b>	<b>\$ 1,080,165</b>	<b>\$ 1,069,991</b>	<b>\$ 1,048,528</b>	<b>\$ 1,010,780</b>

# Five-Year Financial Statistics

## Property Taxation

	2018	2017	2016	2015	2014
<b>Weighted assessment by property class</b>					
Residential	\$ 17,936,196,098	\$ 16,288,907,316	\$ 14,963,918,236	\$ 13,854,910,617	\$ 12,708,066,078
Multi-residential	291,591,422	301,377,550	359,689,638	344,721,794	318,308,551
Farmland	77,438,903	71,916,100	68,464,860	62,094,855	56,465,131
Managed forests	8,746,165	7,476,881	6,537,050	6,000,395	5,414,476
Commercial	3,618,014,625	3,431,244,938	3,314,501,634	3,068,713,715	2,870,833,043
Industrial	1,527,625,084	1,346,475,183	1,228,583,605	1,223,745,647	1,167,745,674
Pipelines	109,736,713	82,078,434	79,065,861	77,121,121	74,961,470
<b>Total weighted assessment</b>	<b>\$ 23,569,349,010</b>	<b>\$ 21,529,476,402</b>	<b>\$ 20,020,760,884</b>	<b>\$ 18,628,308,144</b>	<b>\$ 17,201,794,423</b>
Commercial and industrial as % of total weighted assessment	22%	22%	23%	23%	23%
<b>Total tax levied and collected</b>					
Property tax levied	\$ 60,509,484	\$ 55,995,314	\$ 51,477,113	\$ 47,707,256	\$ 45,183,990
Taxes billed on behalf of Region of Halton	70,056,161	67,200,344	63,807,261	61,466,532	59,050,446
Taxes billed on behalf of school boards	62,700,613	60,251,235	57,647,928	55,707,819	54,524,472
<b>Total tax levied</b>	<b>\$ 193,266,258</b>	<b>\$ 183,446,893</b>	<b>\$ 172,932,302</b>	<b>\$ 164,881,607</b>	<b>\$ 158,758,908</b>
<b>Total tax collected</b>	<b>\$ 185,237,246</b>	<b>\$ 182,956,470</b>	<b>\$ 172,329,872</b>	<b>\$ 166,661,078</b>	<b>\$ 157,308,661</b>
<b>Taxes Receivable as % of tax levied</b>	<b>4.21%</b>	<b>3.50%</b>	<b>3.42%</b>	<b>3.23%</b>	<b>4.47%</b>

# Five-Year Financial Statistics

## Property Taxation

	2018	2017	2016	2015	2014
<b>Taxation rates by property class – General and Urban Surcharge</b>					
<b>Residential</b>					
Town of Milton	0.242228%	0.243461%	0.246050%	0.244207%	0.247538%
Region of Halton	0.287039%	0.299581%	0.310847%	0.318257%	0.327023%
School boards	0.170000%	0.179000%	0.188000%	0.195000%	0.203000%
	<b>0.699267%</b>	<b>0.722042%</b>	<b>0.744897%</b>	<b>0.757464%</b>	<b>0.777561%</b>
<b>Multi-residential</b>					
Town of Milton	0.484456%	0.486922%	0.556541%	0.552371%	0.559907%
Region of Halton	0.574078%	0.599162%	0.703103%	0.719865%	0.739693%
School boards	0.170000%	0.179000%	0.188000%	0.195000%	0.203000%
	<b>1.228534%</b>	<b>1.265084%</b>	<b>1.447644%</b>	<b>1.467236%</b>	<b>1.502600%</b>
<b>Farmlands</b>					
Town of Milton	0.048446%	0.048693%	0.049210%	0.048842%	0.049508%
Region of Halton	0.057408%	0.059917%	0.062169%	0.063652%	0.065404%
School boards	0.042500%	0.044750%	0.047000%	0.048750%	0.050750%
	<b>0.148354%</b>	<b>0.153360%</b>	<b>0.158379%</b>	<b>0.161244%</b>	<b>0.165662%</b>
<b>Managed forests</b>					
Town of Milton	0.060557%	0.060865%	0.061513%	0.061051%	0.061885%
Region of Halton	0.071762%	0.074896%	0.077711%	0.079565%	0.081755%
School boards	0.042500%	0.044750%	0.047000%	0.048750%	0.050750%
	<b>0.174819%</b>	<b>0.180511%</b>	<b>0.186224%</b>	<b>0.189366%</b>	<b>0.194390%</b>
<b>Commercial</b>					
Town of Milton	0.352805%	0.354601%	0.358373%	0.355387%	0.360540%
Region of Halton	0.418072%	0.436339%	0.452747%	0.463541%	0.476308%
School boards	0.838216%	0.860141%	0.869565%	0.882785%	0.923215%
	<b>1.609093%</b>	<b>1.651081%</b>	<b>1.680685%</b>	<b>1.702013%</b>	<b>1.760063%</b>
<b>Commercial - vacant units/excess land</b>					
Percentage of full rate	70%	70%	70%	70%	70%

# Five-Year Financial Statistics

## Property Taxation

	2018	2017	2016	2015	2014
<b>Industrial</b>					
Town of Milton	0.571634%	0.574544%	0.580653%	0.576304%	0.584166%
Region of Halton	0.677383%	0.706983%	0.733566%	0.751054%	0.771740%
School boards	1.244198%	1.335379%	1.433184%	1.474565%	1.520618%
	<b>2.493215%</b>	<b>2.616906%</b>	<b>2.747403%</b>	<b>2.801923%</b>	<b>2.876524%</b>
<b>Industrial - vacant land/excess land</b>					
Percentage of full rate	65%	65%	65%	65%	65%
<b>Pipeline</b>					
Town of Milton	0.257173%	0.258482%	0.261231%	0.259274%	0.262812%
Region of Halton	0.304749%	0.318066%	0.330025%	0.337893%	0.347200%
School boards	1.090000%	1.140000%	1.159033%	1.159033%	1.181050%
	<b>1.651922%</b>	<b>1.716548%</b>	<b>1.750289%</b>	<b>1.756200%</b>	<b>1.791062%</b>
* The Urban Surcharge was removed in 2017.					
<b>Taxation rates by property class - General</b>					
<b>Residential</b>					
Town of Milton	0.242228%	0.243461%	0.231579%	0.215969%	0.218773%
Region of Halton	0.287039%	0.299581%	0.309117%	0.316402%	0.325159%
School Boards	0.170000%	0.179000%	0.188000%	0.195000%	0.203000%
	<b>0.699267%</b>	<b>0.722042%</b>	<b>0.728696%</b>	<b>0.727371%</b>	<b>0.746932%</b>
<b>Multi-residential</b>					
Town of Milton	0.484456%	0.486922%	0.523808%	0.488500%	0.494843%
Region of Halton	0.574078%	0.599162%	0.699191%	0.715670%	0.735477%
School boards	0.170000%	0.179000%	0.188000%	0.195000%	0.203000%
	<b>1.228534%</b>	<b>1.265084%</b>	<b>1.410999%</b>	<b>1.399170%</b>	<b>1.433320%</b>
<b>Farmlands</b>					
Town of Milton	0.048446%	0.048693%	0.046316%	0.043194%	0.043755%
Region of Halton	0.057408%	0.059917%	0.061823%	0.063281%	0.065031%
School boards	0.042500%	0.044750%	0.047000%	0.048750%	0.050750%
	<b>0.148354%</b>	<b>0.153360%</b>	<b>0.155139%</b>	<b>0.155225%</b>	<b>0.159536%</b>

# Five-Year Financial Statistics

## Property Taxation

	2018	2017	2016	2015	2014
<b>Managed Forests</b>					
Town of Milton	0.060557%	0.060865%	0.057895%	0.053992%	0.054694%
Region of Halton	0.071762%	0.074896%	0.077279%	0.079101%	0.081289%
School boards	0.042500%	0.044750%	0.047000%	0.048750%	0.050750%
	<b>0.174819%</b>	<b>0.180511%</b>	<b>0.182174%</b>	<b>0.181843%</b>	<b>0.186733%</b>
<b>Commercial</b>					
Town of Milton	0.352805%	0.354601%	0.337295%	0.314558%	0.318643%
Region of Halton	0.418072%	0.436339%	0.450228%	0.460840%	0.473593%
School boards	0.838216%	0.860141%	0.869565%	0.882785%	0.923215%
	<b>1.609093%</b>	<b>1.651081%</b>	<b>1.657088%</b>	<b>1.658183%</b>	<b>1.715451%</b>
<b>Commercial - vacant units/excess land</b>					
Percentage of full rate	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>
<b>Industrial</b>					
Town of Milton	0.571634%	0.574544%	0.546502%	0.509665%	0.516283%
Region of Halton	0.677383%	0.706983%	0.729484%	0.746677%	0.767342%
School boards	1.244198%	1.335379%	1.433184%	1.474565%	1.520618%
	<b>2.493215%</b>	<b>2.616906%</b>	<b>2.709170%</b>	<b>2.730907%</b>	<b>2.804243%</b>
<b>Industrial - vacant land/excess land</b>					
Percentage of full rate	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>
<b>Pipeline</b>					
Town of Milton	0.257173%	0.258482%	0.245867%	0.229294%	0.232272%
Region of Halton	0.304749%	0.318066%	0.328189%	0.335924%	0.345221%
School boards	1.090000%	1.140000%	1.159033%	1.159033%	1.181050%
	<b>1.651922%</b>	<b>1.716548%</b>	<b>1.733089%</b>	<b>1.724251%</b>	<b>1.758543%</b>

# Five-Year Financial Statistics

## Long-Term Debt and Other Statistics

	2018	2017	2016	2015	2014
<b>Transfers from other levels of government</b>					
Federal	\$ 5,126,228	\$ 4,170,416	\$ 3,029,827	\$ 5,862,470	\$ 18,140,096
Provincial	2,899,019	3,201,679	1,695,799	1,780,105	2,733,441
<b>Total transfers</b>	<b>\$ 8,025,247</b>	<b>\$ 7,372,095</b>	<b>\$ 4,725,625</b>	<b>\$ 7,642,575</b>	<b>\$ 19,666,387</b>
<b>Long-term debt:</b>					
Debt supported by property taxes	10,437,376	13,346,672	14,381,885	17,291,121	\$ 16,556,969
Debt supported by development charges	3,713,650	5,001,513	6,244,655	7,446,026	8,608,393
Debt supported by reserves and reserve funds	28,619,337	30,839,578	17,721,587	18,519,738	3,986,256
Debt supported by user fees	-	-	-	-	-
<b>Total long-term debt</b>	<b>\$ 42,770,363</b>	<b>\$ 49,187,763</b>	<b>\$ 38,348,126</b>	<b>\$ 43,256,885</b>	<b>\$ 29,151,618</b>
<b>Long-term debt by function:</b>					
General government	\$ 2,085,811	\$ 3,261,134	\$ 4,916,526	\$ 6,004,117	\$ 7,050,321
Fire	1,305,367	1,676,245	2,035,739	2,384,369	2,722,630
Roadways	6,483,544	7,856,238	8,752,049	10,223,425	9,990,434
Parks	1,349,546	1,802,763	1,721,049	2,119,490	1,228,355
Storm water	403,109	456,938	509,879	561,965	-
Health services	28,004,433	29,695,766	14,688,578	15,000,000	-
Recreation facilities	2,561,878	3,577,468	4,589,572	5,565,271	6,507,104
Cultural services	548,885	806,887	1,055,074	1,294,408	1,525,850
Library	27,790	54,325	79,660	103,840	126,924
<b>Total long-term debt</b>	<b>\$ 42,770,363</b>	<b>\$ 49,187,763</b>	<b>\$ 38,348,126</b>	<b>\$ 43,256,885</b>	<b>\$ 29,151,618</b>
Total long-term debt per capita	354.94	418.03	345.48	417.13	289.49
Total long-term debt per household	1,170.03	1,395.32	1,108.23	1,288.10	905.81
Annual debt repayment limit*	26,359,885	25,086,769	23,456,559	22,680,285	21,515,877
Actual annual debt repayment	7,782,418	8,653,978	6,271,223	5,739,238	6,329,798
<b>Actual debt repayment as % of own source revenues</b>	<b>7.38%</b>	<b>8.62%</b>	<b>6.68%</b>	<b>6.33%</b>	<b>8.45%</b>

\* As determined by the Province of Ontario, calculated as 25% of current year actual net revenue.

# Five-Year Financial Statistics

## Municipal Statistics

	2018	2017	2016	2015	2014
Population	120,500	117,667	111,000	103,700	100,700
Area	36,538	36,538	36,538	36,538	36,538
Households	36,555	35,252	34,603	33,582	32,183
Halton Region unemployment rate*	4.0%	5.5%	5.5%	5.3%	4.4%
<b>Town of Milton budgeted labour force:</b>					
Full time funded positions	428	408	381	365	364
Part time funded positions	750	744	695	668	649
Seasonal funded positions	290	274	282	270	254
<b>Total funded positions</b>	<b>1,468</b>	<b>1,426</b>	<b>1,358</b>	<b>1,303</b>	<b>1,267</b>
<b>Infrastructure</b>					
Lane kilometres of paved roads**	1,180	1,158	1,127	1,097	1,065
Total kilometres of stormwater (urban and rural)**	926	911	887	850	843
<b>Recreation</b>					
Total kilometres of trails	40	35	35	31	29
Total hours of recreations programs**	4,586,746	4,221,641	4,420,025	3,826,039	3,821,358

\* Halton Region Annual Economic Review. <http://www.halton.ca>.

\*\* 2014-2017 data has been revised.

# Five-Year Financial Statistics

## Municipal Statistics

	2018	2017	2016	2015	2014
<b>New construction procurement:</b>					
Number of new construction contracts awarded	19	29	30	15	8
<b>Total value of new construction contracts awarded</b>	<b>\$ 15,046,989</b>	<b>\$ 56,294,609</b>	<b>\$ 17,688,557</b>	<b>\$ 10,328,793</b>	<b>\$ 14,251,042</b>
<b>Square metres of new construction:</b>					
Residential properties	146,961	373,569	148,815	81,619	173,026
Multi-residential properties	54,714	17,746	39,257	106,793	844,466
All other property classes*	46,075	98,692	52,623	259,337	104,554
<b>Total square metres</b>	<b>247,750</b>	<b>490,007</b>	<b>240,695</b>	<b>447,749</b>	<b>1,465,241</b>
<b>Residential units:</b>					
Single and Semi Detached	460	831	685	386	841
Townhouses/ Stacked Townhouses	289	1,082	253	352	356
Apartments/ Secondary Units	666	233	18	578	284
<b>Total building permits issued</b>	<b>1,415</b>	<b>2,146</b>	<b>956</b>	<b>1,316</b>	<b>1,481</b>
<b>Value of building permits issued:</b>					
Residential properties	\$ 271,635,228	\$ 696,132,013	\$ 260,309,152	\$ 72,258,461	\$ 160,752,129
Multi-residential properties	129,200,000	37,352,401	63,113,273	108,565,913	82,146,288
All other property classes	76,107,851	205,423,411	272,949,679	153,916,140	109,073,198
<b>Total value of building permits issued</b>	<b>\$ 476,943,079</b>	<b>\$ 938,907,825</b>	<b>\$ 596,372,104</b>	<b>\$ 334,740,514</b>	<b>\$ 351,971,615</b>

\* 2014-2017 data has been revised.

# Five-Year Financial Statistics

## List of 2018 Principal Corporate Tax Accounts

<b>Business Name</b>
Lowe's Companies Canada ULC
857529 Ontario Incorporated
690346 Ontario Incorporated
Hoop Realty Incorporated
3131 STMartin Equities Incorporated
Manheim Auto Auctions Limited
Milton Industrial Centre GP Incorporated
2701 High Point Drive Equities Incorporated
Milton Industrial Centre GP 2 Incorporated
Bentall Kennedy Prime

## List of 2018 Principal Employers

<b>Business Name</b>	<b>Industry Subsector</b>
Gordon Food Service	General-line food merchant wholesalers, admin offices and distribution
Karmax Heavy Stamping	Motor vehicle metal stamping
Lowes	Distribution of home improvement products
Rockwool	Electrical wiring and construction supplies merchant wholesalers
Monaghan Mushrooms Ltd.	Mushroom production
Amazon Fulfillment	General warehousing and storage
Manheim Auto Auctions Company	New and used automobile and light-duty truck merchant wholesalers
EATON Industries (Canada) Company	Electric power distribution
RockTenn	Corrugated and solid fibre box manufacturing
Fresh Start Foods Canada Ltd.	Fresh fruit and vegetable merchant wholesalers



Information on the Town of Milton is available at:

[www.milton.ca](http://www.milton.ca)

Direct any inquiries regarding this document to:

**The Corporation of the Town of Milton**

**Corporate Services Department**

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