



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: June 7, 2021

Report No: CORS-036-21

Subject: 2020 Financial Report

Recommendation: THAT the draft audited 2020 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, 2020 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 2020 draft financial report is being presented to Council for approval. Mr. Carlos Alvarez and Mr. Scott Plugers from KPMG LLP will be making a short presentation to Council to highlight the audit findings for the year ended December 31, 2020 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



Discussion

- 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.

2020 Financial Highlights

Total revenue for 2020 is \$162.8 million compared to 2019 total revenue of \$197.1 million, a reduction of \$34.4 million. This differential can be largely attributed to the developer contributed assets, a reduction of \$19.5 million from last year. Facilities closures have contributed to the \$9.1 million reduction in User Fees revenues, compared to last year. Additionally, the Town received less revenue than last year from the Ontario Lottery and Gaming Corporation proceeds due to the closure of Woodbine Mohawk Park and Racetrack.

In 2020, total expenses have decreased to \$122.3 million compared to \$128.9 million last year. This includes savings in operating expense due to facilities closures caused by the pandemic. Based on the combination of these changes in revenues and expenses, the Town experienced a reduction in net revenue from \$68.2 million last year to \$40.5 million.

The audited consolidated financial statements indicate that the Town's net financial position at December 31, 2020, as represented by the accumulated surplus, equals \$1,258.0 million. This amount has still grown by 3.32% relative to 2019 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 2020 with debt principal outstanding of \$36.9 million, a large portion of which relates to the Town's local contribution towards the hospital expansion. The Town's debt capacity ratio of 6.97% is within the guidelines set by both the Province and Town Council. Reserve balances increased from \$86.2 million to \$92.7 million.

Consolidated Statement of Financial Position

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$129.5 million, an 12.8% increase of \$9.6 million from the prior year. The



Discussion

decrease in financial assets of \$17.9 million was mitigated by a decrease in financial liabilities of \$27.5 million. The largest contributors to the change in Financial Assets was the reduction of the Town's cash position by \$ 20.3 million and increase in investments of \$3.1 million. The decrease in Financial Liability is mostly attributable to a reduction in deferred revenue balances of \$19.5 million and repayment of long term debt by \$5.7 million.

Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The increase of \$31.1 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.

Accumulated Surplus

Overall, the Town ended the year with an accumulated surplus of \$1,258.0 million, an increase of 3.32% from the prior year balance of \$1,217.5 million. This change represents the annual excess of revenues over expenses for the year of \$40.5 million, and is largely related to the infrastructure assumed from or funded by development.

It is critical for readers of the financial statements to understand that the term "accumulated surplus" cannot be construed as "cash or funds" available for spending, as the bulk of the value represents non-financial assets and reflects the Town's investment in infrastructure which is used to deliver programs and services. They are not assets which are surplus to operations and available to be liquidated.

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 consolidated 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 consolidated 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



Discussion

difference is the unbudgeted tangible capital asset activity such as developer contributed assets, which gave a positive variance of \$13.7 million.

As a result of the pandemic the Town of Milton experienced substantial revenue losses in 2020 user charges which amounted to \$11.8 million. Revenues losses relative to budget were primarily experienced in the following areas: Recreation (\$9.7 million), Transit (\$1.3 million) and Other (\$0.7 million). A further \$4.6 million in lost revenue from the Ontario Lottery and Gaming Corporation proceeds was also realized.

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

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 \$9.6 million, compared to last year's increase of \$13.6 million. This is primarily attributable to decreases in deferred revenue balances, partially offset by a lesser decrease in financial assets, mostly attributable to reduction in Town's cash position, as described in earlier sections.

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 decreased by \$20.3 million from \$76.7 million in 2019 to \$56.4 million in 2020. Various operating activities increased the Town's cash position by \$43.2 million, which was offset by outflow of cash from capital activities \$56.3 million due to the acquisition of tangible capital assets. Investing activities, such as purchase of investments of \$3.2 million offset by Milton Hydro dividend of \$1.5 million further reduced cash position by \$1.7 million in 2020. \$5.7 million in debt principal repayment and lack of new debt issuance had also contributed to cash outflow in 2020.

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



The Corporation of the Town of Milton

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Discussion

financial management. The financial impacts of the transactions occurring in 2020 as well as the Town's 2020 year end position are outlined in detail in the attached statements.

Through report CORS-017-21, Council approved the year end accounting entries and reserve transfers based on the estimated year end position. Through the process of finalizing the 2020 financial statements, there were no additional transactions processed impacting the bottom line operating position.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Zaneta Kowalik

Phone: Ext. 2122

Attachments

The Corporation of the Town of Milton Financial Report for the Fiscal Year Ended
December 31, 2020

CAO Approval
Andrew M. Siltala
Chief Administrative Officer



The Corporation of the Town of Milton Financial Report

Town of Milton, Ontario, Canada
For the Fiscal Year Ended December 31, 2020

2020



2020 THE CORPORATION OF THE TOWN OF MILTON
FINANCIAL REPORT
For the fiscal year ending December 31, 2020

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 of Milton has a **vision** for a future that strives for abundant economic opportunity for residents, educational opportunities for youth, and a community that leads in sustainability, diversity and inclusion.

The Town is a municipal organization that is adaptive and flexible, with an understanding of the importance of listening and collaborating with our local residents, businesses and partners in order to ensure that Milton remains a great place to work and raise a family.

Council-Staff Work Plan for 2020 - 2023

The **Council-Staff Work Plan** sets a road map for how the Town of Milton may continue to accommodate growth while ensuring the financial sustainability of the organization and the community. Together with staff, Members of Council have set **four goals**:

	<p>We will plan and build our community to accommodate growth while managing new service and infrastructure demands and balancing taxpayer affordability.</p>
	<p>We will achieve sustainable new revenue streams.</p>
	<p>We will improve Milton's attractiveness for prospective talent and investment.</p>
	<p>We will deliver services that address increased expectations and service requests and manage the need for new investment.</p>

Under each of these goals, Council has established both general strategies and specific priorities for the current term. These priorities emphasize sound community and financial planning, increased employment, accelerated automation, strong community connections and recognition of employees as the foundation for exceptional service.

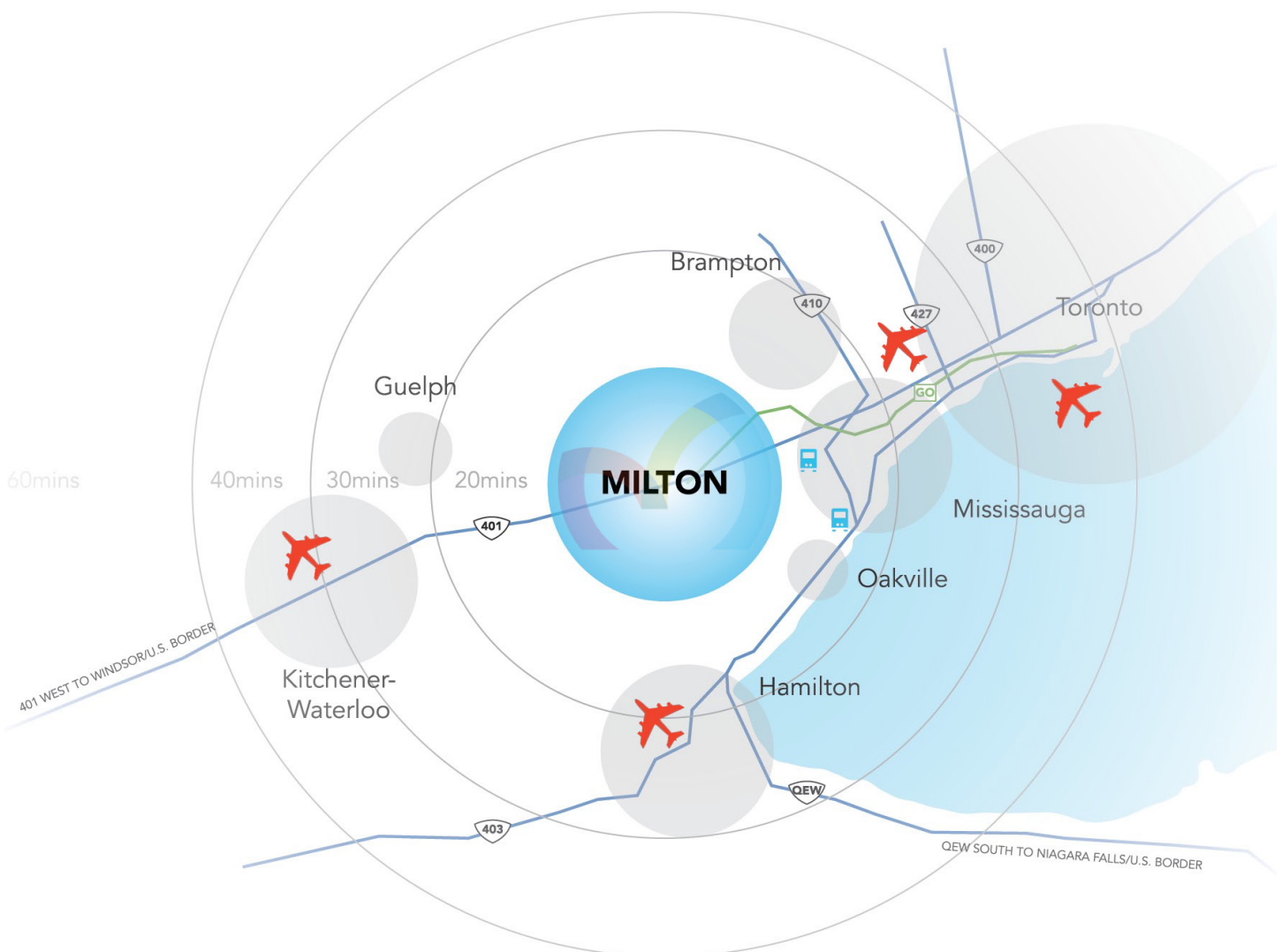
This plan holds Council and staff accountable for guiding Milton toward a prosperous future with residents, businesses and the environment front of mind.

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



Quick Facts



365 sq. km
Land Area



126,355
Population
(2020 estimate)



346
Population density
per sq. km



301%
Population growth (2001-2020)
From 31,471 to 126,355

238k

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

The Town has had record breaking growth from 2001-2020 of 301% and a total population forecast for 2031 of 238,000 - a further increase of 111,645 or 88%



38,894
Number of households



\$135,698
*2020 estimate of average household
income. GTA average at \$133,534

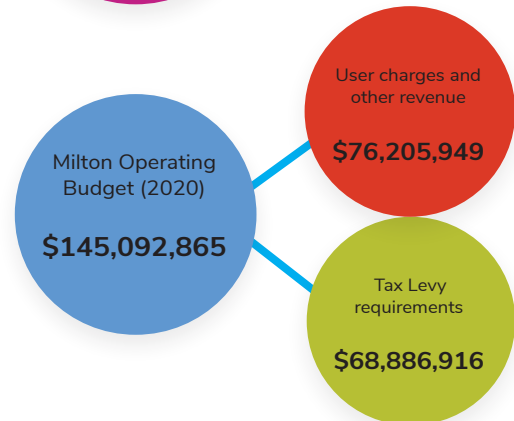
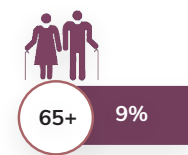
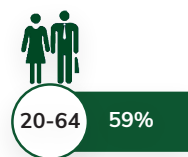
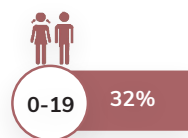


\$559,356
*2020 average value
of dwelling



2.8%
*Property Taxes as a % of household
income. Lowest in GTA which has an
average of 3.8%

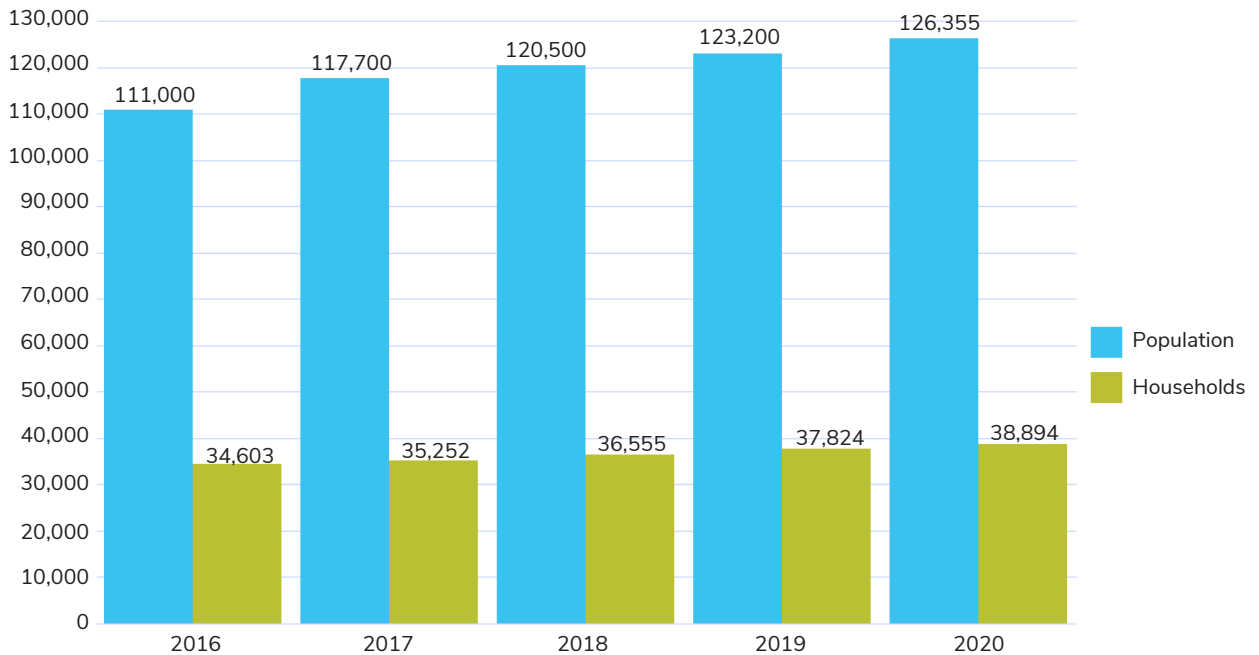
*Age of population (by age groups)



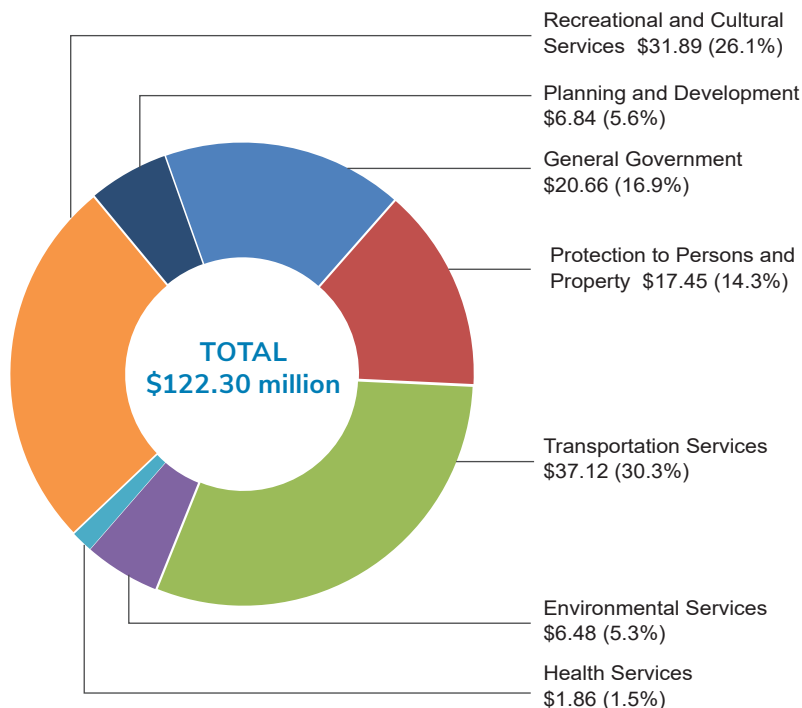
*Source: BMA Management Consulting Inc. Municipal Study 2020

Note: Tax Levy requirements excludes budgeted supplementary taxes and payments in lieu.

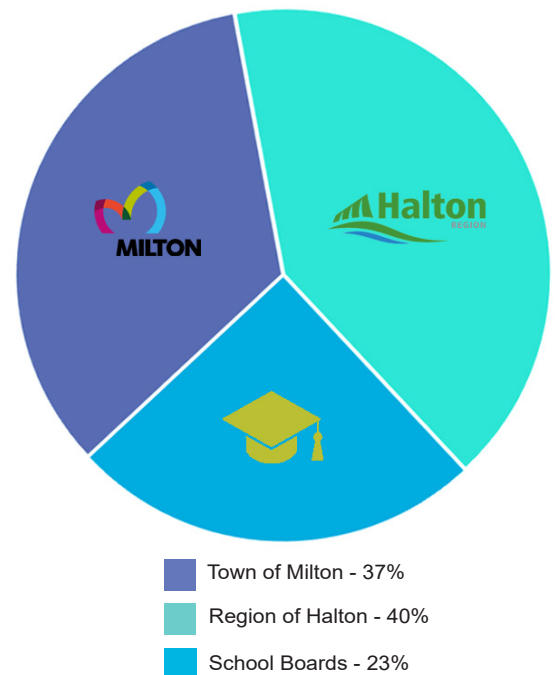
Population Growth and Household Increase (over the last 5 years)



2020 Expenses (Actuals) (in million dollars)



2020 Residential Tax Breakdown



Mayor and Council

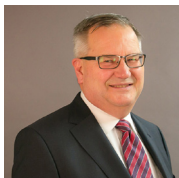
The Town's Council is comprised of the Mayor, four Regional Councillors and four Town Councillors, elected for four-year terms of office. Through the representation of wards, these members of Council are the governing body of the Town and have the following responsibilities:

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.

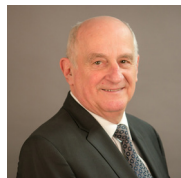


Gordon Krantz
Mayor

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



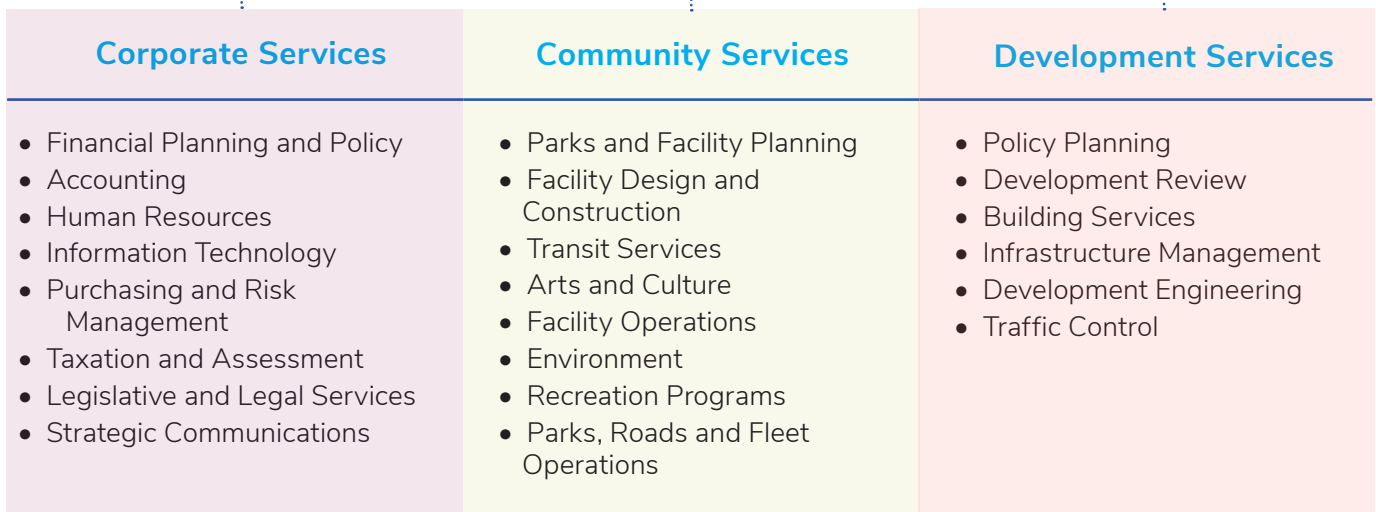
Rick Di Lorenzo
Town Councillor
Ward 3



Sameera Ali
Town Councillor
Ward 4

Organizational Structure

Through service aligned departments, staff are responsible for administering the Town's programs and services.



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.

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 2020. 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.

Management of the COVID-19 pandemic was a focus of the Town throughout the year. The following principles guided the Town during 2020:

1. Safety of staff and the public is of paramount importance;
2. Continuation in the delivery of essential public services;
3. Responding to the needs of the community as the pandemic evolves;
4. Fair and equitable treatment of the Town's workforce;
5. Fiscal responsibility and appropriate use of taxpayers funding.

The Town adapted service delivery in many areas including the acceleration of digital solutions to continue a number of programs through remote work locations. The Federal and Provincial Governments also offered important financial support as the Town experienced revenue losses in programs like transit, recreation and facility rentals, as well as additional costs such as personal protective equipment. The culmination of these changes in service delivery and revenue are reflected in the financial results for 2020.

Despite the challenges introduced with the pandemic, the Town also continued to progress in 2020 on key initiatives, including:

- Milton Council established a Council-Staff work plan that will serve as the road map to 2023 that will benefit Milton for generations. The four areas of focus established were planning for growth, increasing revenue potential, community attractiveness and competitiveness, and service innovation, and priorities for each were identified.
- Service delivery reviews continued with the implementation of the findings from the prior year's review of Community Services and Operations, as well as the completion of new reviews of Corporate Services and the Administrative Monetary Penalty System.
- Planning for growth through the finalization of the secondary planning for the Milton Education Village Secondary Plan and initiation of secondary planning for the Britannia Secondary Plan Area, the finalization of the Mobility Hub and Mature Neighbourhood studies, and continuation of the Official Plan update.

The accomplishments of 2020 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

June 7, 2021

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, 2020.

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.

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, 2020. 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.

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.

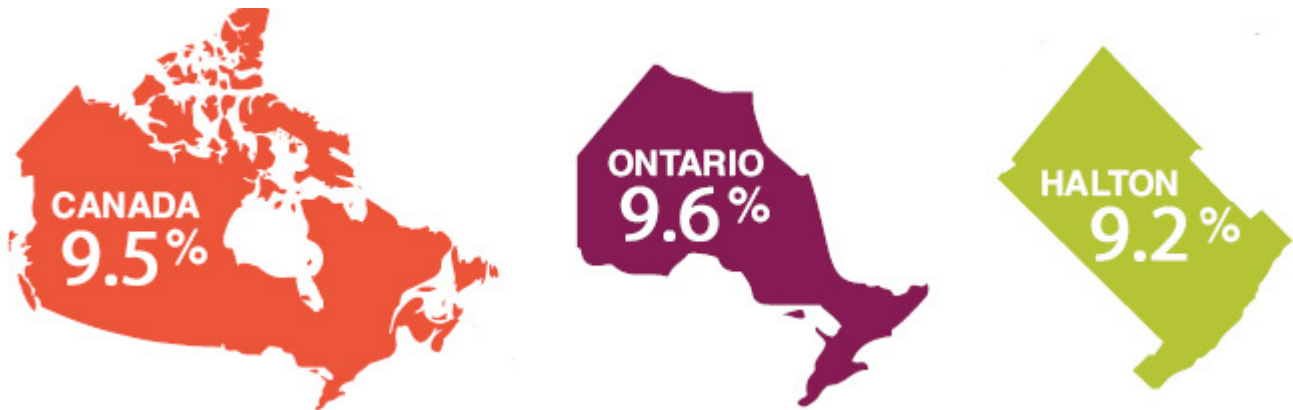
The Town's financial management policies regarding tangible capital assets ("TCAs") stipulate that said assets are recorded at cost and include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the TCAs 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.

2020 Economic Update

Employment Growth

In 2020 there was a substantial increase in unemployment rates largely related to the legislated closure of non-essential businesses due to the COVID-19 pandemic. From 2019 to 2020, the rate increased from 5.7% to 9.5% in Canada and from 5.6% to 9.6% in Ontario¹. Halton Region was similarly impacted as the unemployment rate rose from 4.1% in 2019 to 9.2% in 2020². Comparatively, the 5 year national average has been 6.9%³.



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 2020 budget, the MPI for the Town of Milton includes a 2.76% change in expenditures and a total pressure of 3.44% when revenues are considered.

Interest Rates/Borrowing

In 2020 the COVID-19 pandemic had a major impact on the global and Canadian economy. To provide support to the Canadian financial system and the economy during the COVID-19 pandemic, the Bank of Canada lowered the target for the overnight rate by 1.5% to 0.25% in March 2020⁴. The interest rate cuts, along with pandemic concerns, decline in business and consumer confidence and reductions in growth projections has also created an overall decline in bond yields through 2020.

This affects the Town in two key ways:

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

¹ Statistics Canada

² Halton Region

³ Statistics Canada

⁴ Bank of Canada

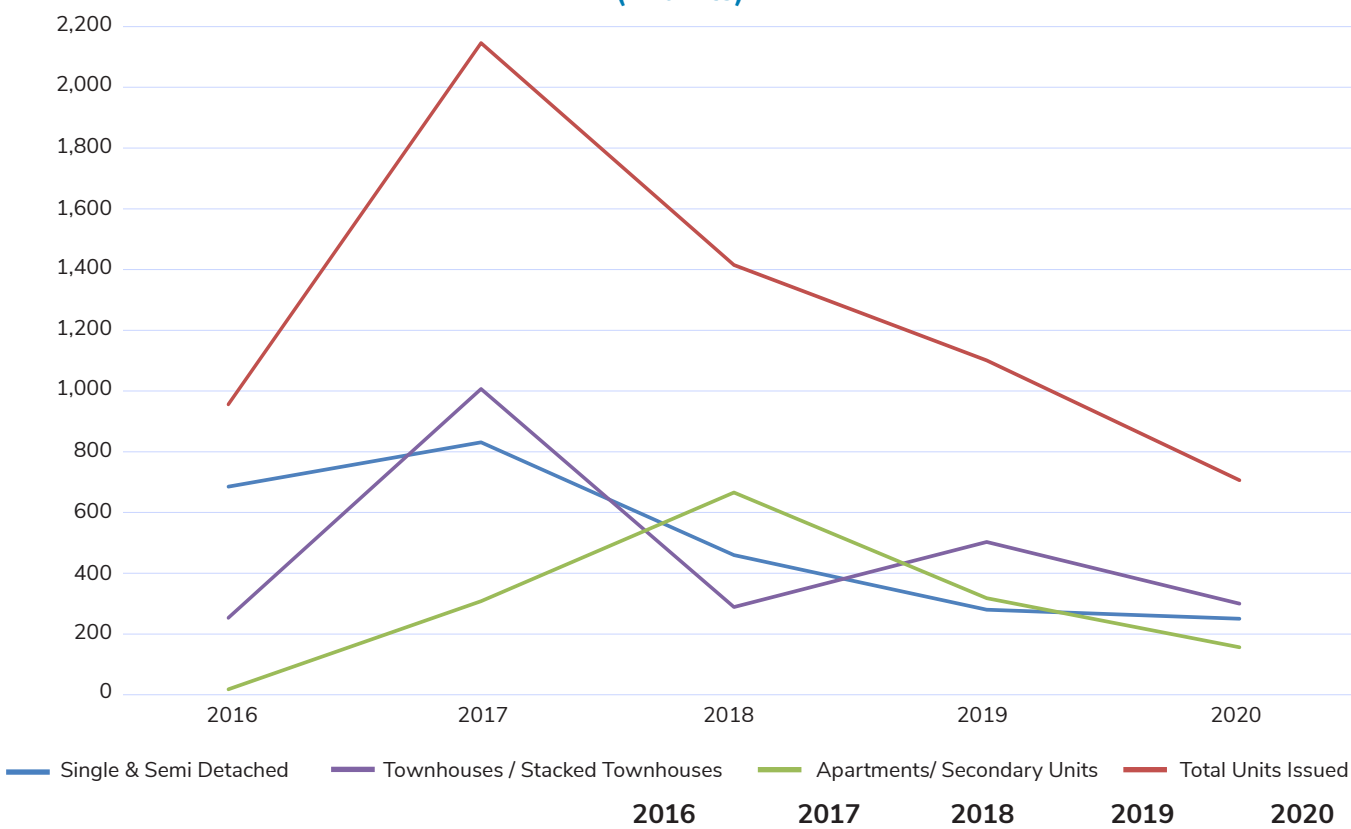
2020 Significant Events Affecting Financial Statements

Growth and Building Activity

The 2020 construction start for both residential and non-residential construction types was impacted significantly by the COVID-19 pandemic. The provincially mandated temporary shutdown of all non-essential construction types, in addition to developer and consumer uncertainty with respect to the impact of the pandemic on the economy, resulted in a decreased number of permit submissions. Many of the permits received in 2020 were submitted in late Q3 & early Q4, prior to the December shutdown.

As a result, the number of new residential units created through building permits issued in 2020 was lower than 2019. Building permits were issued for 706 dwelling units, a decrease of 36% from 2019. The decrease in permit activity during 2020 was evident across all residential building forms; however, the downturn is expected to be temporary with building activity anticipated to increase in 2021.

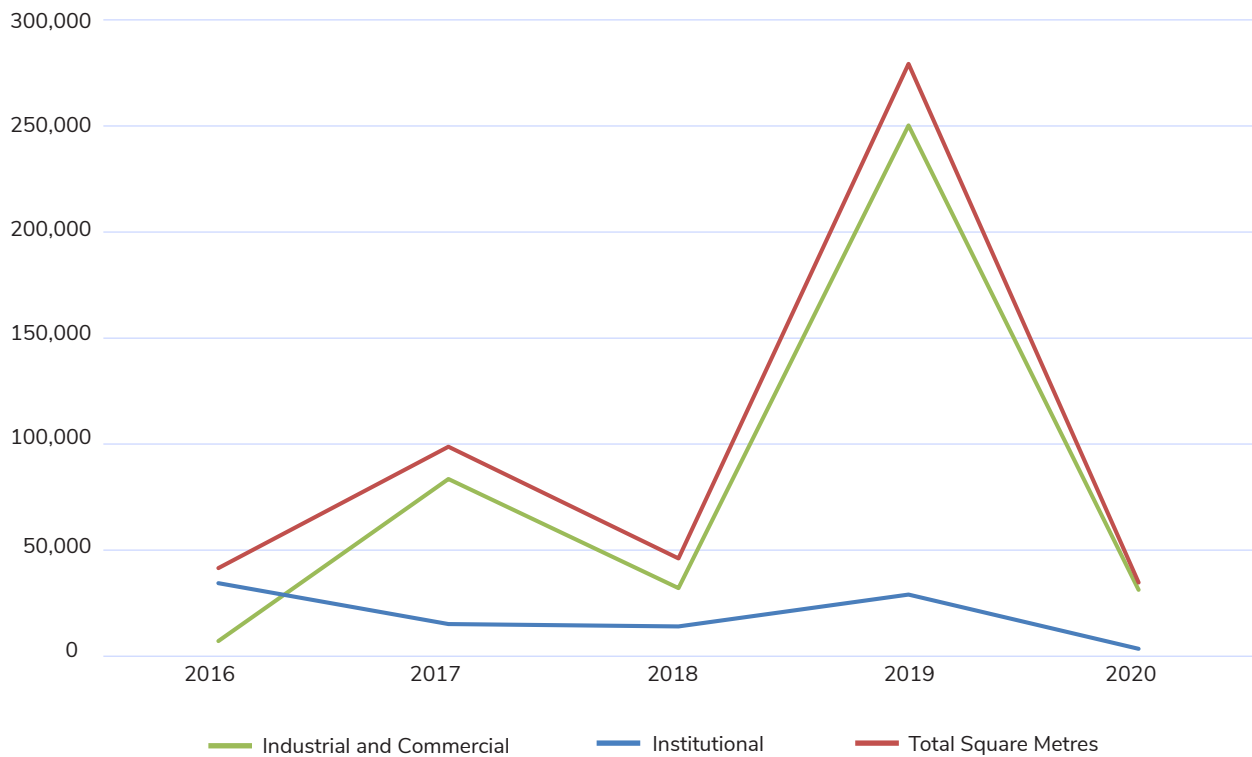
**Residential Development
(in units)**



	2016	2017	2018	2019	2020
Single and Semi Detached	685	831	460	280	250
Townhouses / Stacked Townhouses	253	1,007	289	503	300
Apartments / Secondary Units	18	308	666	318	156
Total Units Issued	956	2,146	1,415	1,101	706

Financial Statements Discussion and Analysis

Non-Residential Development (in square metres)

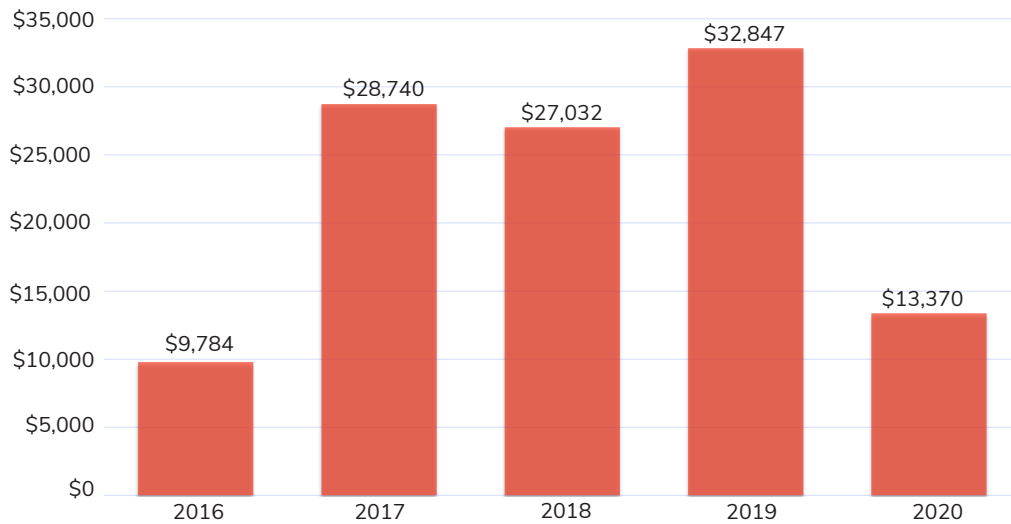


	2016	2017	2018	2019	2020
Industrial and Commercial	7,099	83,588	32,093	250,239	31,237
Institutional	34,431	15,166	13,982	29,054	3,455
Total Square Metres	41,530	98,754	46,075	279,293	34,692

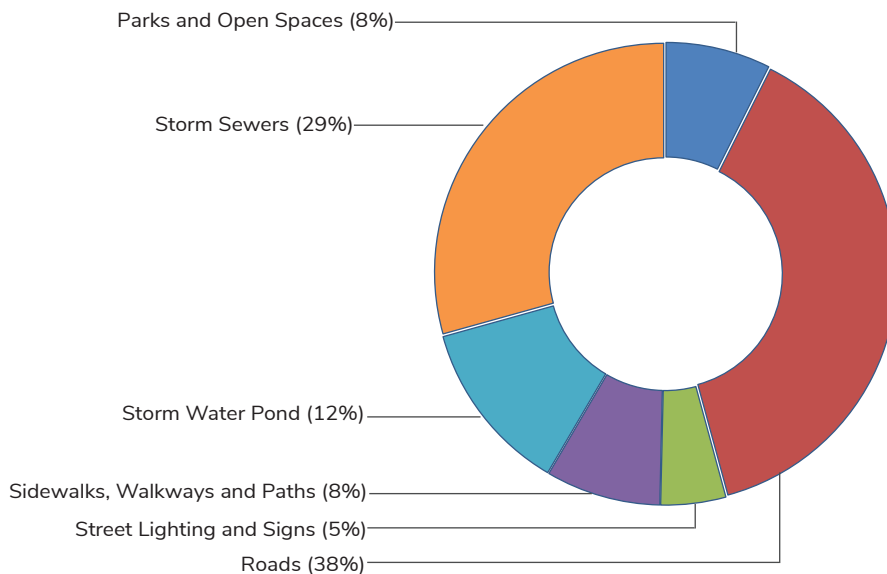
Developer Contributed Assets

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 - 2020



Major Construction Projects in 2020

Asphalt Overlay Program

This is an annual program to rehabilitate the asphalt surface on roads before they deteriorate to the point where major reconstruction is required, and is an important component in maintaining the Town's road network. Included in the program is the replacement of portions of curb, sidewalk, and rebuilding catch basins and manholes. The total amount spent in 2020 was \$7.7 million.

Main Street (James Snow Parkway to Fifth Line)

This project will be tendered together with the portion of Fifth Line (Highway 401 to just south of Main Street), with construction anticipated to start in summer 2021. It includes the widening of Main Street to four lanes between James Snow Parkway to Fifth Line, as well as urbanization of the roadway and intersection modifications at Fifth Line. Work in 2020 focused on detailed design and property acquisition. Utility relocations are expected to commence in spring 2021 and road construction is anticipated to start in summer 2021. The total project costs related to the Main Street portion only, are estimated at \$16.6 million.

Bronte Street (Main to Steeles)

This project is for the reconstruction and widening of Bronte Street, between Main Street and Steeles Avenue. The widening will be phased over multiple years. The first phase consisted of the widening from Main Street to Victoria Street including intersection improvements at Main Street and Bronte Street. The section from Victoria Street to Steeles Avenue, which includes the replacement of the 16 Mile Creek structure, the replacement of the at-grade crossing of the Canadian Pacific Railway tracks, burying of the Hydro lines for a portion of the west side of Bronte Street, and the removal of the 'jog' in the roadway is anticipated to start construction in 2021 with completion in late 2023 or early 2024. The total cost of this project is estimated at \$28.3 million.

Fire Station No. 5

Fire Station No. 5 is located just west of Regional Road 25 on the north-east corner of Louis St. Laurent Avenue and Diefenbaker Street. The Region of Halton and the Town worked as partners on this joint facility that will house the Milton Fire Department and Halton Emergency Medical Services (EMS). Construction continued through 2020 and the station opened in January 2021. Total construction cost is expected to be approximately \$8.2 million.

COVID-19 Financial Implications

The pandemic and its resulting implications have had a significant impact globally, nationally and within the community. Due to limitations placed on how services could be delivered, the Town of Milton experienced substantial revenue losses in 2020 relative to budget amounting to \$16 million. Recreation and transit services were most directly impacted, with revenue shortfalls relative to budget of \$9.7 million and \$1.3 million, respectively. Additionally, the Town received \$4.6 million less revenue than budget from the Ontario Lottery and Gaming Corporation proceeds due to the closure of Woodbine Mohawk Park and Racetrack. As these funds are transferred to reserve when received, the shortfall in revenue is reflected in lower reserve balances.

In addition the above noted revenue losses, the Town incurred additional expenses during the year related to the pandemic amounting to \$1.1 million, which included investing in safety measures to support service delivery.

Offsetting a portion of these costs were savings in the amount of \$9.5 million resulting from the closure of certain Town facilities in 2020, the implementation of temporary leaves of part time and seasonal staff who support the impacted programs and reductions in transit services where applicable.

The Town received a variety of Federal and Provincial support for the 2020 financial pressures of the pandemic including \$2.8 million related to Phase 1 of the Safe Restart Program. This funding mitigated the remaining 2020 financial pressures of the pandemic and is reflected in the financial results.

In addition, the Town proactively identified cost mitigation opportunities including holding full time positions vacant where possible and other savings in areas like professional development, copies and office supplies. These measures resulted in overall savings in 2020 relative to budget in the amount of \$2.5 million, inclusive of the Library surplus. These savings were transferred to reserve in accordance with Council direction with \$1.2 million going to the Tax Rate Stabilization Reserve where it can be available to mitigate any continued impacts of the pandemic that are unable to be mitigated through federal or provincial funding or internal savings.

2020 Financial Highlights

Total revenue for 2020 is \$162.8 million compared to 2019 total revenue of \$197.1 million, a reduction of \$34.4 million. This differential can be largely attributed to the developer contributed assets, a reduction of \$19.5 million from last year. Facilities closures have contributed to the \$9.1 million reduction in User Fees revenues, compared to last year. Additionally, the Town received less revenue than last year from the Ontario Lottery and Gaming Corporation proceeds due to the closure of Woodbine Mohawk Park and Racetrack.

In 2020, total expenses have decreased to \$122.3 million compared to \$128.9 million last year. This includes savings in operating expense due to facilities closures caused by the pandemic compared to \$128.9 million last year. Based on the combination of these changes in revenues and expenses, the Town experienced a reduction in net revenue from \$68.2 million last year to \$40.5 million.

The audited consolidated financial statements indicate that the Town's net financial position at December 31, 2020, as represented by the accumulated surplus, equals \$1,258.0 million. This amount has still grown by 3.32% relative to 2019 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 2020 with debt principal outstanding of \$36.9 million, a large portion of which relates to the Town's local contribution towards the hospital expansion. The Town's debt capacity ratio of 6.97% is well within the guidelines set by both the Province and Town Council. Reserve balances increased from \$86.2 million to \$92.7 million.

Financial Statements Discussion and Analysis

Consolidated Statement of Financial Position

Net Financial Assets

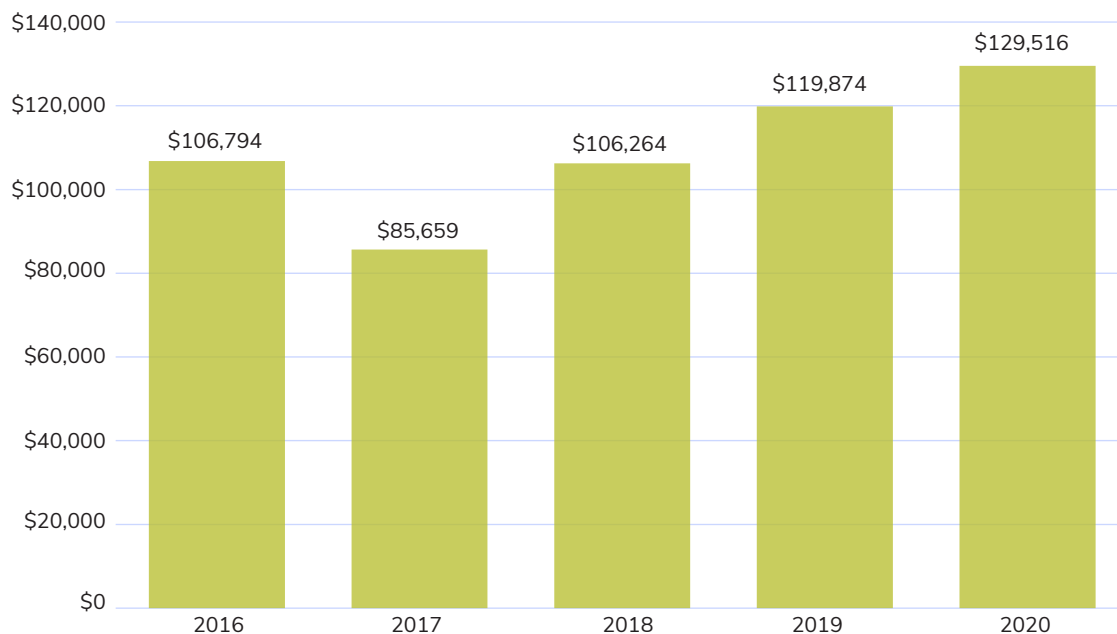
(in thousands of dollars)

	2020	2019	Variance	% Change
Financial assets	\$ 252,547	\$ 270,437	\$ (17,890)	(6.6%)
Financial liabilities	123,031	150,563	(27,532)	(18.3%)
Net financial assets	\$ 129,516	\$ 119,874	\$ 9,642	8.0%

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$129.5 million, an 8.0% increase of \$9.6 million from the prior year. The decrease in financial assets of \$17.9 million was mitigated by a decrease in financial liabilities of \$27.5 million. The largest contributors to the change in Financial Assets was the reduction of the Town's cash position by \$ 20.3 million and increase in investments of \$3.1 million. The decrease in Financial Liability is mostly attributable to a reduction in deferred revenue balances of \$19.5 million and repayment of long term debt by \$5.7 million.

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

Net Financial Assets
(in thousands of dollars)



Financial Assets

The 2020 reduction in the Town's financial assets of \$17.9 million is mostly due to a \$20.3 million decrease in cash position, mitigated by a slight increase investments held by the Town at the end of the fiscal year by \$3.1, as described in the following sections. Other notable movements include a decrease in Accounts Receivable of \$2.9 million that was offset by a \$2.9 million increase in Taxes Receivable, as well as a decrease of \$1.3 million in the investment in the Milton Hydro Holdings Inc.

Cash and Short-Term Investments

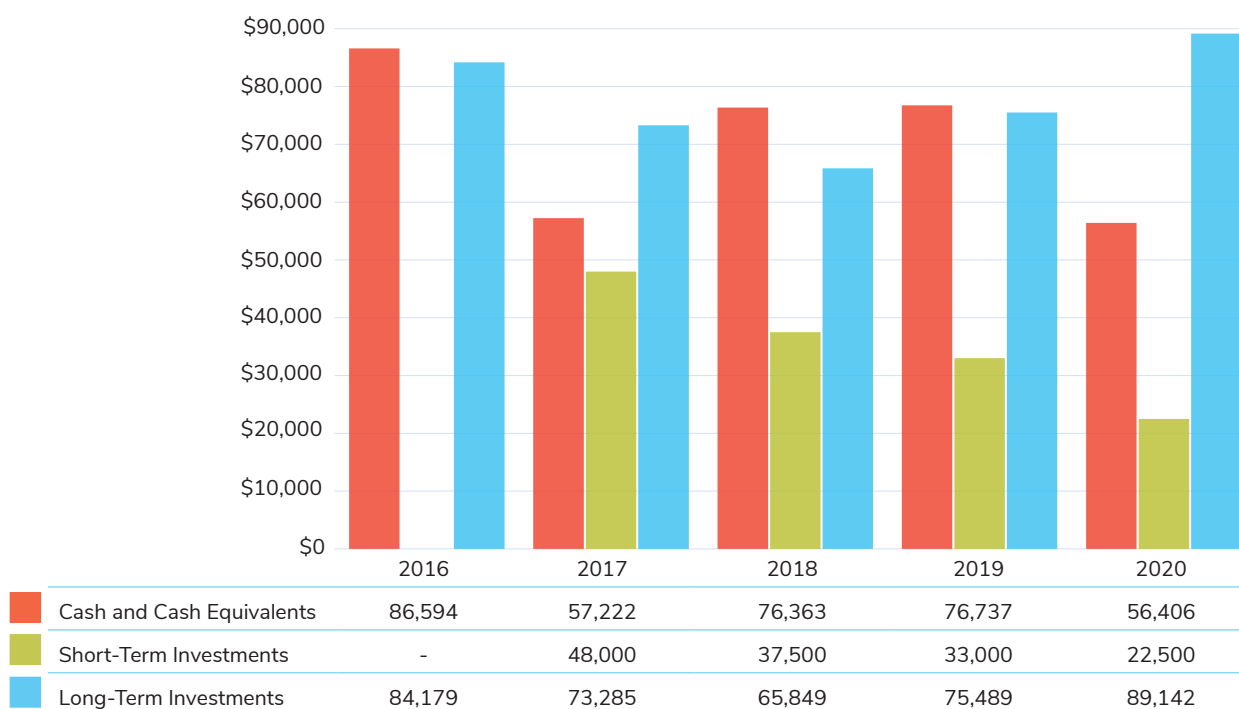
At the end of 2020 the year end cash equivalents balance was \$56.4 million. The \$20.3 million decrease over the 2019 year end balance of \$76.7 million was due to project funding requirements, market conditions along with the Town taking advantage of long term investment opportunities prior to the market downturn that occurred in March 2020 due to the COVID-19 pandemic. The average yield on cash balances for 2020 was 1.16%, generating \$0.9 million in interest income.

During 2020 short term investments, securities with a holding period of one year or less, were purchased as the yields were favourable to savings, high interest accounts and five year provincial bonds while still providing liquidity options if the funds were required. The average yield on short term investments for 2020 was 2.02%, generating \$0.6 million in investment earnings. At the end of 2020 the Town held \$22.5 million in short term securities. From the end of 2019 short-term investments declined by \$10.5 million due to market conditions towards the end of 2020.

Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$89.1 million, an increase of \$13.6 million from the previous year. The increase was related to market opportunities where it was advantageous to lock in long term investments at favourable rates prior to the COVID-19 pandemic. In 2020 the long term investment average rate of return was 2.39%, generating \$2.3 million in investment earnings.

Cash and Investments
(in thousands of dollars)



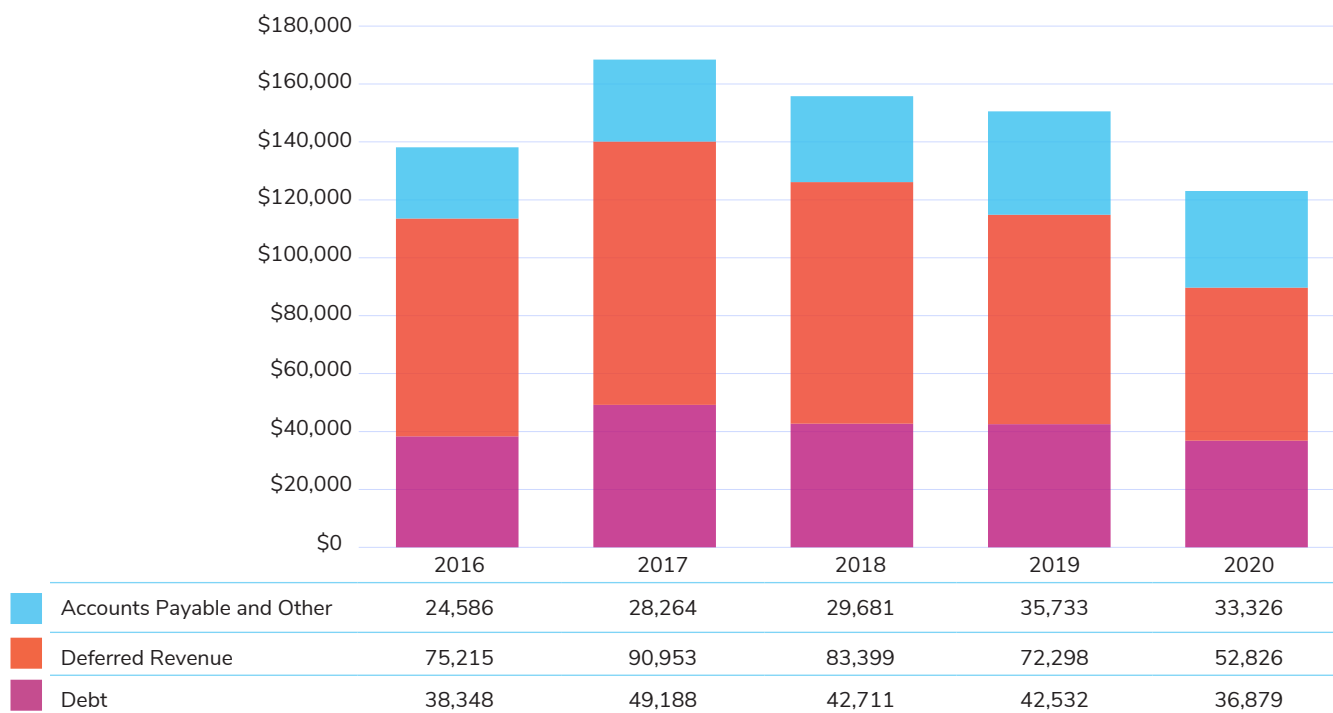
Financial Liabilities

The major contributors to the decrease of \$27.5 million in 2020 financial liabilities was decreased deferred revenue of \$19.5 million, amplified by a decrease in long-term debt of \$5.7 million and a decrease of \$2.4 million in Accounts Payable and other liabilities.

The decrease in deferred revenue was primarily attributable to the utilization of development charges for the construction of capital infrastructure. \$5.7 million of the long term debt owed by the Town has been repaid in 2020 and no new debt was issued. The decrease in Accounts Payable is attributed to the timing of the progress payments to subcontractor on the capital construction projects completed in previous year.

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

Financial Liabilities
(in thousands of dollars)



Debt

During 2020 the debenture obligations decreased from \$42.5 million to \$36.9 million due to \$5.6 million in principal payments and sinking fund adjustments. Based on the timing of capital project spending no new debt was issued in 2020.

Guidelines established through Ontario Regulation 403/02 allow for a maximum debt payment ratio of 25% of own source revenues, which in 2020 equaled \$17.7 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 6.97% is well within the guidelines set by both the Province and Town Council.

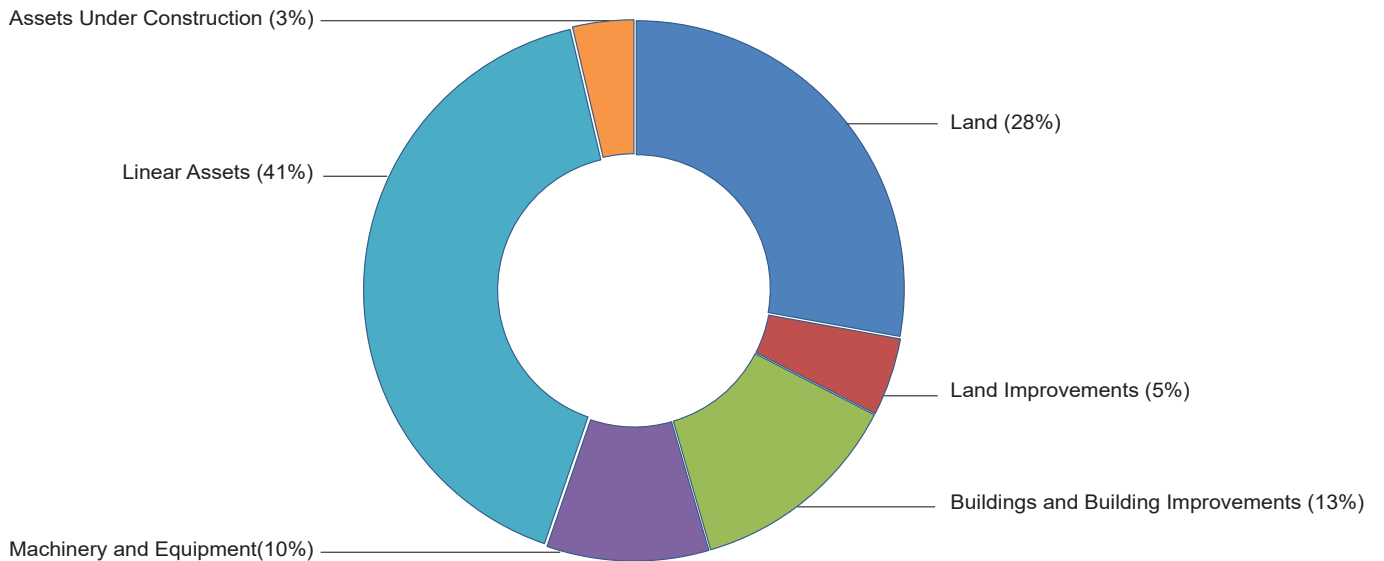
Financial Statements Discussion and Analysis

Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The increase of \$31.1 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.

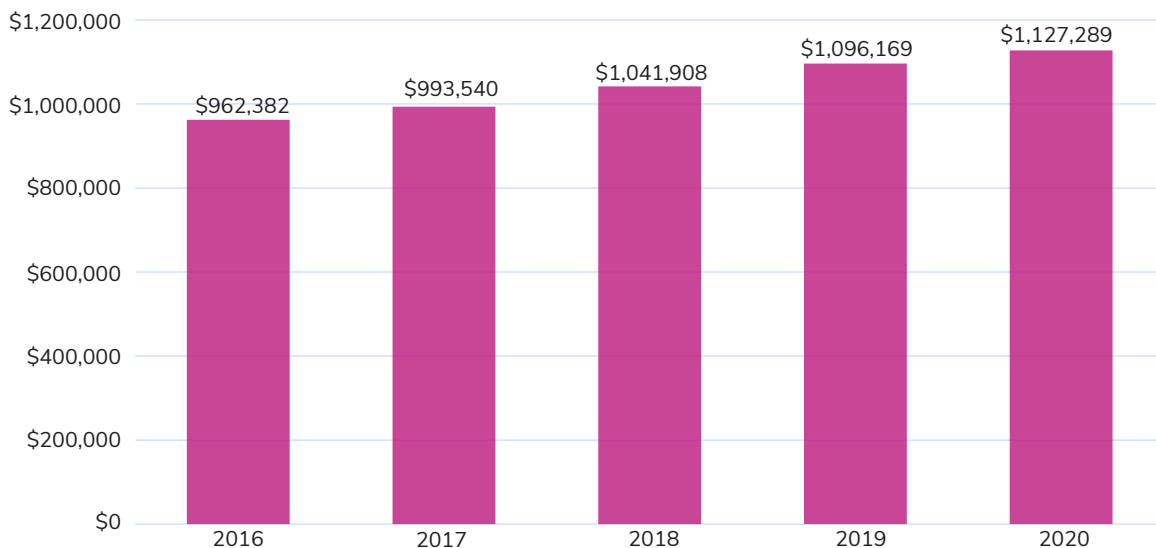
The pie chart below provides the breakdown of tangible capital assets by the function they support.

2020 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	2020	%	2019	%	Change	% Change
Land	\$ 313,955	27.8%	\$ 313,457	28.6%	\$ 498	0.05%
Land improvements	52,939	4.7%	53,336	4.8%	(397)	(0.04%)
Buildings and building improvements	146,049	13.0%	148,611	13.6%	(2,562)	(0.23%)
Machinery and equipment	110,136	9.8%	107,388	9.8%	2,748	0.25%
Linear assets	462,687	41.0%	453,762	41.4%	8,925	0.81%
Assets under construction	41,523	3.7%	19,615	1.8%	21,908	2.00%
Total	\$ 1,127,289	100.0%	\$ 1,096,169	100.0%	\$ 31,120	2.84%

Accumulated Surplus

Overall, the Town ended the year with an accumulated surplus of \$1,258.0 million, an increase of 3.32% from the prior year balance of \$1,217.5 million. This change represents the annual excess of revenues over expenses for the year of \$40.5 million, and is largely related to the infrastructure assumed from or funded by development.

It is critical for readers of the financial statements to understand that the term “accumulated surplus” cannot be construed as “cash or funds” available for spending, as the bulk of the value represents non-financial assets and reflects the Town’s investment in infrastructure which is used to deliver programs and services. They are not assets which are surplus to operations and available to be liquidated.

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)

	2020	2019	Change
Reserves	\$ 77,511	\$ 63,871	\$ 13,640
Reserve funds	15,158	22,307	(7,149)
Investment in tangible capital assets	1,127,289	1,096,169	31,120
Unexpended capital	19,151	20,374	(1,223)
Investment in Milton Hydro	59,962	61,220	(1,258)
Endowment fund	2,406	2,043	363
Unfunded liabilities	(43,467)	(47,551)	4,965
Total accumulated surplus	\$ 1,258,010	\$ 1,217,552	\$ 40,458

Financial Statements Discussion and Analysis

The reserve balances increased by \$13.6 million as contributions for future needs exceeded the current years withdrawals. Included in the increase is the 2020 year end surplus. Of the \$2.5 million year end surplus, \$1.2 million was transferred to the Tax Rate Stabilization reserve to mitigate any further financial impacts from the pandemic in 2021 or beyond and \$1.3 million was transferred to the WSIB reserve to mitigate any future liabilities.

Reserve Funds decreased by \$7.1 million in 2020 due to a planned \$4.5 million transfer from the Property Transactions reserve fund to support the Transit Operations Centre capital project. The other main driver of the decrease was a \$1.7 million decline in the Ontario Lottery and Gaming Corporation (OLG) reserve fund as the Town received lower than anticipated revenue from the OLG due to COVID-19 pandemic related closures at Woodbine Mohawk park.

In 2020 the reserve and reserve fund structure was updated through a Financial Policy Update (see staff report CORS-039-20). The updated policy included consolidating funds with similar purposes and/or relatively small balances, creation of several new reserves related to infrastructure in order to better align the funding structure to the related funding sources or capital investment planning processes and re-aligning various reserve and reserve fund balances to support the new structure.

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 \$4.9 million decrease in unfunded liabilities is mostly related to the reduction of the long term debt balance in 2020.

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 consolidated financial statements.

Financial Statements Discussion and Analysis

Revenues

2020 Budget to Actual Comparative Analysis

(in thousands of dollars)

Revenues	Budget	Actual	Variance	% Variance
Taxation	\$ 72,110	\$ 72,732	\$ 622	0.9%
User charges	21,963	10,186	(11,777)	(53.6%)
Government transfers:				
Federal	6,893	6,495	(398)	(5.8%)
Provincial	2,191	4,985	2,794	127.5%
Other municipalities	4,049	4,900	851	21.0%
Investment income	3,999	4,202	203	5.1%
Penalties and interest	2,602	2,225	(377)	(14.5%)
Developer contributions	35,647	34,580	(1,067)	(3.0%)
Developer contributed assets	-	13,370	13,370	100.0%
Proceeds from Ontario Lottery Corporation	6,200	1,551	(4,649)	(75.0%)
Licences, permits, rents etc.	7,224	6,193	(1,031)	(14.3%)
Equity in income of Milton Hydro	1,500	242	(1,258)	(83.9%)
Donations	265	899	634	239.2%
Other recoveries	-	62	62	100.0%
Miscellaneous	298	135	(163)	(54.7%)
Total revenues	\$ 164,941	\$ 162,757	\$ (2,184)	(1.30%)

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 consolidated 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 \$13.7 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 a unfavourable fluctuation in developer contributions revenue of \$1.1 million.

Financial Statements Discussion and Analysis

As a result of the pandemic the Town of Milton experienced substantial revenue losses in 2020 user charges which amounted to \$11.8 million. Revenues losses relative to budget were primarily experienced in the following areas:

- Recreation (\$9.7 million)
- Transit (\$1.3 million)
- Other (\$0.7 million)

A further \$4.6 million in lost revenue from the Ontario Lottery and Gaming Corporation proceeds was also realized.

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	2020	2019	Change	% Change
Taxation	\$ 72,732	\$ 67,289	\$ 5,443	8.1%
User charges	10,186	19,347	(9,161)	(47.4%)
Government transfers:				
Federal	6,495	3,990	2,505	62.8%
Provincial	4,985	4,412	573	13.0%
Other municipalities	4,900	6,422	(1,522)	(23.7%)
Investment income	4,202	4,854	(652)	(13.4%)
Penalties and interest	2,225	3,105	(880)	(28.3%)
Developer contributions	34,580	36,328	(1,748)	(4.8%)
Developer contributed assets	13,370	32,847	(19,477)	(59.3%)
Proceeds from Ontario Lottery Corporation	1,551	7,984	(6,433)	(80.6%)
Licences, permits, rents etc.	6,193	6,415	(222)	(3.5%)
Equity in income of Milton Hydro	242	2,542	(2,300)	(90.5%)
Donations	899	893	6	0.7%
Other recoveries	62	347	(285)	(82.1%)
Miscellaneous	135	370	(235)	(63.5%)
Total revenues	\$ 162,757	\$ 197,145	\$ (34,388)	(17.4%)

Total revenue reported for the year 2020 was \$162.8 million, a decrease of \$34.4 million from last year's amount of \$197.1 million.

Financial Statements Discussion and Analysis

The increase in taxation revenue of \$5.4 million is consistent with the increased 2020 levy requirement approved by Council. The decrease of \$9.2 million in User Charges revenue relates to facilities closures and limitations placed on how services could be delivered. Additionally, the Town received \$6.4 million less revenue than last year from the Ontario Lottery and Gaming Corporation proceeds due to the closure of Woodbine Mohawk Park and Racetrack.

The decrease in developer contributed assets of \$ 19.5 million is related to an increase 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 Consolidated 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

2020 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	\$ 16,509	\$ 20,659	\$ (4,150)	\$ 3,997	\$ (153)	\$ 199	\$ 47
Protection services	15,644	17,447	(1,803)	1,737	(66)	(98)	(165)
Transportation services	22,949	37,116	(14,167)	16,292	2,125	996	3,121
Environmental services	667	6,480	(5,813)	5,535	(278)	291	13
Health Services	750	1,861	(1,111)	-	(1,111)	1,120	9
Recreational and cultural services	31,543	31,893	(350)	10,627	10,277	(514)	9,763
Planning and development	6,813	6,843	(30)	6	(24)	1,049	1,025
Total expenses	\$ 94,875	\$ 122,299	\$ (27,424)	\$ 38,193	\$ 10,769	\$ 3,044	\$ 13,813

The 2020 financial position of the Town results in actual expenditures of \$122.3 million. The variance between the budget and actual columns is primarily related to tangible capital asset activity of \$38.2 million, which is comprised of amortization and losses on disposal that were not included in the budget column.

Financial Statements Discussion and Analysis

In addition, \$3.0 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 \$13.8 million in favourable variance.

Recreation and cultural services has realized costs savings in the amount of \$9.7 million resulting from the closure of Town facilities in 2020, the implementation of temporary leaves of part time and seasonal staff who support the impacted programs.

\$3.1 million favourable variance in Transportation services is representative of: \$1.1 million reduction in transit services contracts including fuel and vehicle maintenance, as the transit service provided to public has been reduced; \$1.3 million reduction in staffing costs in park and road maintenance operations and traffic operations; and \$0.5 million due to less than anticipated winter maintenance on Regional roads and the balance from the later opening and reduced service in parks, splash pads, fields and diamonds.

Staffing vacancies in Planning and Development services have also contributed to savings of \$1.0 million dollars.

With uncertainty earlier in 2020 as to the extent of funding that would be received from other levels of government, the Town proactively identified cost mitigation opportunities including holding full time positions vacant where possible and other savings in areas like professional development, copies and office supplies.

Year Over Year Comparative Analysis

(in thousands of dollars)

Expenses	2020	2019	Change	% Change
General government	\$ 20,659	\$ 19,900	\$ 759	3.8%
Protection services	17,447	16,230	1,217	7.5%
Transportation services	37,116	42,043	(4,927)	(11.7%)
Environmental services	6,480	3,418	3,062	89.6%
Health Services	1,861	1,767	94	5.3%
Recreational and cultural services	31,893	38,316	(6,423)	(16.8%)
Planning and development	6,843	7,231	(388)	(5.4%)
Total expenses	\$ 122,299	\$ 128,905	\$ (6,606)	(5.1%)

The 2020 financial position of the Town results in a \$6.6 million or 5.1% reduction in expenses over 2019.

Protection to persons and property services has incurred \$1.2 million more in expenses compared to 2019 due to direct costs of mitigating COVID-19 impact on the town facilities and property, include augmentation of public facing areas, personal protective equipment, IT service agreement costs and social advertising. The Town received \$2.3 million from the Municipal Operating Fund stream of the Federal-Provincial Safe Restart Agreement funding intended to assist municipalities in managing the financial pressures associated with COVID-19.

Financial Statements Discussion and Analysis

Transportation services experienced an increase of \$4.9 million in savings compared to last year, of which \$1.9 million is related to capital activity: \$1.4 million less than in 2019 is a loss of unamortized value of roads that were replaced to improve condition of the base and sewer lines underneath; \$1.3 million less than last year are to costs in capital projects that do not meet capital requirement and have to be expensed; and \$0.7 million increase in amortization expense as more road infrastructure is built and assumed during the year.

Remaining favourable variance of \$3.0 million in operating costs is mainly attributable to:

- \$1.6 million decrease in Town's contracts related to lighter winter conditions this year and reduced maintenance requirements for public transit vehicles, as public transit service was reduced during the pandemic.
- \$0.9 million decrease in winter control materials due to less than anticipated winter maintenance on Regional and Town roads.
- \$0.5 million reduction in labour expenses resulted from summer students who were not hired in 2020 and temporary leaves of the crossing guards from March through to the end of June.

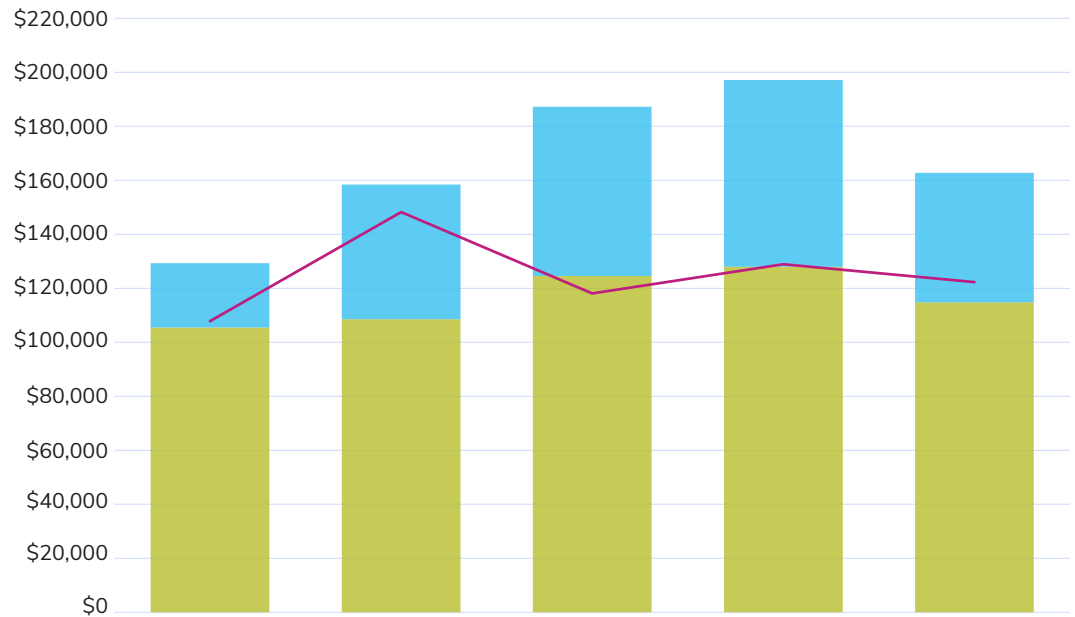
2020 costs of operating Recreational and Cultural Services were reduced by \$6.4 million dollars, mostly attributable to facilities closure and program cancellations due to COVID-19 pandemic measures taken by the province:

- \$3.5 million reduction in labour costs in recreational programs and facility maintenance,
- \$1.3 million reduction in facility maintenance and program contracts costs,
- \$1.1 million reduction in utilities and facility material costs,
- \$0.5 million dollars reduction of program subsidies not distributed due to program cancellations,
- \$0.5 million dollars reduction in facility rental expense for programs and camps not run in either of Halton school boards' facilities.
- \$0.5 million less contributed to the community in 2020 compared to previous year, due to timing of 2019 and 2020 Community Fund Grant payments, as well as timing of contributions to endowment fund that supports children's art programming.
- \$1.1 million increase of amortization expense recorded in 2020 as Sherwood community Centre and other newly assumed assets began to amortize.

Environmental Services increase in expenses of \$3.1 million over last year is mostly attributable to adjustments made reflecting the timing of certain storm ponds being assumed by the Town.

Financial Statements Discussion and Analysis

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



	2016	2017	2018	2019	2020
Revenue: Developer Contributions	23,823	49,857	62,692	69,175	47,950
Revenue: Other	105,477	108,556	124,548	127,970	114,807
Expenses	107,837	148,239	118,093	128,905	122,299

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 \$9.6 million, compared to last year’s increase of \$13.6 million. This is primarily attributable to decreases in deferred revenue balances, partially offset by a lesser decrease in financial assets, mostly attributable to reduction in Town’s cash position, as described in earlier sections.

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.

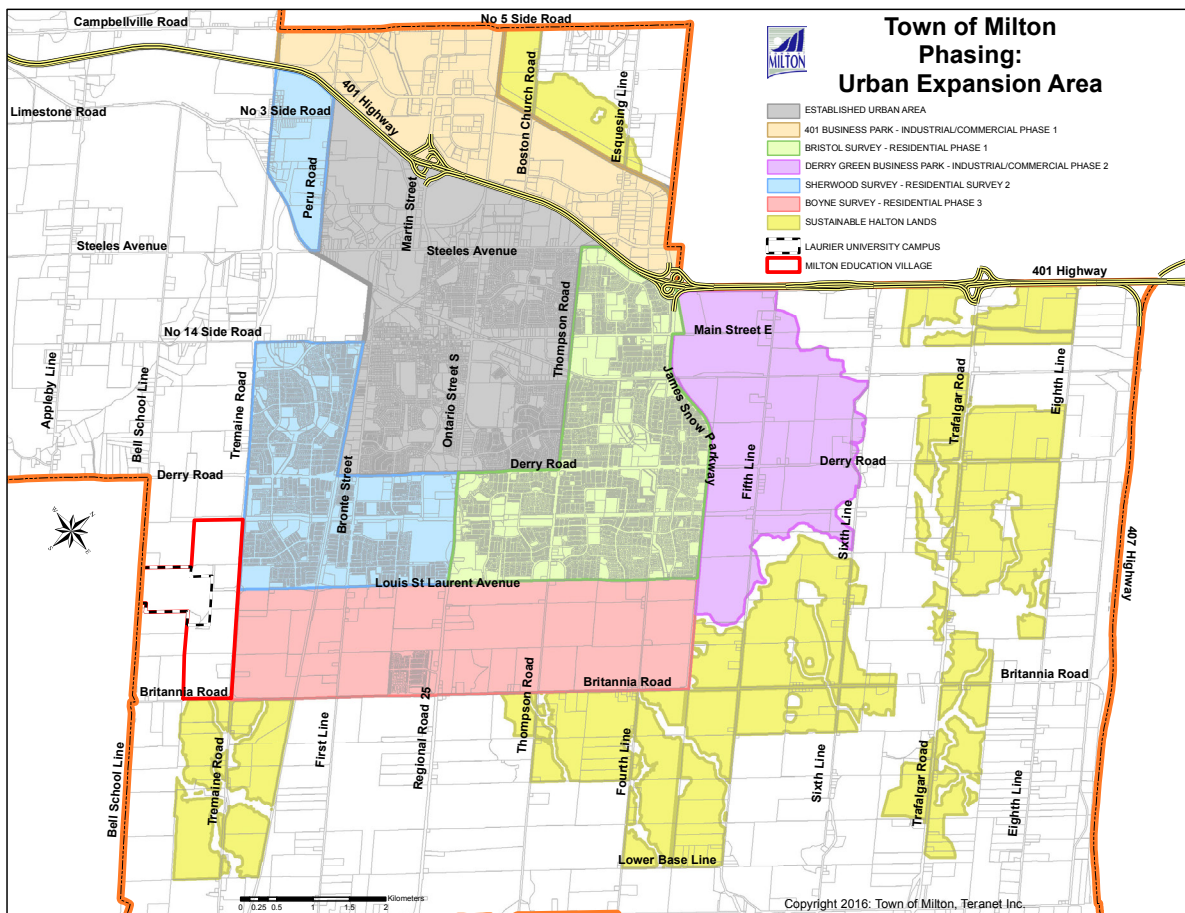
The consolidated cash position of the municipality decreased by \$20.3 million from \$76.7 million in 2019 to \$56.4 million in 2020. Various operating activities increased the Town's cash position by \$43.2 million, which was offset by outflow of cash from capital activities \$56.3 million due to the acquisition of tangible capital assets. Investing activities, such as purchase of investments of \$3.2 million offset by Milton Hydro dividend of \$1.5 million further reduced cash position by \$1.7 million in 2020. \$5.7 million in debt principal repayment and lack of new debt issuance had also contributed to cash outflow in 2020.

All financial information contained within the 2020 Financial Report has been reviewed and approved by the Treasurer, with final approval of Council.

June 7, 2021

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 2051 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

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. In 2020 the Town initiated the secondary planning process for the Britannia Secondary Plan area that encompasses approximately 1,040 hectares immediately south of the Boyne Survey Secondary Plan area.

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. In 2020 Council approved a secondary plan for the area and forwarded the related studies to Halton Region in support of the related Official Plan Amendment.

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 2020, the Town completed the Milton Mobility Hub Study that presented a planning framework that provides flexibility as development of the area is likely to continue beyond a 30 year period.

Planning to 2051 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 2051 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. The Town of Milton continues to participate in the process to ensure that the vision of Council for growth within the Town can be realized.

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.

An updated study will be prepared in 2021 to reflect legislative and other changes, and will be an important resource to ensure that growth is managed in a fiscally responsible manner as the Town expands to new secondary plan areas.

Asset Management Planning

The Town's Asset Management Plan (AMP) was last updated in 2017. 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 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.

Through 2020 the Town began updating its Asset Management Plan for core assets to ensure compliance with requirements outlined in the legislation. The updated AMP is scheduled to be presented to Council in 2021 and will provide an update on the funding gap in the Town's major asset classes along with funding strategies for consideration.

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 2021 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 2021 specifically the capital budget includes 109 projects worth \$56.2 million with a significant focus on roads including the continued reconstruction and widening of Bronte Street between Main Street and Steeles Avenue and the rehabilitation and maintenance of various roads throughout the Town, using asphalt overlay, expanded asphalt and surface treatment methods. Of the total program, 35.7% is required for projects related to growth in the community, 53.7% 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 2021 Operating budget involves a gross expenditure of \$147.4 million for the programs and services provided to the community. Of the total, 53% is funded through property taxation with the remainder from other sources such as user fees, service charges and other transfers.

Looking beyond 2021, the 9-year forecast projects a capital investment of \$864.9 million with 49.3% of expenditures relating to growth. Similar to the year 2021, the largest areas of investment will remain the transportation and public facilities programs, accounting for 48% and 23% 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 focusing on the Community Services Department as well as the Engineering – Operations division was completed. Findings from that process have been implemented through 2020. 2020 also saw completion of the next phase of analysis, that focused on the Town's Corporate Services as well as the Administrative Monetary Penalty System.

Glen Cowan
Chief Financial Officer & Treasurer

June 7, 2021

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2020 Town of Milton Financial Report

Consolidated Financial Statements

For the year ended December 31, 2020

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.

All financial information contained within the 2020 Financial Report has been reviewed and approved by the Treasurer, with final approval of Council.

June 7, 2020

Independent Auditors' Report



KPMG LLP
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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 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, 2020
- 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 financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020 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 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 The Corporation of the Town of Milton – Financial Report 2020.

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 Town of Milton – Financial Report 2020 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 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 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 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.

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 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 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 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
June 7, 2021

The Corporation of the Town of Milton

Consolidated Statement of Financial Position

As at December 31, 2020 with comparative information for 2019
(in thousands of dollars)

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 56,406	\$ 76,737
Accounts receivable (note 2)		
Taxes receivable	9,477	6,523
Grants receivable	352	292
Other	11,520	14,441
Investments (note 3)	111,642	108,489
Investment in Milton Hydro Holdings Inc. (note 4)	59,962	61,220
Other assets	3,188	2,735
Total financial assets	252,547	270,437
Liabilities:		
Accounts payable and accrued liabilities	19,654	23,533
Other liabilities	6,984	6,419
Deferred revenue (note 5)	52,826	72,298
Long-term debentures (note 6)	36,879	42,532
Developer obligations (note 7)	3,398	2,613
WSIB, employee benefits and other liabilities (note 8)	3,290	3,168
Total liabilities	123,031	150,563
Net financial assets	129,516	119,874
Non-financial assets:		
Tangible capital assets (note 10)	1,127,289	1,096,169
Inventories of supplies	543	805
Prepaid expenses	662	704
Total non-financial assets	1,128,494	1,097,678
Commitments (note 16)		
Contingent liabilities and guarantees (note 17)		
Accumulated surplus (note 11)	\$ 1,258,010	\$ 1,217,552

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, 2020 with comparative information for 2019
(in thousands of dollars)

	Budget (Note 15)	2020	2019
Revenues:			
Taxation (note 12)	\$ 72,110	\$ 72,732	\$ 67,289
User charges	21,963	10,186	19,347
Government transfers:			
Federal (note 13)	6,893	6,495	3,990
Provincial (note 13)	2,191	4,985	4,412
Other municipalities	4,049	4,900	6,422
Investment income	3,999	4,202	4,854
Penalties and interest	2,602	2,225	3,105
Developer contributions	35,647	34,580	36,328
Developer contributed assets	-	13,370	32,847
Proceeds from Ontario Lottery Corporation	6,200	1,551	7,984
Licenses, permits and rents	7,224	6,193	6,415
Equity in income of Milton Hydro Holding Inc. (note 4)	1,500	242	2,542
Donations	265	899	893
Other recoveries	-	62	347
Miscellaneous	298	135	370
Total revenues	164,941	162,757	197,145
Expenses:			
General government	16,509	20,659	19,900
Protection services	15,644	17,447	16,230
Transportation services	22,949	37,116	42,043
Environmental services	667	6,480	3,418
Health services	750	1,861	1,767
Recreation and cultural services	31,543	31,893	38,316
Planning and development	6,813	6,843	7,231
Total expenses	94,875	122,299	128,905
Annual surplus	70,066	40,458	68,240
Accumulated surplus, beginning of year	1,217,552	1,217,552	1,149,312
Accumulated surplus , end of year (note 11)	\$ 1,287,618	\$ 1,258,010	\$ 1,217,552

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, 2020 with comparative information for 2019
(in thousands of dollars)

	Budget (Note 15)	2020	2019
Annual surplus	\$ 70,066	\$ 40,458	\$ 68,240
Acquisition of tangible capital assets	(77,842)	(69,672)	(88,303)
Amortization	-	33,644	30,378
Loss (Gain) on disposal of tangible capital assets	-	4,857	3,445
Proceeds on sale of tangible capital assets	-	51	219
	(7,776)	9,338	13,979
Change in inventories of supplies	-	262	(133)
Change in prepaid expenses	-	42	(236)
Change in net financial assets	(7,776)	9,642	13,610
Net financial assets, beginning of year	119,874	119,874	106,264
Net financial assets, end of year	\$ 112,098	\$ 129,516	\$ 119,874

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, 2020 with comparative information for 2019
(in thousands of dollars)

	2020	2019
Operating Activities:		
Annual surplus	\$ 40,458	\$ 68,240
Items not involving cash:		
Amortization	33,644	30,378
Loss (gain) on disposal of tangible capital assets	4,857	3,445
Developer contributions of tangible capital assets	(13,370)	(32,847)
Change in employee benefits and other liabilities	122	309
Equity in income of Milton Hydro Holdings Inc.	(242)	(2,542)
Change in non-cash assets and liabilities:		
Accounts receivable	(93)	(1,567)
Other assets	(453)	(259)
Accounts payable and accrued liabilities	(3,879)	6,081
Other liabilities	565	(905)
Deferred revenue	(19,472)	(11,101)
Developer obligations	785	567
Inventories of supplies	262	(133)
Prepaid expenses	42	(236)
Net change in cash from operating activities	43,226	59,430
Capital Activities:		
Proceeds on sale of tangible capital assets	51	219
Cash used to acquire tangible capital assets	(56,302)	(55,456)
Net change in cash from capital activities	(56,251)	(55,237)
Investing Activities:		
Investments	(3,153)	(5,140)
Dividends from Milton Hydro Holdings Inc.	1,500	1,500
Net change in cash from investing activities	(1,653)	(3,640)
Financing Activities		
Debt issued and assumed	-	5,515
Debt principal repayment	(5,653)	(5,694)
Net change in cash from financing activities	(5,653)	(179)
Net change in cash	(20,331)	374
Cash and cash equivalents, beginning of year	76,737	76,363
Cash and cash equivalents, end of year	\$ 56,406	\$ 76,737
Cash paid for interest on long-term debt	(1,129)	(1,233)
Cash received from interest on investments	\$ 3,813	\$ 4,859

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

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The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(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 are reflected as reductions in the investment asset account.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(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 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, 2020
(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, 2020
(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, 2020
(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, 2020
(in thousands of dollars)

2. Accounts receivable:

Taxes receivable of \$9,477 (2019 - \$6,523) reported on the Consolidated Statement of Financial Position include supplementary taxes of \$523 (2019 - \$300) recorded in 2020 as earned, but not due until 2021. Other accounts receivable are reported net of a valuation allowance of \$1,234 (2019 - \$109).

3. Investments:

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

	2020	
	Cost	Market Value
Short-term notes and deposits	\$ 22,500	\$ 22,500
Government and government guaranteed bonds	24,571	25,054
Municipal bonds	8,494	9,303
Financial institutions	56,077	56,358
Total investments, year end	\$ 111,642	\$ 113,215

	2019	
	Cost	Market Value
Short-term notes and deposits	\$ 33,000	\$ 33,000
Government and government guaranteed bonds	26,622	26,592
Municipal bonds	8,488	8,647
Financial institutions	40,379	40,328
Total investments, year end	\$ 108,489	\$ 108,567

4. 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, 2020
(in thousands of dollars)

4. 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:

	2020	2019
Financial Position:		
Assets:		
Current	\$ 35,927	\$ 39,230
Capital	123,321	118,807
Other non-current assets	6,668	5,220
Regulatory balances	9,539	9,142
Total assets	175,455	172,399
Liabilities:		
Current	31,826	30,790
Long term debt	45,110	46,079
Long term note payable to Town of Milton	14,934	14,934
Other non-current liabilities	31,349	27,840
Regulatory balances	7,208	6,470
Total liabilities	130,427	126,113
Equity:		
Share capital	17,549	17,549
Retained earnings	27,479	28,737
Total equity	45,028	46,286
Total liabilities and equity	175,455	172,399
Operations:		
Revenue (including other comprehensive income)	146,121	133,740
Expenses (including income tax provision)	145,538	127,998
Income net of taxes	583	5,742
Net movement in regulatory balances, net of tax	(341)	(3,200)
Total comprehensive income	242	2,542
Dividend paid to Town of Milton	(1,500)	(1,500)
Change in equity	(1,258)	1,042
Town of Milton investment represented by:		
Promissory note receivable from Milton Hydro	14,934	14,934
2,000 Common shares	17,549	17,549
Retained earnings, end of year	27,479	28,737
Total investment in Milton Hydro	\$ 59,962	\$ 61,220

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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4. 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 \$4,098 (2019 - \$3,506). Property taxes paid to the Town by Milton Hydro was \$252 (2019 - \$224).

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 (2019 - \$1,083).

5. Deferred revenue:

(a) Deferred revenue continuity:

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

	2020	2019
Obligatory reserve funds (note 5.b)	\$ 34,476	\$ 53,529
Subdivision agreement fees	3,497	3,013
Property taxes prepaid	6,424	6,189
Development fees	1,488	1,004
Investment in the Arts Campaign naming rights	744	881
Naming Opportunities Deferred	5,754	6,248
Prepaid facility rentals and program registrations	39	766
Other	404	668
Total deferred revenue	\$ 52,826	\$ 72,298

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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5. Deferred revenue (continued):

(a) Deferred revenue continuity (continued):

	2020	2019
Balance, beginning of year:		
Obligatory reserve funds (note 5.b)	\$ 53,529	\$ 63,511
Subdivision agreement fees	3,013	3,139
Property taxes prepaid	6,189	5,712
Development fees	1,004	1,673
Investment in the Arts Campaign naming rights	881	1,021
Naming opportunities	6,248	6,559
Prepaid facility rentals and program registrations	766	925
Other	668	859
Total beginning balance	72,298	83,399
Receipts:		
Obligatory reserve funds	20,127	29,944
Interest earned on obligatory reserve funds	591	1,138
Subdivision agreement fees	2,316	1,519
Property taxes prepaid	6,424	6,189
Development fees	1,191	295
Naming opportunities	100	291
Prepaid facility rentals and program registrations	40	766
Other	323	611
Total receipts	31,112	40,753
Transfers to revenue:		
Obligatory reserve funds	(39,771)	(41,064)
Subdivision agreement fees	(1,832)	(1,645)
Property taxes prepaid	(6,189)	(5,712)
Development fees	(707)	(964)
Investment in the Arts Campaign naming rights	(137)	(137)
Naming opportunities	(594)	(602)
Prepaid facility rentals and program registrations	(767)	(925)
Other	(587)	(805)
Total transfers to revenue	(50,584)	(51,854)
Balance, end of year	\$ 52,826	\$ 72,298

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

5. Deferred revenue (continued):

(b) Deferred revenue - obligatory reserve funds:

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

	2020	2019	Net Change
Building stabilization	\$ 3,401	\$ 3,493	\$ (92)
Cash in lieu of parking	329	323	6
Cash in lieu of parkland	10,441	9,178	1,263
Federal gas tax	5,136	7,337	(2,201)
Ontario community infrastructure fund	-	816	(816)
Provincial gas tax	473	266	207
Provincial government transfers	14	-	14
Arts programming	6	6	-
Development charges	14,676	32,110	(17,434)
	\$ 34,476	\$ 53,529	\$ (19,053)

6. 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:

	2020	2019
Serial debentures issued by Region of Halton, beginning of year	\$ 28,845	\$ 28,679
Less: Principal repayment	(5,452)	(5,349)
Add: New debt issued	-	5,515
Total serial debentures	23,393	28,845
Sinking fund debenture, beginning of year	15,000	15,000
Less: Sinking fund assets	(1,514)	(1,313)
Total sinking fund debenture	13,486	13,687
Net long-term debentures, end of year	\$ 36,879	\$ 42,532

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

6. 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
2021	\$ 1,979	\$ 797	\$ 22	\$ 1,779	\$ 4,577
2022	1,956	196	23	1,806	3,981
2023	1,978	-	-	1,836	3,814
2024	1,288	-	-	1,870	3,158
2025	1,204	-	-	1,909	3,113
2026 - 2030	2,923	-	-	4,551	7,474
2031 - onward	-	-	-	10,762	10,762
	\$ 11,328	\$ 993	\$ 45	\$ 24,513	\$ 36,879

Of the future principal repayment amounts presented from Discretionary Reserve Funds, approximately \$5,796 is expected to be funded from investment earnings that are generated on the sinking fund contributions that are made in advance of the maturity date. The investment earnings are managed by the Region of Halton and the actual return will be subject to market conditions. The Town will remain responsible for the entire sinking fund debenture net of the final cumulative investment earnings amount.

(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 \$1,103 in 2020 (2019 - \$1,202). 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, 2020
(in thousands of dollars)

7. 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:

	2020	2019
Subdivision agreements - parks	\$ 352	\$ 19
Subdivision agreements - roads	29	13
Sustainable Halton Studies	3,017	2,581
Developer obligations, end of year	\$ 3,398	\$ 2,613

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.

8. 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:

	2020	2019
Future payments to WSIB	\$ 1,626	\$ 1,578
Retiree benefits	820	828
Vacation pay and banked overtime	844	762
Total	\$ 3,290	\$ 3,168

(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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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8. WSIB, employee benefits and other liabilities (continued):

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

actuarial study of the workplace safety and insurance liabilities for future payments on WSIB claims has 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 Estimated Average Remaining Service Life (EARSL) is 13.68 years, which is calculated using the Mean Term of the unescalated future payments for existing WSIB claims.

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

Interest (gross discounted rate)	4.00% per annum
Administration costs	38.00% of compensation
Compensation costs (including loss of earnings, health care benefits, survivor benefits 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:

	2020	2019
Accrued WSIB obligation, beginning of year	\$ 1,709	\$ 1,660
Benefit costs	143	139
Interest	68	66
Benefit payments	(164)	(156)
	1,756	1,709
Net unamortized actuarial loss	(130)	(131)
Accrued WSIB liability, end of year	\$ 1,626	\$ 1,578

The Town has established a WSIB reserve to mitigate the future impact of the WSIB obligations in the amount of \$2,867 (2019 - \$1,212).

In the current year, amortization of net actuarial loss of \$1 (2019 - \$1) has been included in the benefit expense on the Consolidated Statement of Operations.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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8. 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 for three consecutive years. An actuarial update was performed in 2019. The Estimated Average Remaining Service Life (EARSL) increases to 13 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 in 2019 decreasing by 0.33% per year to 3.75% in 2028 and 3.75% per annum thereafter

	2020	2019
Accrued benefits obligation, beginning of year	\$ 798	\$ 711
Current benefit cost	34	111
Actuarial loss	-	-
Interest	29	26
Benefits paid	(52)	(50)
	809	798
Unamortized actuarial gain	11	30
Accrued benefits liability, end of year	\$ 820	\$ 828

In the current year amortization of the actuarial gains and losses of \$19 (2019 - \$19) has been included in benefit expense on the Consolidated Statement of Operations.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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9. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of 475 (2019 – 490) 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 \$58.7 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The Town’s contribution to OMERS for 2020 was \$3,998 (2019 - \$3,930) for current service and is included as an expense on the Consolidated Statement of Operations. Employees’ contribution to OMERS in 2020 was \$3,998 (2019 - \$3,930).

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 primary pension plan has a deficit of \$3.2 billion as of December 31, 2020 (2019 - \$3.4 billion).

There was no change in contribution rates in 2020. 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, 2020
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10. Tangible Capital Assets:

Cost	Balance at, December 31, 2019	Additions	Disposals	Balance at, December 31, 2020
Land	\$ 313,457	\$ 498	\$ -	\$ 313,955
Land improvements	76,386	5,944	(3,533)	78,797
Buildings and building improvements	184,058	3,182	(1,705)	185,535
Machinery and equipment	180,315	14,207	(2,038)	192,484
Linear assets	754,580	23,933	(6,575)	771,938
Assets under construction	19,615	21,908	-	41,523
Total	\$ 1,528,411	\$ 69,672	\$ (13,851)	\$ 1,584,232

Accumulated amortization	Balance at, December 31, 2019	Amortization	Disposals	Balance at, December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	23,050	4,024	(1,216)	25,858
Building and building improvements	35,447	4,346	(307)	39,486
Machinery and equipment	72,927	11,444	(2,023)	82,348
Linear assets	300,818	13,830	(5,397)	309,251
Assets under construction	-	-	-	-
Total	\$ 432,242	\$ 33,644	\$ (8,943)	\$ 456,943

Net book value	December 31, 2019	December 31, 2020
Land	\$ 313,457	\$ 313,955
Land improvements	53,336	52,939
Buildings and building improvements	148,611	146,049
Machinery and equipment	107,388	110,136
Linear assets	453,762	462,687
Assets under construction	19,615	41,523
Total	\$ 1,096,169	\$ 1,127,289

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

10. Tangible Capital Assets (continued):

Cost	Balance at, December 31, 2018	Additions	Disposals	Balance at, December 31, 2019
Land	\$ 288,834	\$ 24,623	\$ -	\$ 313,457
Land Improvements	69,394	8,345	(1,353)	76,386
Building and building improvements	155,633	29,805	(1,380)	184,058
Machinery and equipment	160,646	23,842	(4,173)	180,315
Linear assets	740,027	25,235	(10,682)	754,580
Assets under construction	43,162	(23,547)	-	19,615
Total	\$ 1,457,696	\$ 88,303	\$ (17,588)	\$ 1,528,411

Accumulated amortization	Balance at, December 31, 2018	Amortization	Disposals	Balance at, December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	20,996	3,112	(1,058)	23,050
Buildings and building improvements	32,210	3,862	(625)	35,447
Machinery and equipment	66,732	10,215	(4,020)	72,927
Linear assets	295,850	13,189	(8,221)	300,818
Assets under construction	-	-	-	-
Total	\$ 415,788	\$ 30,378	\$ (13,924)	\$ 432,242

Net book value	Balance at, December 31, 2018	Balance at, December 31, 2019
Land	\$ 288,834	\$ 313,457
Land improvements	48,398	53,336
Buildings and building improvements	123,423	148,611
Machinery and equipment	93,914	107,388
Linear assets	444,177	453,762
Assets under construction	43,162	19,615
Total	\$ 1,041,908	\$ 1,096,169

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

10. Tangible Capital Assets (continued):

(a) Assets under construction:

Assets under construction, having a value of \$41,523 (2019 - \$19,615), 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 \$13,370 (2019 - \$32,847) and is comprised of land and land improvements in the amount of \$2,623 (2019 - \$25,610) and linear assets in the amount of \$10,747 (2019 - \$7,237).

(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 an Agreement of Purchase and Sale that may require it to transfer a certain parcels of land to post-secondary institutions. These transfers are contingent upon the post-secondary institutions meeting certain conditions. The net book value of the applicable parcels of land is approximately \$7,700 and is included in tangible capital assets at December 31, 2020.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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11. Accumulated surplus:

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

	2020	2019
Reserves set aside by Council:		
Aggregate permit fees	\$ 367	\$ 483
Capital provision / growth	12,167	13,387
Capital works	-	7,703
Computer replacement	5,492	1,245
Downtown Business Improvement Area	166	107
Election	504	314
Equipment replacement	8,152	7,835
Growth related resources	-	2,068
Growth - Capital	7,588	-
Infrastructure renewal	11,776	4,964
Infrastructure Renewal - Stormwater	2,748	-
Infrastructure Renewal - Rec Facilities	7,037	-
Insurance	1,573	1,413
Legal action	1,439	1,341
Library services	859	2,204
Library capital	1,767	674
Municipal building component	-	7,973
Municipal building replacement	-	435
Per unit development processing fee	1,224	1,468
Seniors fundraising	76	76
Studies and Other Non-Growth	2,082	-
Tax rate stabilization	8,160	4,190
Training	-	461
Transit and transportation	-	1,786
Winter control	1,467	1,468
Working funds	-	1,064
WSIB	2,867	1,212
Total reserves	77,511	63,871

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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11. Accumulated surplus (continued):

	2020	2019
Reserve funds set aside for specific purpose by Council:		
Cash in lieu of storm management	-	46
Investment in the Arts Campaign	-	609
Mayors legacy	92	91
Milton District Hospital	310	371
Ontario Lottery Corporation proceeds	7,496	9,045
Perpetual maintenance	-	605
Property transactions	7,260	11,496
Sports field development	-	44
Total reserve funds	15,158	22,307
Surplus:		
Invested in tangible capital assets	1,127,289	1,096,169
Unexpended Capital	19,151	20,374
Community Foundation of Halton North - Endowment fund	2,406	2,043
Investment in Milton Hydro Holdings Inc.	59,962	61,220
Unfunded:		
Long term debentures	(36,879)	(42,532)
Employee future benefits	(2,446)	(2,406)
Developer obligations	(3,398)	(2,613)
Investment In the Arts Deferred Naming Donations	(744)	(881)
Total surplus	1,165,341	1,131,374
Total accumulated surplus	\$ 1,258,010	\$ 1,217,552

12. Taxation:

Taxation revenue reported on the Consolidated Statements of Operations is made up of the following:

	2020	2019
Municipal and school property taxes	\$ 211,618	\$ 201,862
Payments-in-lieu of property and business taxes	1,752	1,630
Balance, end of year	213,370	203,492
Payments to Region and school boards	(140,638)	(136,203)
Net property taxes and payments in-lieu available for municipal purposes	\$ 72,732	\$ 67,289

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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13. Government transfers:

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

	2020	2019
Ontario grants:		
Association of Municipalities of Ontario	\$ -	\$ 131
Ontario's After School Program	29	48
Elderly Persons Centres Program	54	53
Gas Tax Program	983	1,069
Public Library Pay Equity Grant	3	3
Ministry of Transportation - fire calls on King's highways	94	86
Ministry of Municipal Affairs - Audit and Accountability Fund	39	-
Municipal Transit Enhanced Cleaning	22	-
Ontario Arts Council Programs	26	-
Ontario Community Infrastructure Fund	830	2,834
Public Library Operating Grant	52	52
Safe Restart Program	2,796	-
TO2015 Sport Legacy Fund	57	57
Clean Water and Wastewater Fund (Ontario)	-	79
Subtotal Provincial grants	4,985	4,412
Federal grants:		
Clean Water and Wastewater Fund	-	158
Digital Service Squad Program	18	-
Gas Tax Fund	5,684	2,746
Public Transit Infrastructure Fund	5	49
Municipalities for Climate Innovation Program (MCI)	-	237
New Horizons for Seniors Program	2	-
Seniors for Seniors: Employment and Social Development Canada	-	25
Canada Summer Jobs	12	9
TO2015 Sport Legacy Fund	774	766
Subtotal Federal grants	6,495	3,990
Total transfers	\$ 11,480	\$ 8,402

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
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14. 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, 2020
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14. 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

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14. Segmented information (continued):

	2020							Total
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	
Revenues:								
Taxation	\$ 14,486	\$ 13,898	\$ 17,456	\$ 575	\$ 650	\$ 20,532	\$ 5,135	\$ 72,732
User charges	1,114	142	857	4	-	5,015	3,054	10,186
Government transfers								
Federal	-	-	5,689	-	-	784	22	6,495
Provincial	-	2,505	2,258	-	-	222	-	4,985
Other municipalities	-	1,304	3,251	-	293	52	-	4,900
Investment income	4,194	-	-	-	-	8	-	4,202
Penalties and interest	1,250	-	932	-	-	43	-	2,225
Developer contributions	196	4,369	23,263	902	821	3,127	1,902	34,580
Developer contributed assets	-	-	7,742	5,579	-	49	-	13,370
Proceeds from Ontario Lottery Corporation	1,551	-	-	-	-	-	-	1,551
Licenses, permits and rents	523	5,284	81	-	-	286	19	6,193
Equity in income of Milton Hydro Holding Inc.	242	-	-	-	-	-	-	242
Donations	-	-	-	-	-	859	40	899
Other recoveries	4	-	58	-	-	-	-	62
Miscellaneous	12	-	93	-	-	30	-	135
Total revenues	23,572	27,502	61,680	7,060	1,764	31,007	10,172	162,757
Expenses:								
Salaries, wages and employee benefits	11,584	13,830	5,256	242	-	13,088	5,091	49,091
Purchased goods	1,640	879	2,686	55	-	4,170	114	9,544
Purchased services	2,245	925	12,689	642	1,120	3,063	1,617	22,301
Financial expenses / (recovery)	2,579	57	1,371	2,323	741	383	15	7,469
Transfers to others	-	19	-	-	-	231	-	250
Amortization expense	2,611	1,737	15,114	3,218	-	10,958	6	33,644
Total expenses	20,659	17,447	37,116	6,480	1,861	31,893	6,843	122,299
Annual surplus / (deficit)	\$ 2,913	\$ 10,055	\$ 24,564	\$ 580	\$ (97)	\$ (886)	\$ 3,329	\$ 40,458

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

14. Segmented information (continued):

	2019							Total
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	
Revenues:								
Taxation	\$ 11,865	\$ 10,819	\$ 16,482	\$ 454	\$ 553	\$ 22,636	\$ 4,480	\$ 67,289
User charges	1,151	54	2,057	12	-	13,425	2,648	19,347
Government transfers								
Federal	-	-	2,794	158	-	1,036	2	3,990
Provincial	99	86	3,903	79	-	213	32	4,412
Other municipalities	-	1,070	4,635	-	357	345	15	6,422
Investment income	4,796	-	-	-	42	16	-	4,854
Penalties and interest	1,527	-	1,472	-	-	106	-	3,105
Developer contributions	102	2,773	8,739	738	581	20,290	3,105	36,328
Developer contributed assets	-	-	4,940	3,375	-	24,532	-	32,847
Proceeds from Ontario Lottery Corporation	7,984	-	-	-	-	-	-	7,984
Licenses, permits and rents	522	5,303	129	-	-	411	50	6,415
Equity in income of Milton Hydro Holding Inc.	2,542	-	-	-	-	-	-	2,542
Donations	-	1	-	-	-	844	48	893
Other recoveries	-	14	266	-	-	66	1	347
Miscellaneous	101	61	190	-	-	18	-	370
Total revenues	30,689	20,181	45,607	4,816	1,533	83,938	10,381	197,145
Expenses:								
Salaries, wages and employee benefits	11,758	13,435	5,704	210	-	16,605	5,091	52,803
Purchased goods	2,389	564	3,596	49	-	5,323	161	12,082
Purchased services	2,306	707	15,614	686	1,003	4,859	1,959	27,134
Financial expenses / (recovery)	875	303	2,750	7	764	970	16	5,685
Transfers to others	-	15	-	-	-	808	-	823
Amortization expense	2,572	1,206	14,379	2,466	-	9,751	4	30,378
Total expenses	19,900	16,230	42,043	3,418	1,767	38,316	7,231	128,905
Annual surplus / (deficit)	\$ 10,789	\$ 3,951	\$ 3,564	\$ 1,398	\$ (234)	\$ 45,622	\$ 3,150	\$ 68,240

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2020
(in thousands of dollars)

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2020 budget approved by Council on . 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
Revenue:	
Operating budget	\$ 145,093
Capital budget	77,842
Less:	
Interfund transfers	(36,611)
New debt financing	(13,215)
Reallocated revenues	(8,168)
Total revenue	164,941
Expenses:	
Operating budget	145,093
Capital budget	77,842
Less:	
Acquisition of tangible capital assets	(77,842)
Interfund transfers	(37,680)
Reallocated expenses	(8,168)
Debt principal payments	(4,370)
Total expenses	94,875
Annual surplus	\$ 70,066

16. Commitments:

The Town has outstanding contractual obligations of approximately \$38,721 for capital works and operating activities, out of which \$27,698 relates to various capital projects. 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, 2020
(in thousands of dollars)

17. 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 \$15,600 (2019 - 15,600). No claim has been made under the guarantee. As at December 31, 2020, MEGS did not satisfy all of the related covenants in the terms of their debt agreement with the financial institution. MEGS has since received a formal waiver subsequent to year-end that waives the compliance with the covenant obligations. MEGS is required to satisfy the covenant going forward.

18. 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 \$43,303 arise because of the various types of contracts entered into, among which are agreements for assumption of assets under subdivision agreements of \$31,753, cost recovery of \$7,148, lease agreements of \$3,407, services agreements of \$398 and \$597 from agreements with developers.

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2020 Town of Milton Financial Report

Milton Public Library Board

For the year ended December 31, 2020

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 Milton Public Library Board (the "Library"), which comprise:

- the statement of financial position as at December 31, 2020
- 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, 2020 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 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.

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.

Independent Auditors' Report

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 Library'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
June 7, 2021

Milton Public Library Board

Statement of Financial Position

As at December 31, 2020 with comparative information for 2019

	2020	2019
Financial assets:		
Due from the Town of Milton	\$ 3,111,618	\$ 3,203,623
Liabilities:		
Accounts payable and accrued liabilities	219,933	179,550
Net financial assets	2,891,685	3,024,073
Non-financial assets:		
Tangible capital assets (note 2)	3,304,434	3,645,109
Prepaid expenses	80,050	80,825
	3,384,484	3,725,934
Commitments (note 5)		
Accumulated surplus (note 3)	\$ 6,276,169	\$ 6,750,007

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

Milton Public Library Board

Statement of Operations

Year ended December 31, 2020 with comparative information for 2019

	Budget (Note 6)	2020	2019
Revenues:			
Transfer from the Town of Milton	\$ 4,785,491	\$ 4,785,491	\$ 4,785,491
Fines and penalties	138,392	52,659	120,442
User charges	51,466	12,525	40,099
Federal government transfers:			
Summer career placement grant	1,850	-	1,960
Seniors for seniors: building technology skills	-	-	25,000
Provincial government transfers:			
Library pay equity program	3,275	3,275	3,275
Public library operating grant program	52,429	52,429	52,429
Municipal government transfers	19,415	19,415	36,731
Milton contributions - development charges	31,912	60,481	865,071
Miscellaneous	7,783	26,167	33,311
Total revenues	5,092,013	5,012,442	5,963,809
Expenses:			
Salaries, wages and employee benefits	3,641,260	3,003,431	3,177,725
Administrative	35,698	44,312	59,506
Financial	5,616	6,534	6,415
Purchased goods	278,208	346,166	357,899
Purchased services	845,690	720,438	826,654
Transfer to municipal government (note 7)	-	605,398	-
Amortization	-	760,001	677,476
Total expenses	4,806,472	5,486,280	5,105,675
Annual surplus/(deficit)	285,541	(473,838)	858,134
Accumulated surplus, beginning of year	6,750,007	6,750,007	5,891,873
Accumulated surplus , end of year (note 3)	\$7,035,548	\$6,276,169	\$6,750,007

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, 2020 with comparative information for 2019

	Budget (Note 6)	2020	2019
Annual surplus	\$ 285,541	\$ (473,838)	\$ 858,134
Acquisition of tangible capital assets	(526,000)	(419,326)	(1,516,564)
Amortization of tangible capital assets	-	760,001	677,476
	(240,459)	(133,163)	19,046
Change in prepaid expenses	-	775	9,158
Change in net financial assets	(240,459)	(132,388)	28,204
Net financial assets, beginning of year	3,024,073	3,024,073	2,995,869
Net financial assets, end of year	\$ 2,783,614	\$ 2,891,685	\$ 3,024,073

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, 2020 with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ (473,838)	\$ 858,134
Items not involving cash:		
Amortization	760,001	677,476
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	40,383	59,926
Prepaid expenses	775	9,158
Net change in due from the Town of Milton from operating activities	327,321	1,604,694
Capital Activities:		
Cash used to acquire tangible capital assets	(419,326)	(1,516,564)
Net change in due from the Town of Milton	(92,005)	88,130
Due from the Town of Milton, beginning of year	3,203,623	3,115,493
Due from the Town of Milton, end of year	\$ 3,111,618	\$ 3,203,623

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

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2020

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 collected by The Corporation of the Town of Milton to be used to support future development. Development charges are transferred to the Library 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, 2020

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:

Assets	Useful Life - Years
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, 2020

2. Tangible capital assets:

Cost	Balance at, December 31, 2019	Additions	Disposals	Balance at, December 31, 2020
IT equipment	\$ 877,953	\$ 26,515	\$ (87,541)	\$ 816,927
Office equipment	1,426,126	57,317	(2,380)	1,481,063
Collections	5,295,870	335,494	(19,033)	5,612,331
Total	\$ 7,599,949	\$ 419,326	\$ (108,954)	\$ 7,910,321

Accumulated amortization	Balance at, December 31, 2019	Amortization	Disposals	Balance at, December 31, 2020
IT equipment	\$ 372,252	\$ 184,579	\$ (87,541)	\$ 469,290
Office equipment	424,705	91,210	(2,380)	513,535
Collections	3,157,883	484,212	(19,033)	3,623,062
Total	\$ 3,954,840	\$ 760,001	\$ (108,954)	\$ 4,605,887

Net book value	Balance at, December 31, 2019	Balance at, December 31, 2020
IT equipment	\$ 505,701	\$ 347,637
Office equipment	1,001,421	967,528
Collections	2,137,987	1,989,269
Total	\$ 3,645,109	\$ 3,304,434

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2020

2. Tangible capital assets (continued):

Cost	Balance at, December 31, 2018	Additions	Disposals	Balance at, December 31, 2019
IT equipment	\$ 552,972	\$ 341,883	\$ (16,902)	\$ 877,953
Office equipment	1,083,019	343,107	-	1,426,126
Collections	4,449,466	846,404	-	5,295,870
Assets under construction	14,830	(14,830)	-	-
Total	\$ 6,100,287	\$ 1,516,564	\$ (16,902)	\$ 7,599,949

Accumulated amortization	Balance at, December 31, 2018	Amortization	Disposals	Balance at, December 31, 2019
IT equipment	\$ 278,157	\$ 110,997	\$ (16,902)	\$ 372,252
Office equipment	347,405	77,300	-	424,705
Collections	2,668,704	489,179	-	3,157,883
Assets under construction	-	-	-	-
Total	\$ 3,294,266	\$ 677,476	\$ (16,902)	\$ 3,954,840

Net book value	Balance at, December 31, 2018	Balance at, December 31, 2019
IT equipment	\$ 274,815	\$ 505,701
Office equipment	735,614	1,001,421
Collections	1,780,762	2,137,987
Assets under construction	14,830	-
Total	\$ 2,806,021	\$ 3,645,109

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2020

2. Tangible capital assets (continued):

(a) Contributed capital assets:

The Library received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal value:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Library has not recorded write-downs of tangible capital assets during the year of 2020 or 2019 .

3. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 3,304,434	\$ 3,645,109
Reserves set aside by Library Board:		
Library Capital	1,767,051	674,222
Library Services	858,548	2,204,322
Library Other	346,136	226,354
Total reserves	2,971,735	3,104,898
Accumulated surplus	\$ 6,276,169	\$ 6,750,007

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.

4. Development charges:

The Town of Milton (the "Town") manages a development charge obligatory reserve fund for library services in the amount of \$6,052,478 (2019 - \$5,666,319) that is funded by contributions received from developers as stipulated by the Development Charges By-law and identified in the Development Charges Background Study.

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2020

4. Development charges (continued):

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.

5. Commitments:

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

2021	\$ 265,265
2022	395,454
2023	405,380
2024	415,555
2025	425,985
2026 and thereafter	590,507
	\$ 2,498,146

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by Council on December 10, 2020. 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.

	Budget Amount
Revenue:	
Operating budget	\$ 5,412,976
Capital budget	526,000
Municipal government transfers	19,415
Milton contributions - development charges	31,912
Less:	
Interfund transfers	(889,416)
Other transfers	(8,874)
Total revenue	5,092,013

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2020

6. Budget data (continued):

	Budget Amount
Expenses:	
Operating budget	5,412,976
Capital budget	526,000
Less:	
Interfund transfers	(597,630)
Other transfers	(8,874)
Acquisition of tangible capital assets	(526,000)
Total expenses	4,806,472
Annual surplus	\$ 285,541

7. 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.

In 2020, Library realized \$605.4 thousand in savings due largely to facility closures during the COVID-19 pandemic. On April 12, 2021, Town Council approved the 2020 transfer of the library surplus to the Tax Rate Stabilization reserve, where it was combined with the mitigation realized in the Town’s other program areas and made available for any potential future pressures that may arise during the pandemic and recovery.

8. Impacts of COVID-19 pandemic:

In March, 2020, the COVID-19 pandemic was declared a pandemic by the World Health Organization. This has resulted in government worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown.

As a result of the government interventions, the Library has had to modify services or close entirely to support public safety. The current challenging economic climate may lead to adverse changes in revenues and cash flows that may also have a direct impact on the Library’s operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Library is not known at this time.



2020 Town of Milton Financial Report

Board of Management of the Milton Downtown Business Improvement Area

For the year ended December 31, 2020

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, 2020
- 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, 2020 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.

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.

Independent Auditors' Report

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 BIA'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
June 7, 2021

Milton Downtown Business Improvement Area

Statement of Financial Position

As at December 31, 2020 with comparative information for 2019

	2020	2019
Financial assets:		
Due from the Town of Milton	\$ 177,877	\$ 132,342
Liabilities:		
Accounts payable and accrued liabilities	11,623	25,010
Net financial assets	166,254	107,332
Non-financial assets:		
Tangible capital assets (note 2)	41,833	47,491
	41,833	47,491
Commitments (note 5)		
Accumulated surplus (note 3)	\$ 208,087	\$ 154,823

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

Milton Downtown Business Improvement Area

Statement of Operations

Year ended December 31, 2020 with comparative information for 2019

	Budget (Note 6)	2020	2019
Revenues:			
Taxation levied by Town	\$ 229,133	\$ 230,208	\$ 215,029
User charges	25,000	900	29,311
Federal government transfers (note 4)	2,000	22,052	1,960
Municipal government transfers	17,250	6,000	32,034
Miscellaneous	23,200	14,783	20,679
Total revenues	296,583	273,943	299,013
Expenses:			
Beautification and planters	58,680	52,526	34,422
General administration	62,910	37,867	43,787
Salaries and benefits	126,506	121,786	108,921
Trade promotion and special events	75,915	2,842	59,479
Amortization	-	5,658	3,564
Total expenses	324,011	220,679	250,173
Annual surplus/(deficit)	(27,428)	53,264	48,840
Accumulated surplus, beginning of year	154,823	154,823	105,983
Accumulated surplus, end of year (note 3)	\$ 127,395	\$ 208,087	\$ 154,823

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, 2020 with comparative information for 2019

	Budget (Note 6)	2020	2019
Annual surplus	\$ (27,428)	\$ 53,264	\$ 48,840
Acquisition of tangible capital assets	-	-	(32,034)
Amortization of tangible capital assets	-	5,658	3,564
	(27,428)	58,922	20,370
Change in prepaid expenses	-	-	1,043
Change in net financial assets	(27,428)	58,922	21,413
Net financial assets, beginning of year	107,332	107,332	85,919
Net financial assets, end of year	\$ 79,904	\$ 166,254	\$ 107,332

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, 2020 with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 53,264	\$ 48,840
Items not involving cash:		
Amortization	5,658	3,564
Change in non-cash assets and other liabilities:		
Accounts payable and accrued liabilities	(13,387)	17,927
Prepaid expenses	-	1,043
Net change in cash from operating activities	45,535	71,374
Capital Activities:		
Cash used to acquire tangible capital assets	-	(32,034)
Net change in due from the Town of Milton	45,535	39,340
Due from the Town of Milton, beginning of year	132,342	93,002
Due from the Town of Milton, end of year	\$ 177,877	\$ 132,342

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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2020

1. Significant accounting policies:

The financial statements 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 are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Office equipment	3 - 15
Other equipment	5 - 10

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2020

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. Tangible capital assets:

	2020		
	Office Equipment	Other Equipment	Total
Cost			
Balance, beginning of year	\$ 9,924	\$ 58,428	\$ 68,352
Disposals	-	(2,109)	(2,109)
Balance, end of year	9,924	56,319	66,243
Accumulated amortization			
Balance, beginning of year	5,401	15,460	20,861
Disposals	-	(2,109)	(2,109)
Amortization	209	5,449	5,658
Balance, end of year	5,610	18,800	24,410
Net book value, end of year	\$ 4,314	\$ 37,519	\$ 41,833

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2020

2. Tangible capital assets (continued):

	2019		
	Office Equipment	Other Equipment	Total
Cost			
Balance, beginning of year	\$ 9,924	\$ 26,394	\$ 36,318
Additions	-	32,034	32,034
Disposals	-	-	-
Balance, end of year	9,924	58,428	68,352
Accumulated amortization			
Balance, beginning of year	5,192	12,105	17,297
Disposals	-	-	-
Amortization	209	3,355	3,564
Balance, end of year	5,401	15,460	20,861
Net book value, end of year	\$ 4,523	\$ 42,968	\$ 47,491

(a) Contributed capital assets:

The DBIA received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal value:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The DBIA has not recorded write-downs of tangible capital assets during the year of 2020 or 2019 .

3. Accumulated surplus:

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

	2020	2019
Surplus		
Invested in tangible capital assets	\$ 41,833	\$ 47,491

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2020

3. Accumulated surplus (continued):

	2020	2019
Reserves		
Downtown Business Improvement Area	166,254	107,332
Accumulated surplus	\$ 208,087	\$ 154,823

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:

	2020	2019
Annual surplus	\$ 53,264	\$ 48,840
Less: Current year tangible capital assets additions	-	(32,034)
Add: Amortization expense	5,658	3,564
	58,922	20,370
Fund balance at beginning of year	107,332	86,962
Fund balance, end of year	\$ 166,254	\$ 107,332

4. Government transfers:

The Federal Government transfer reported on the Statement of Operations is the Digital Service Squad Grant in the amount of \$18,132 (2019 - \$ nil) and Summer Career Placement Grant in the amount of \$3,920 (2019 - \$1,960).

5. 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 as follows:

2021	\$ 13,392
2022	13,782
2023	10,566
Total 3 Year Commitments	\$ 37,740

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2020

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by Council on December 10, 2019. Amortization was not incorporated in the development of the budget.

7. Related party transactions:

During the year the Town has provided DBIA ground maintenance services for \$22,084 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.

8. Impacts of COVID-19 pandemic:

In March, 2020, the COVID-19 pandemic was declared a pandemic by the World Health Organization. This has resulted in government worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown.

As a result of the government interventions, the Downtown Milton BIA has been forced to temporarily pause festivals and events within the BIA district, while continuing to support its members and find new, innovative ways to deliver service. The current challenging economic climate may lead to adverse changes in revenue and cash flows that may also have a direct impact on the organization's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Downtown Milton BIA are not known at this time.



2020 Town of Milton Financial Report

Multi-Year Comparison of Financial Statements

For the Fiscal Year Ended December 31, 2020

Consolidated Statement of Financial Position

(in thousands of dollars)

	2020	2019	2018	2017	2016
Cash and cash equivalents	\$ 56,406	\$ 76,737	\$ 76,363	\$ 57,222	\$ 86,594
Accounts receivable					
Taxes receivable	9,477	6,523	8,136	6,412	5,922
Grants receivable	352	292	983	60	1,054
Other	11,520	14,441	10,570	11,294	10,436
Investments	111,642	108,489	103,349	121,285	84,179
Investment in Milton Hydro Holdings Inc.	59,962	61,220	60,178	57,221	55,906
Other Assets	3,188	2,735	2,476	570	852
Total financial assets	252,547	270,437	262,055	254,064	244,943
Non-financial assets	1,128,494	1,097,678	1,043,048	994,506	963,197
Total assets	1,381,041	1,368,115	1,305,103	1,248,570	1,208,140
Accounts payable and accrued liabilities	19,654	23,533	17,452	18,860	17,123
Other liabilities	6,984	6,419	7,324	5,231	4,189
Deferred revenue	52,826	72,298	83,399	90,953	75,215
Long-term debentures	36,879	42,532	42,711	49,188	38,348
Developer obligations	3,398	2,613	2,046	1,760	924
Employee benefits and other liabilities	3,290	3,168	2,859	2,413	2,350
Total liabilities	123,031	150,563	155,791	168,405	138,149
Accumulated surplus	\$ 1,258,010	\$ 1,217,552	\$ 1,149,312	\$ 1,080,165	\$ 1,069,991

Consolidated Statement of Operations

(in thousands of dollars)

	2020	2019	2018	2017	2016
Sources of revenue:					
Taxation	\$ 72,732	\$ 67,289	\$ 60,976	\$ 55,164	\$ 51,710
User charges	10,186	19,347	18,607	18,130	16,961
Government transfers:					
Federal	6,495	3,990	5,126	4,170	3,030
Provincial	4,985	4,412	2,899	3,202	1,696
Other municipalities	4,900	6,422	4,385	4,304	3,288
Investment income	4,202	4,854	3,959	3,761	3,368
Penalties and interest	2,225	3,105	2,434	2,248	2,306
Developer contributions	34,580	36,328	35,660	21,117	14,039
Developer contributed assets	13,370	32,847	27,032	28,740	9,784
Proceeds from Ontario Lottery Corporation	1,551	7,984	6,484	6,182	5,863
License, permits, rents etc.	6,193	6,415	6,568	6,298	6,149
Equity in income of Milton Hydro	242	2,542	4,457	2,815	2,979
Donations	899	893	876	1,197	1,124
Other Recoveries	62	347	449	263	483
Miscellaneous	135	370	7,328	822	6,520
Total revenue	162,757	197,145	187,240	158,413	129,300
Expenses by function:					
General government	20,659	19,900	18,045	15,970	15,578
Protection to persons and property	17,447	16,230	15,672	14,686	15,278
Transportation services	37,116	42,043	36,252	35,182	33,313
Environmental services	6,480	3,418	3,232	2,910	2,609
Health Services	1,861	1,767	812	35,866	479
Recreational and cultural services	31,893	38,316	36,302	37,312	34,128
Planning and development	6,843	7,231	7,778	6,313	6,452
Total expenses	122,299	128,905	118,093	148,239	107,837
Annual surplus	40,458	68,240	69,147	10,174	21,463
Accumulated surplus, beginning of year	1,217,552	1,149,312	1,080,165	1,069,991	1,048,528
Accumulated surplus, end of year	\$ 1,258,010	\$ 1,217,552	\$ 1,149,312	\$ 1,080,165	\$ 1,069,991

Consolidated Statement of Change in Net Financial Asset

(in thousands of dollars)

	2020	2019	2018	2017	2016
Annual surplus	\$ 40,458	\$ 68,240	\$ 69,147	\$ 10,174	\$ 21,463
Acquisition of tangible capital assets	(69,672)	(88,303)	(78,787)	(61,576)	(33,665)
Amortization of tangible capital assets	33,644	30,378	29,095	28,088	27,418
Loss on disposal of tangible capital assets	4,857	3,445	(5,020)	1,706	(5,626)
Proceeds on sale of tangible capital assets	51	219	6,344	624	7,490
	9,338	13,979	20,779	(20,984)	17,080
Change in supplies of inventory	262	(133)	(216)	116	158
Change in prepaid expenses	42	(236)	42	(267)	280
Change in net financial assets	9,642	13,610	20,605	(21,135)	17,518
Net financial assets, beginning of year	119,874	106,264	85,659	106,794	89,276
Net financial assets, end of year	\$ 129,516	\$ 119,874	\$ 106,264	\$ 85,659	\$ 106,794

Analysis of Expenses by Object

(in thousands of dollars)

	2020	2019	2018	2017	2016
Salaries, wages and employee benefits	\$ 49,091	\$ 52,803	\$ 50,372	\$ 46,272	\$ 44,910
Purchased goods	9,544	12,082	11,103	10,257	11,822
Purchased services	22,301	27,134	23,836	23,564	20,605
Financial expenses	7,469	5,685	3,630	4,735	2,830
External transfers	250	823	57	35,322	252
Amortization expense	33,644	30,378	29,095	28,089	27,418
Total expenses	\$ 122,299	\$ 128,905	\$ 118,093	\$ 148,239	\$ 107,837

Net Book Value of Tangible Capital Assets

(in thousands of dollars)

	2020	2019	2018	2017	2016
Land	\$ 313,955	\$ 313,457	\$ 288,834	\$ 286,806	\$ 275,091
Land improvements	52,939	53,336	48,398	41,956	41,578
Buildings and building improvements	146,049	148,611	123,423	126,747	129,502
Machinery and equipment	110,136	107,388	93,914	95,672	96,927
Linear assets	462,687	453,762	444,177	417,686	405,569
Assets under construction	41,523	19,615	43,162	24,673	13,715
Total assets	\$ 1,127,289	\$ 1,096,169	\$ 1,041,908	\$ 993,540	\$ 962,382

Accumulated Surplus

(in thousands of dollars)

	2020	2019	2018	2017	2016
Reserves set aside by Council:					
Aggregate permit fees	\$ 367	\$ 483	\$ 452	\$ 1,043	\$ 1,003
Capital provision/growth	12,167	13,387	13,820	14,727	14,328
Capital works	-	7,703	5,492	5,124	8,409
Computer replacement	5,492	1,245	993	782	643
Downtown Business Improvement Area	166	107	87	70	62
Election	504	314	121	254	184
Equipment replacement	8,152	7,835	7,534	6,980	5,750
Growth related resources	-	2,068	2,130	2,084	1,613
Growth capital - other	7,588	-	-	-	-
Infrastructure renewal reserve	11,776	4,964	2,999	913	579
Infrastructure renewal - stormwater	2,748	-	-	-	-
Infrastructure renewal - recreation facilities	7,037	-	-	-	-
Insurance	1,573	1,413	1,286	1,055	834
Legal action	1,439	1,341	1,048	800	557
Library services	859	2,204	2,187	1,698	1,203
Library capital	1,767	674	539	769	857
Municipal building component	-	7,973	6,986	6,089	4,587
Municipal building replacement	-	435	291	208	1,181
Per unit development processing fee	1,224	1,468	1,703	1,723	1,495
Seniors fundraising	76	76	76	78	87
Studies and other non-growth capital	2,082	-	-	-	-
Tax rate stabilization	8,160	4,190	2,285	2,048	2,103
Training	-	461	358	299	270
Transit and transportation	-	1,786	1,399	1,247	760
Winter control	1,467	1,468	1,468	1,109	976
Working funds	-	1,064	1,064	1,064	1,064
WSIB	2,867	1,212	1,340	813	423
Total reserves	\$ 77,511	\$ 63,871	\$ 55,658	\$ 50,977	\$ 48,968

Accumulated Surplus (Continued)

(in thousands of dollars)

	2020	2019	2018	2017	2016
Reserve funds set aside for specific purpose by Council:					
Cash in lieu of storm water management	\$ -	\$ 46	\$ 46	\$ 45	\$ 143
Investment in the Arts Campaign	-	609	(194)	1,709	1,856
Mayor's legacy	92	91	88	87	85
Milton District Hospital	310	371	431	502	16,824
Ontario Lottery Corporation proceeds	7,496	9,045	7,108	7,814	10,915
Perpetual maintenance	-	605	591	485	472
Property transactions	7,260	11,496	11,583	6,930	8,856
Sports field development	-	44	34	123	112
Total reserve funds	\$ 15,158	\$ 22,307	\$ 19,687	\$ 17,695	\$ 39,263

	2020	2019	2018	2017	2016
Surplus:					
Invested in tangible capital assets	\$ 1,127,289	\$ 1,096,169	\$ 1,041,908	\$ 993,540	\$ 962,382
Unexpended capital	19,151	20,374	16,853	13,394	4,440
Operating surplus - Town	-	-	-	102	102
Operating surplus - Library	-	-	-	51	48
Investment in Milton Hydro	59,962	61,220	60,178	57,221	55,906
Endowment fund	2,406	2,043	2,035	-	-
Unfunded:					
Long term debentures	(36,879)	(42,532)	(42,711)	(49,188)	(38,348)
Employee future benefits	(2,446)	(2,406)	(2,250)	(1,867)	(1,846)
Developer obligations	(3,398)	(2,613)	(2,046)	(1,760)	(924)
Investment in the Arts deferred donations	(744)	(881)	-	-	-
Total surplus	\$ 1,165,341	1,131,374	1,073,967	1,011,493	981,760
Total accumulated surplus	\$ 1,258,010	\$ 1,217,552	\$ 1,149,312	\$ 1,080,165	\$ 1,069,991

Five-Year Financial Statistics

Property Taxation

(in thousands of dollars)

	2020	2019	2018	2017	2016
Weighted assessment by property class					
Residential	21,316,998	19,533,502	17,936,196	16,288,907	14,963,918
Multi-residential	316,308	303,639	291,591	301,378	359,690
Farmland	80,693	77,348	77,439	71,916	68,465
Managed forests	10,585	9,741	8,746	7,477	6,537
Commercial	4,334,385	4,083,573	3,618,015	3,431,245	3,314,502
Industrial	1,589,913	1,521,036	1,527,625	1,346,475	1,228,584
Pipelines	114,190	111,212	109,737	82,078	79,066
Total weighted assessment	27,763,071	25,640,051	23,569,349	21,529,476	20,020,761
Commercial and industrial as % of total weighted assessment	21%	22%	22%	22%	23%
Total tax levied and collected					
Property tax levied	73,233	67,028	60,509	55,995	51,477
Taxes billed on behalf of Region of Halton	77,314	73,105	70,056	67,200	63,807
Taxes billed on behalf of school boards	67,198	64,425	62,701	60,251	57,648
Total tax levied	217,745	204,558	193,266	183,447	172,932
Total tax collected	214,791	206,171	191,543	182,956	172,330
Taxes Receivable as % of tax levied	4.35%	3.19%	4.21%	3.50%	3.42%

Five-Year Financial Statistics

Property Taxation

	2020	2019	2018	2017	2016
Taxation rates by property class – General and Urban Surcharge					
Residential					
Town of Milton	0.248124%	0.248082%	0.242228%	0.243461%	0.246050%
Region of Halton	0.267578%	0.276694%	0.287039%	0.299581%	0.310847%
School boards	0.153000%	0.161000%	0.170000%	0.179000%	0.188000%
	0.668702%	0.685776%	0.699267%	0.722042%	0.744897%
Multi-residential					
Town of Milton	0.496248%	0.496164%	0.484456%	0.486922%	0.556541%
Region of Halton	0.535156%	0.553388%	0.574078%	0.599162%	0.703103%
School boards	0.153000%	0.161000%	0.170000%	0.179000%	0.188000%
	1.184404%	1.210552%	1.228534%	1.265084%	1.447644%
Farmlands					
Town of Milton	0.049625%	0.049616%	0.048446%	0.048693%	0.049210%
Region of Halton	0.053516%	0.055338%	0.057408%	0.059917%	0.062169%
School boards	0.038250%	0.040250%	0.042500%	0.044750%	0.047000%
	0.141391%	0.145204%	0.148354%	0.153360%	0.158379%
Managed forests					
Town of Milton	0.062031%	0.062021%	0.060557%	0.060865%	0.061513%
Region of Halton	0.066895%	0.069174%	0.071762%	0.074896%	0.077711%
School boards	0.038250%	0.040250%	0.042500%	0.044750%	0.047000%
	0.167176%	0.171445%	0.174819%	0.180511%	0.186224%
Commercial					
Town of Milton	0.361393%	0.361331%	0.352805%	0.354601%	0.358373%
Region of Halton	0.389728%	0.403005%	0.418072%	0.436339%	0.452747%
School boards	0.770552%	0.804055%	0.838216%	0.860141%	0.869565%
	1.521673%	1.568391%	1.609093%	1.651081%	1.680685%
Commercial - vacant units/excess land					
Percentage of full rate	100%	78%	70%	70%	70%

Five-Year Financial Statistics

Property Taxation

	2020	2019	2018	2017	2016
Industrial					
Town of Milton	0.518753%	0.585449%	0.571634%	0.574544%	0.580653%
Region of Halton	0.559425%	0.652969%	0.677383%	0.706983%	0.733566%
School boards	1.098184%	1.167241%	1.244198%	1.335379%	1.433184%
	2.176362%	2.405659%	2.493215%	2.616906%	2.747403%
Industrial - vacant land/excess land					
Percentage of full rate	100%	73%	65%	65%	65%
Pipeline					
Town of Milton	0.263433%	0.263389%	0.257173%	0.258482%	0.261231%
Region of Halton	0.284088%	0.293767%	0.304749%	0.318066%	0.330025%
School boards	0.980000%	1.030000%	1.090000%	1.140000%	1.159033%
	1.527521%	1.587156%	1.651922%	1.716548%	1.750289%
* The Urban Surcharge was removed in 2017.					
Taxation rates by property class - General					
Residential					
Town of Milton	0.248124%	0.248082%	0.242228%	0.243461%	0.231579%
Region of Halton	0.267578%	0.276694%	0.287039%	0.299581%	0.309117%
School Boards	0.153000%	0.161000%	0.170000%	0.179000%	0.188000%
	0.668702%	0.685776%	0.699267%	0.722042%	0.728696%
Multi-residential					
Town of Milton	0.496248%	0.496164%	0.484456%	0.486922%	0.523808%
Region of Halton	0.535156%	0.553388%	0.574078%	0.599162%	0.699191%
School boards	0.153000%	0.161000%	0.170000%	0.179000%	0.188000%
	1.184404%	1.210552%	1.228534%	1.265084%	1.410999%
Farmlands					
Town of Milton	0.049625%	0.049616%	0.048446%	0.048693%	0.046316%
Region of Halton	0.053516%	0.055338%	0.057408%	0.059917%	0.061823%
School boards	0.038250%	0.040250%	0.042500%	0.044750%	0.047000%
	0.141391%	0.145204%	0.148354%	0.153360%	0.155139%

Five-Year Financial Statistics

Property Taxation

	2020	2019	2018	2017	2016
Managed Forests					
Town of Milton	0.062031%	0.062021%	0.060557%	0.060865%	0.057895%
Region of Halton	0.066895%	0.069174%	0.071762%	0.074896%	0.077279%
School boards	0.038250%	0.040250%	0.042500%	0.044750%	0.047000%
	0.167176%	0.171445%	0.174819%	0.180511%	0.182174%
Commercial					
Town of Milton	0.361393%	0.361331%	0.352805%	0.354601%	0.337295%
Region of Halton	0.389728%	0.403005%	0.418072%	0.436339%	0.450228%
School boards	0.770552%	0.804055%	0.838216%	0.860141%	0.869565%
	1.521673%	1.568391%	1.609093%	1.651081%	1.657088%
Commercial - vacant units/excess land					
Percentage of full rate	100%	78%	70%	70%	70%
Industrial					
Town of Milton	0.518753%	0.585449%	0.571634%	0.574544%	0.546502%
Region of Halton	0.559425%	0.652969%	0.677383%	0.706983%	0.729484%
School boards	1.098184%	1.167241%	1.244198%	1.335379%	1.433184%
	2.176362%	2.405659%	2.493215%	2.616906%	2.709170%
Industrial - vacant land/excess land					
Percentage of full rate	100%	73%	65%	65%	65%
Pipeline					
Town of Milton	0.263433%	0.263389%	0.257173%	0.258482%	0.245867%
Region of Halton	0.284088%	0.293767%	0.304749%	0.318066%	0.328189%
School boards	0.980000%	1.030000%	1.090000%	1.140000%	1.159033%
	1.527521%	1.587156%	1.651922%	1.716548%	1.733089%

Five-Year Financial Statistics

Long-Term Debt and Other Statistics

	2020	2019	2018	2017	2016
Transfers from other levels of government					
Federal	\$ 6,495,575	\$ 3,990,368	\$ 5,126,228	\$ 4,170,416	\$ 3,029,827
Provincial	4,985,317	4,412,448	2,899,019	3,201,679	1,695,799
Total transfers	\$ 11,480,892	\$ 8,402,817	\$ 8,025,247	\$ 7,372,095	\$ 4,725,625
Long-term debt:					
Debt supported by property taxes	\$ 11,328,317	\$ 13,664,487	\$ 10,437,376	\$ 13,346,672	\$ 14,381,885
Debt supported by development charges	993,126	2,378,415	3,713,650	5,001,513	6,244,655
Debt supported by reserves and reserve funds	24,558,025	26,489,369	28,619,337	30,839,578	17,721,587
Debt supported by user fees	-	-	-	-	-
Total long-term debt	\$ 36,879,467	\$ 42,532,271	\$ 42,770,363	\$ 49,187,763	\$ 38,348,126
Long-term debt by function:					
General government	\$ 834,473	\$ 1,364,736	\$ 2,085,811	\$ 3,261,134	\$ 4,916,526
Fire	1,890,629	2,422,612	1,305,367	1,676,245	2,035,739
Roadways	5,525,473	6,717,193	6,483,544	7,856,238	8,752,049
Parks	1,464,697	1,681,768	1,349,546	1,802,763	1,721,049
Storm water	292,689	348,359	403,109	456,938	509,879
Health services	24,513,164	26,165,924	28,004,433	29,695,766	14,688,578
Recreation facilities	2,181,130	3,356,468	2,561,878	3,577,468	4,589,572
Cultural services	-	280,210	548,885	806,887	1,055,074
Library	177,213	195,000	27,790	54,325	79,660
Total long-term debt	\$ 36,879,467	\$ 42,532,271	\$ 42,770,363	\$ 49,187,763	\$ 38,348,126
Total long-term debt per capita	291.87	345.23	354.94	418.03	345.48
Total long-term debt per household	948.20	1,124.48	1,170.03	1,395.32	1,108.23
Annual debt repayment limit*	17,742,653	20,681,378	26,359,885	25,086,769	23,456,559
Actual annual debt repayment	6,858,561	6,895,082	7,782,418	8,653,978	6,271,223
Actual debt repayment as % of own source revenues	6.97%	6.25%	7.38%	8.62%	6.68%

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

Five-Year Financial Statistics

Municipal Statistics

	2020	2019	2018	2017	2016
Population	126,355	123,200	120,500	117,667	111,000
Area	36,538	36,538	36,538	36,538	36,538
Households	38,894	37,824	36,555	35,252	34,603
Halton Region unemployment rate*	9.20%	5.30%	4.0%	5.5%	5.5%
Town of Milton budgeted labour force:					
Full time funded positions	430	424	428	408	381
Part time funded positions	774	764	750	744	695
Seasonal funded positions	312	296	290	274	282
Total funded positions	1,516	1,484	1,468	1,426	1,358
Infrastructure					
Lane kilometres of paved roads**	1,226	1,201	1,175	1,175	1,136
Total kilometres of stormwater (urban and rural)**	953	939	936	911	887
Recreation					
Total kilometres of trails	44	42	40	35	35
Total hours of recreations programs**	2,035,361	5,408,421	4,754,370	8,585,564	8,389,239

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

** 2016-2019 data has been revised.

Five-Year Financial Statistics

Municipal Statistics

	2020	2019	2018	2017	2016
New construction procurement:					
Number of new construction contracts awarded	18	19	19	29	30
Total value of new construction contracts awarded	\$ 27,536,935	\$ 24,575,275	\$ 15,046,989	\$ 56,294,609	\$ 17,688,557
Square metres of new construction:					
Residential properties	108,704	142,154	146,961	373,569	148,815
Multi-residential properties	-	18,534	54,714	17,746	39,257
All other property classes*	34,692	279,293	46,075	98,692	52,623
Total square metres	143,396	439,981	247,750	490,007	240,695
Residential units:					
Single and Semi Detached	250	280	460	831	685
Townhouses/ Stacked Townhouses	300	503	289	1,082	253
Apartments/ Secondary Units*	156	318	666	233	18
Total building permits issued	706	1,101	1,415	2,146	956
Value of building permits issued:					
Residential properties	\$ 178,441,220	\$ 230,046,990	\$ 271,635,228	\$ 696,132,013	\$ 260,309,152
Multi-residential properties	-	48,860,400	129,200,000	37,352,401	63,113,273
All other property classes	27,599,872	234,384,094	76,107,851	205,423,411	272,949,679
Total value of building permits issued	\$ 206,041,092	\$ 513,291,484	\$ 476,943,079	\$ 938,907,825	\$ 596,372,104

* 2016-2019 data has been revised.

Five-Year Financial Statistics

List of 2020 Principal Corporate Tax Accounts

Business Name
Lowe's Companies Canada ULC
Hoop Realty Incorporated
The Canada Life Assurance Company
857529 Ontario Incorporated
Milton Industrial Centre GP 2 Incorporated
690346 Ontario Incorporated
DC Equities Incorporated
Cox Automotive Canada
Milton Industrial Centre GP Incorporated
SunLife Assurance Company of Canada

List of 2020 Principal Employers

Business Name	Industry Subsector
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
Manheim Auto Auctions Company	New and used automobile and light-duty truck merchant wholesalers
Chudleigh's Ltd.	Food production
Woodbine Mohawk Park	Harness racing track
Amazon Fulfillment	General warehousing and storage
EATON Industries (Canada) Company	Electric power distribution



Information on the Town of Milton is available at:

www.milton.ca

Direct any inquiries regarding this document to:

The Corporation of the Town of Milton

Finance Division

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