

# TOWN OF MILTON FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014  
ONTARIO, CANADA

# 2 0 1 4





The Town of Milton's strategic vision: Engaging, Balanced, Connected continues to guide decisions that Town Council makes and the actions the community takes to build a healthy and livable Milton today and for future generations to come. The strategic vision encompasses five main goals to direct decision making:

- 1** A responsible, cost effective, and accountable local government;
- 2** Well managed growth, well planned spaces;
- 3** A safe, livable, and healthy community;
- 4** A diverse and sustainable economy; and
- 5** A thriving natural environment that is a valued community asset to be protected, maintained, and enjoyed.

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# Milton's Vision



## Engaging

- Attractive and pleasing to the mind and eye — a Town defined, in part, by both: Its natural and physical beauty; and our engaging residents — their caring, friendly, courteous, generous, respectful nature.
- A place with a desirable personality that can attract and hold one's attention — a Town that is charming, appealing and a model of civility.
- A place that seeks to fully involve people in Town life — an engaged population that contributes to matters of civic interest, enjoys our programs and amenities, participates in our celebrations and fully experiences all that Milton has to offer.
- Genuine, vibrant, safe and secure — a Town that values its roots, embraces diversity and provides for an exceptional quality of life.

## Balanced

- In harmony — different aspects of the Town pleasingly combined to create an enriched whole that is greater than the sum of its parts.
- Well planned and provides for an appropriate mix of land uses that contribute to a clearly defined sense of place.
- Characterized by a willingness and ability to exhibit good judgement and prudence — with a decisions made in the collective interest of residents and that respect a bigger picture, Town-wide view.
- Meeting the needs of residents of all life-cycle stages and that offers a range of activities to address diverse interests.
- Tradition-based, but not tradition-bound.

## Connected

- Safely, effectively and efficiently moving people and goods — and enhancing travel to, from and within the community.
- Prepared for the 21st century — fully maximizing the use of information technology and electronic communications to serve resident, business and community-wide interests.
- Characterized by a shared sense of concern about and pride in our Town — where people choose to join together in common cause.
- Plugged-in to societal trends and issues of the day — an influential contributor to regional and provincial affairs.

# Our Place in Ontario



# Milton Quick Facts



Milton has evolved into one of the most educated, diverse, and growing communities in Canada. Milton is the only community in Ontario with top 10 standings in five distinct categories: Growth, Median Age, Median Age of Labour Force, Education Attainment, and Income.

Land area: 365 square kilometers

Population (2014 estimate): 100,700

Population density per sq. km: 275.60

Population growth (2001-2014): 69,229, from 31,471 to 100,700 or 220% increase

Forecasted growth for (2015-2024): 59,300 or 59% increase

Total population forecast for 2024: 160,000

Number of private dwellings: 32,183

\*Age of population (by age groups):

0-19: 30%

20-64: 62%

65+: 8%

\*Average household income: \$117,930

\*Average value of dwelling: \$429,000

Milton Capital Budget (2014): \$64,163,860

Milton Operating Budget (2014): \$98,017,054

Tax Levy requirements: \$41,936,239

User charges and other revenue: \$56,080,815

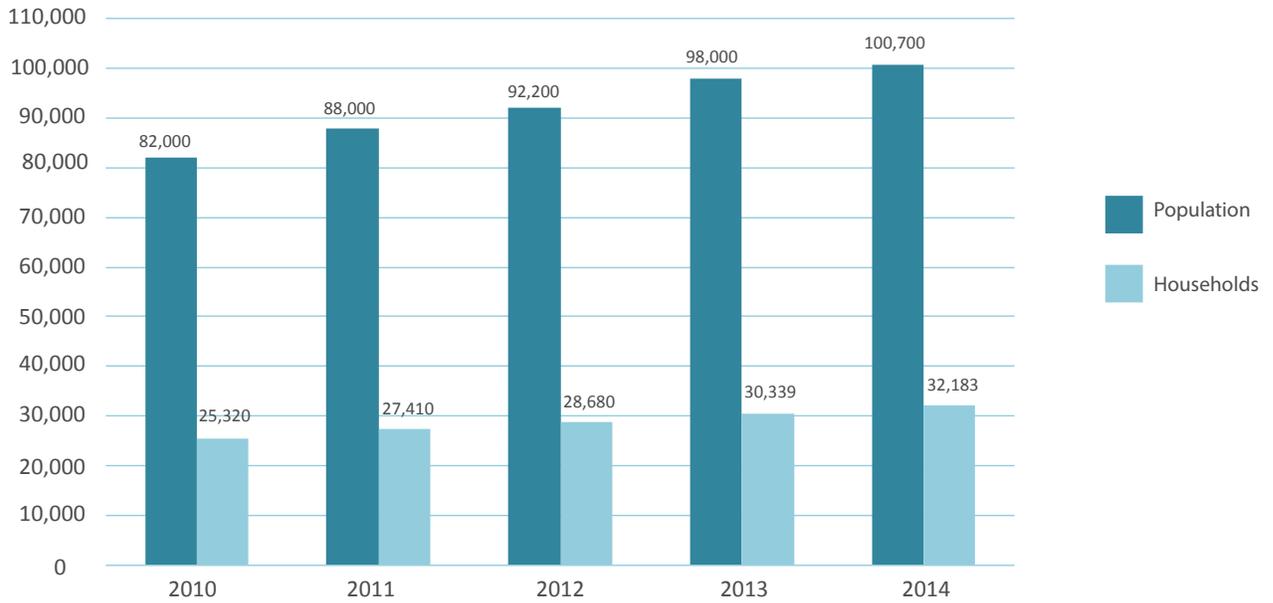
\*Milton has the lowest percentage of property taxes with relation to household income in GTA: 3.4%

\*Milton is the fastest growing mid-size municipality in Canada: (87% growth from 2006-2014)

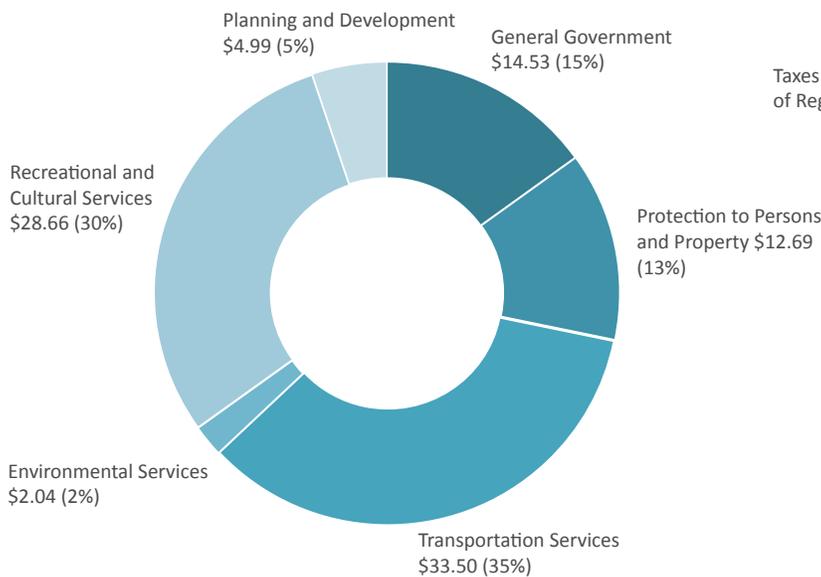
\*Source: BMA Management Consulting Inc. Municipal Study 2014; 95 Ontario municipalities included in the study.

# 2014 Highlights

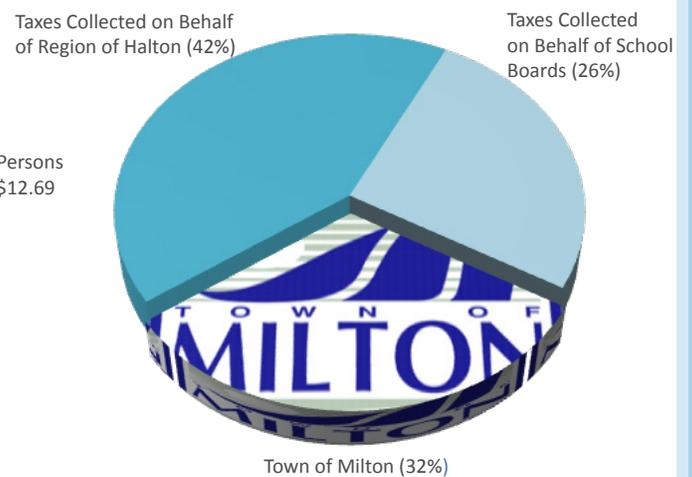
**Population Growth and Household increase over the last 5 years**



**2014 Operating Expenditures (million dollars)**



**2014 Residential Tax Breakdown**



# Governance and Organizational Structure

## Mayor and Council

Town Council, consisting of the Mayor and ten Councillors representing eight wards, is the governing body of the Town of Milton. Milton residents elect members of Council for a four year term of office. The current four year term commenced in December 2014.

The Council of the Town of Milton is responsible for:

- Matters requiring policy direction
- By-Laws or By-Law Amendments
- Responses or actions to pertinent issues
- Decisions on the recommendations of the Town of Milton's two Standing Committees

Council makes all decisions regarding policy, by-laws, and pertinent issues. Council also makes decisions on the recommendations of the Town of Milton's two Standing Committees of Council: Administration and Planning Committee and the Community Services Advisory Committee.

RESPONSIBLE

COST-EFFECTIVE

ACCOUNTABLE



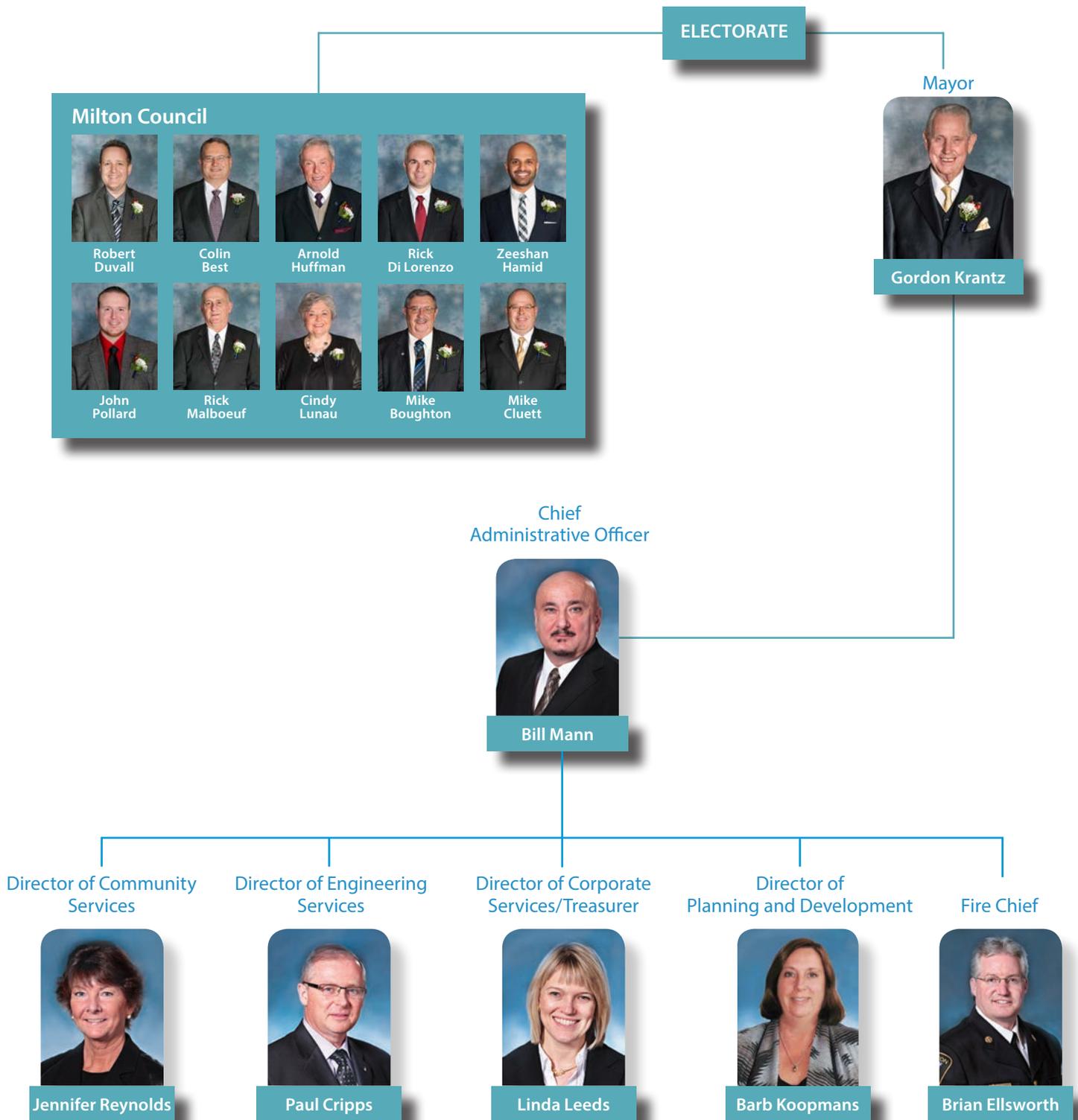
Town of Milton Council in session



Bill Mann, CAO

The Chief Administrative Officer (CAO) has overall responsibility for the Town's operating departments. As the leader of the Senior Management Team, the CAO is responsible for ensuring quality services are provided to the community and that the services provided are aligned with Council approved priorities. Department directors are responsible for the day-to-day operations of the departments and report directly to the CAO. The CAO also advises the Mayor and Town Council on matters of policy related to the civic administration of the Town of Milton.

# Organization Structure



# Award for Financial Reporting



Government Finance Officers Association

## Canadian Award for Financial Reporting

Presented to

**Town of Milton**

**Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2013**

A handwritten signature in black ink, reading 'Jeffrey R. Emery'.

Executive Director/CEO

## Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Town of Milton for the fiscal year ended December 31, 2013. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

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

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

The Town of Milton joined this program in 2010 receiving its first award in 2011 for the 2010 Financial Report. The Town of Milton is continuing this standard of high quality reporting for the submission and evaluation for the 2014 award program.



**Linda Leeds, CPA, CGA**  
Director of Corporate Services  
and Treasurer

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*The Town of Milton is pleased to present its Financial Statements for the year ended December 31, 2014. The financial report communicates to the stakeholders the Town's 2014 financial performance and has been prepared in accordance with the Municipal Act and is based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The 2014 results continue to demonstrate the strong leadership of Council and excellence in financial planning and fiscal management.*

*Like most municipalities, the Town faces a variety of challenges – financial, economic, environmental, legislative, etc. In 2014, high costs were incurred as the Town continued to clean up broken branches and damaged trees from the December 2013 ice storm. These costs have subsequently been recovered through the ice storm assistance program provided by the Provincial government. The Town continues to be faced with significant cost pressures in delivering current service levels. These pressures are driven by market forces and include uncontrollable costs for commodities, utilities, and extremely volatile fuel prices. During 2014 incremental operating costs were accommodated within the budget for new facilities and fleet. The continued growth in the population also puts increased pressure on staff to maintain high quality customer service. Growth in staffing levels is minimal and enhanced reliance for service delivery is placed on external contractors and part time staff. The Town has limited funding options and we are continually looking to implement efficiency improvements and cost savings where necessary to recover the costs of services.*

*During 2014, the Town also prepared and presented the first phase of our asset management plan, covering roads and bridges. While much of the Town's infrastructure has been constructed recently as part of the growth over the last 15 years, that infrastructure along with the pre-growth assets are continuing to mature and age. The level of funding that is dedicated to restoring and renewal of the Town's asset base will need to be increased as the inventory of "new growth" infrastructure requires inclusion in the capital budget for renewal. Consideration will need to be given to increasing tax based funding through increasing the infrastructure levy, raising the debt limits and / or additional funding from other levels of government. Alternative measures to narrow the gap between costs and funding sources for infrastructure renewal could also include legislative changes that would allow other revenue sources or a decline in the Town provided service levels.*

*The Town continues to be an award winning organization, having been recognize for many years for it's financial reporting. We look forward to another successful year in 2015.*

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JOHN S. WARD

# 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 of Canadian Institute of Chartered Accountants.

The Financial Discussion and Analysis and 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, 2014.

There are four required financial statements: statement of financial position, statement of operations, statement of change in net financial assets and 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 and committees and local boards accountable for the administration of their own financial affairs and resources but are owned or controlled by the Town with the exception of the Milton Hydro Holdings Inc. which is accounted for on the modified equity basis of accounting.

These entities and organizations include:

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

The Town of Milton is a part of the Regional Municipality of Halton (the "Region of Halton") which is considered an upper tier municipal government. The Town collects taxes and other revenues on behalf of the Region of Halton 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, wastewater 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 administration, finance and accounting, information technology, property taxation, human resources, and purchasing
- Protection to Persons and Property – fire services, by-law enforcement, parking enforcement, licensing, animal and weed control, building services
- Transportation Services – roads construction and maintenance, transit, and street lighting
- Environmental Services – storm water management, 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, 2014. 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 control tool 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 the Town Council in December for review and approval. Citizens are involved in the budget process through surveys, forums and public hearings.

## 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, risk management and debt policies. The 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 equalling 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.

Strong financial policies are key to ensuring that tax revenue does not become an increasing burden on the community. The Town strives to maximize 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. Although 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 and setting 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.

## 2014 Economic Update

The Bank of Canada previously expected a strong economic recovery after a period of negative growth following the 2009 banking crisis. The Bank has commented that the recovery is taking longer than expected driven by weak global demand uncertainty on business investment and trade. The revised projections expect gross domestic product (GDP) growth to average 2.25 for 2014 to 2016, reaching full capacity around mid 2016.

The most recent financial information revealed that GDP grew 2.4 per cent in the final quarter of 2014 beating forecasts which expected more modest growth due to the impact of lower oil prices.

Ontario economic growth projections were outlined in the May 2014 budget with forecasted 2014 growth of 2.2 per cent. It is expected that this rate will pick up in 2015 to 2.5 per cent in 2015 and 2016 as the depreciated currency helps the export sector along with the US recovery.

### Ontario Economic Trends



|                   | 2010  | 2011  | 2012  | 2013  | 2014p |
|-------------------|-------|-------|-------|-------|-------|
| Real GDP Growth   | 3.00% | 2.10% | 2.00% | 1.30% | 2.20% |
| Employment Growth | 1.70% | 1.80% | 8.00% | 1.40% | 2.40% |
| CPI Inflation     | 2.50% | 3.10% | 1.40% | 1.00% | 2.40% |

As of end of 2014, Canadian unemployment stood at 6.6 per cent, with the Ontario rate at 6.9 per cent. Halton Region is performing even better with a regional unemployment rate of 4 per cent, well below the five year average of 5.5 per cent. This is the lowest rate since the 2009 financial crisis; however, youth unemployment remains a concern with the 15-24 year old rate double the provincial average at approximately 16 per cent.

## Inflation

Inflation is measured by the Consumer Price Index (CPI) which measures the overall price increase in a basket of goods and services purchased by a typical household. It includes the increases in prices of things like food, clothing, and energy costs consumed by households.

The Statistics Canada CPI rate for Canada for December 2014 was 2.00 percent. Inflation for Ontario is usually slightly higher than national rates, however for 2014, the overall rate was the same as national average. This was almost entirely driven by significantly lower gasoline costs across the country offset by increased costs in most other areas.

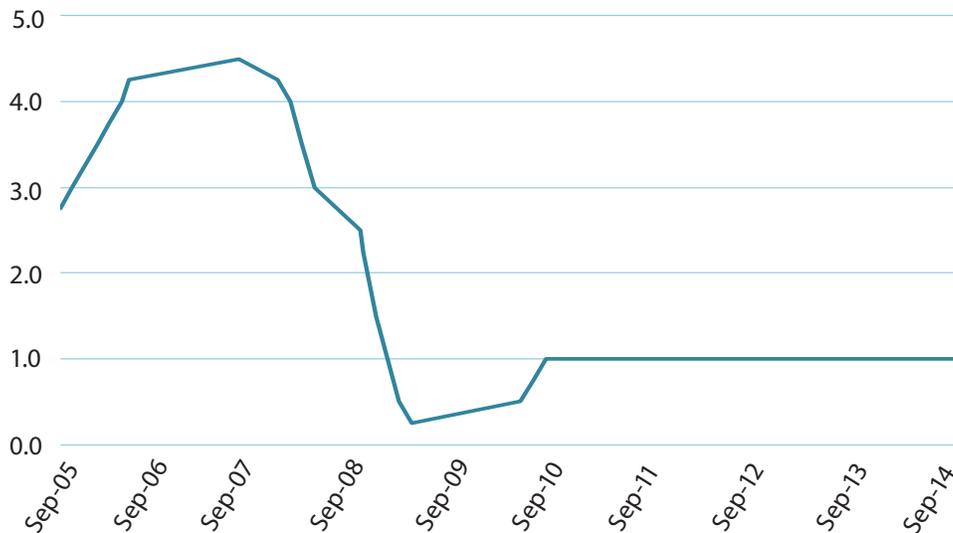
The expenditure profile of municipal governments is very different than that of consumers. The CPI does not accurately reflect the spending patterns of municipalities since costs such as food and clothing are not a significant expense for municipal government.

An alternative measure of inflation has been developed to account for these differences called the Municipal Price Index (MPI). The MPI measures the average increase in the price of goods and services that a municipality purchases within a year. Similar to the CPI which measures the inflation rate the average household faces, the MPI is a measure of inflation a municipality faces with annual increases to the costs of goods consumed by the Town such as asphalt, fuel, hydro and insurance. Although the index is unique to the Town of Milton due to the weighting used to construct the inflation rate, the rates used to calculate the MPI include widely published indices such as those of Statistics Canada and the Ministry of Transportation. For 2014 budget and user fees, staff calculated MPI for the Town of Milton to be 2.43 percent.

## Interest Rates

The Bank of Canada has maintained its target for the overnight rate at 1.00 per cent since September 2010. This rate remains low by historical standards.

*Historical Bank of Canada Overnight Rate*



*Source: Bank of Canada posted overnight rates*

These historically low rates impact the Town in two key areas.

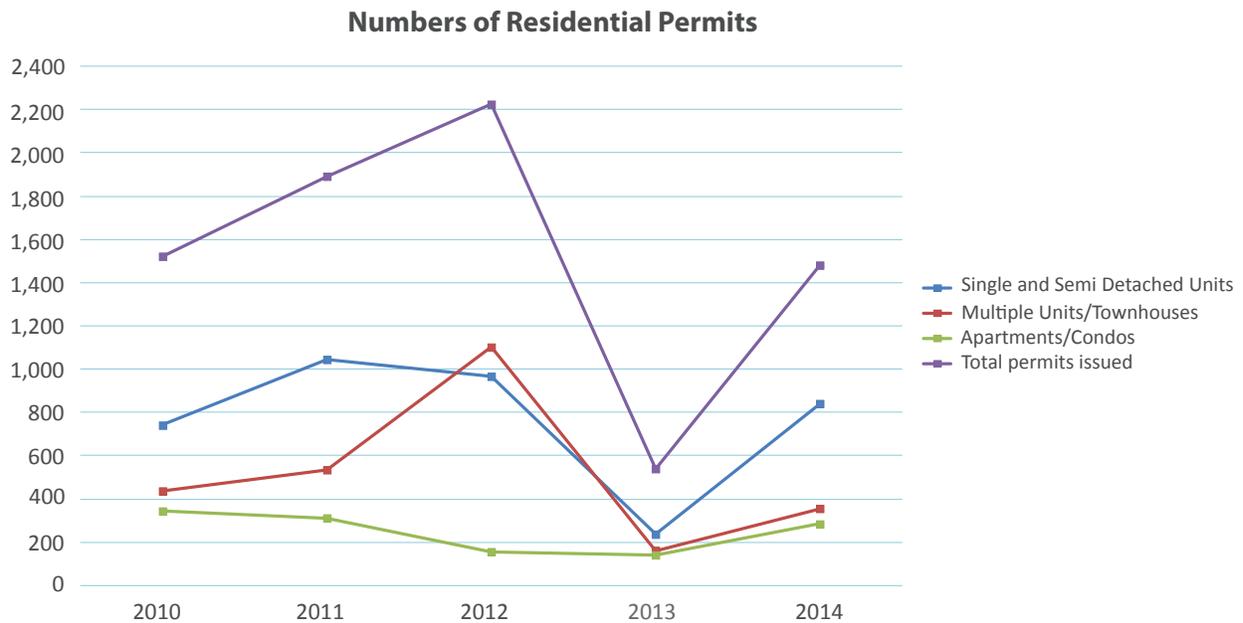
- Low rates marginally reduce borrowing costs for debt financed projects and reduce the impact on the tax base.
- The rate of return on the Town's investments is reduced which leads to lower investment income.

These impacts do offset each other to some degree; however, due to high cash balances relative to the amount of debt the Town issues, the lower investment returns have an overall negative impact on the financial strength of the municipality. In June 2014, the Town issued \$0.96 million in debentures. The timing of the issuance allowed the Town to secure financing at historically low rates. The 1-10 year serial debenture issue had an all in average borrowing cost of 2.93 percent. These low rates minimize the impact to the tax rate from debt servicing costs.

## 2014 Significant Events Affecting Financial Statements

### Growth and Building Activity

In 2014, Milton's residential construction activity has recuperated after a cool down, as it was significantly impacted by the delay in implementation of Halton Region's 2012 Allocation Program for water and wastewater servicing. The infrastructure required to provide future servicing to new growth areas is significant and costly and development could not proceed until such time as a financing plan was secured. Negotiations between the Region of Halton and the development community resulted in financing agreements with the developers to allow for the delivery of growth related infrastructure. With the availability of the 2012 servicing allocation, it is estimated that construction activity will continue to increase and occupancy will commence over the next 12 months.



|                                | 2010         | 2011         | 2012         | 2013       | 2014         |
|--------------------------------|--------------|--------------|--------------|------------|--------------|
| Single and semi detached units | 741          | 1,045        | 967          | 237        | 841          |
| Multiple units / Townhouses    | 437          | 535          | 1,102        | 162        | 356          |
| Apartments / Condos            | 344          | 312          | 156          | 141        | 284          |
| <b>Total permits issued</b>    | <b>1,522</b> | <b>1,892</b> | <b>2,225</b> | <b>540</b> | <b>1,481</b> |

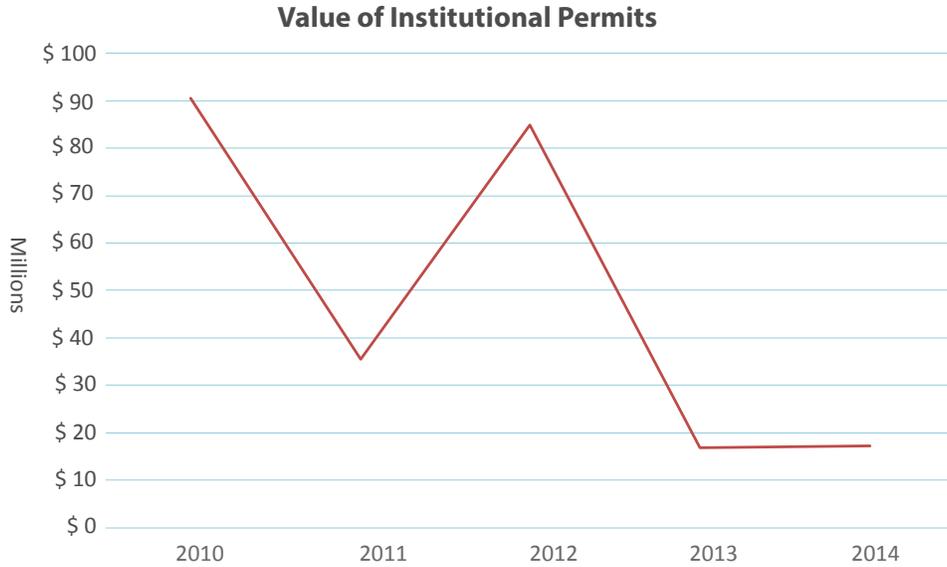
Non-residential permits has also experienced an increase in activity since 2013. Compared to the year before the number of permits increased by 20 per cent. The permits represent smaller construction projects with lower value of construction than in 2013, resulting in a decrease in overall construction value by 24 per cent.

**Value of Industrial and Commercial Permits**



|                    | 2010        | 2011       | 2012        | 2013        | 2014       |
|--------------------|-------------|------------|-------------|-------------|------------|
| Construction Value | 115,083,280 | 18,083,000 | 156,071,129 | 121,575,627 | 91,906,428 |
| Permits            | 124         | 103        | 92          | 82          | 98         |
| Square Meters      | 70,791      | 7,760      | 223,137     | 85,856      | 77,281     |

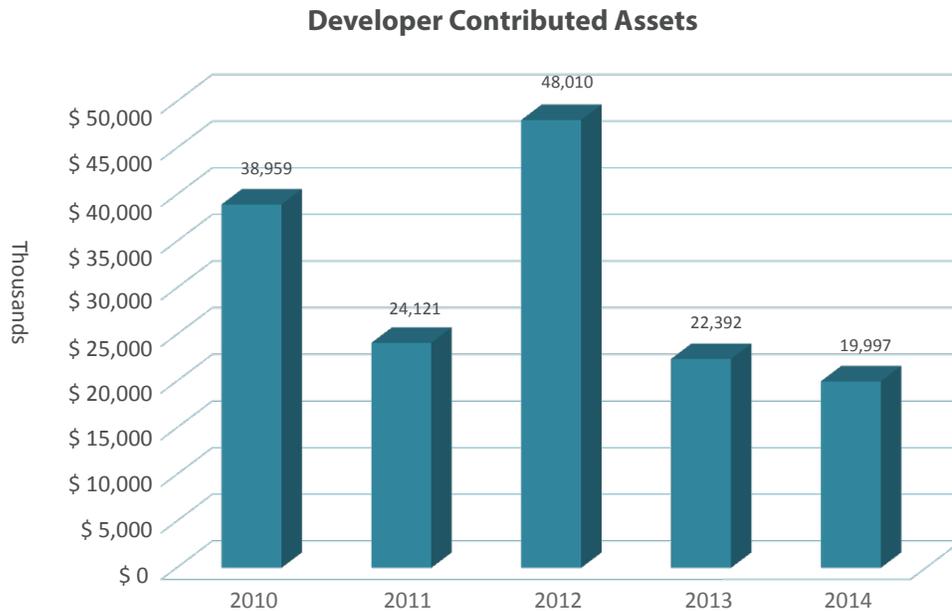
Institutional permits represent construction activity undertaken by government agencies, such as the Town, Region of Halton and Halton School boards. There has been a 17 per cent decrease in construction activity, but mostly for projects with lower value. These permits typically do not result in adding taxable assessment to the Town's assessment rolls.



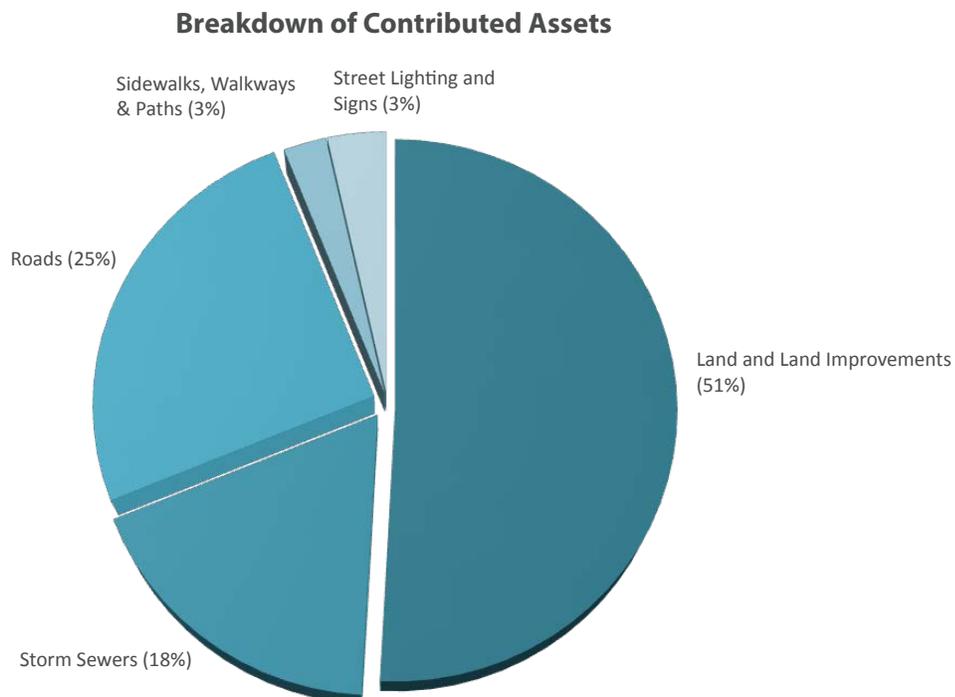
|                    | 2010       | 2011       | 2012       | 2013       | 2014       |
|--------------------|------------|------------|------------|------------|------------|
| Construction Value | 90,458,815 | 35,618,000 | 84,819,000 | 16,953,600 | 17,166,770 |
| Permits            | 28         | 26         | 39         | 76         | 63         |
| Square Meters      | 48,119     | 16,523     | 32,607     | 17,531     | 6,805      |

## 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 within a minimum of 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.



The pie chart below illustrates the breakdown of contributed assets for 2014.



## Facilities Opened in 2013

### Milton Indoor Turf Centre

The facility opened on December 5, 2013 giving Miltonians a unique opportunity to participate in soccer, football, ultimate frisbee, baseball, and field lacrosse during the winter months. Now that the facility has been operating for a full fiscal year, the financial statement impact is more visible:

- operating expenses are increased due to amortization, facility maintenance, staffing and other administration costs,
- additional revenue is attracted in the form of facility rentals and program fees.

## Facilities Opened in 2014

### Civic Operations Centre

The decision to construct a new Civic Operations Centre was approved by Council in 2008 in response to the inability of the existing Operations Centre on Nipissing Road to sustain the current and ever-growing maintenance demands for the roadway and parks infrastructure.

Construction commenced in 2010 and staff moved in to the new Civic Operations Centre, located on Regional Road 25, south of Britannia Road, in September of 2014. The facility consists of the main Operations building with cutting edge geothermal heating technology, equipment repair facilities, an unheated sand/salt storage, and state-of-the-art drive through wash bay.



## Milton Education Village

The Town of Milton is actively engaged in a activities to advance the Milton Education Village (MEV), and bring a university campus to Milton. The project is a partnership between the Town of Milton, Wilfrid Laurier University and Mattamy Homes. The Milton Education Village is Milton's vision for a comprehensive neighbourhood, integrating post-secondary education, residential, commercial and recreational uses, within the envelope of a 400 acre (160 hectare) area alongside the Niagara Escarpment. Wilfrid Laurier submitted a Milton campus proposal in response to a Provincial RFP. A Provincial decision is anticipated in early 2015.

Plans for the MEV also include an Innovation Centre, a local initiative dedicated to enabling an entrepreneurial culture for business start-up, incubation and for creating an intersection for innovation, education and training.

The Innovation Centre facility is temporarily located at 555 Industrial Drive and will relocate once its new home in Milton Education Village has been completed. In November 2013, the MEV Innovation Centre finished the last of its construction and became fully functional in January 2014. The Centre became a venue for a number of business meetings and networking events, worked with Laurier to hold its first continuing education seminars and established its initial base of tenants.



## Milton Sports Centre Gymnastics Facility Expansion

The Town of Milton and Milton Springers Gymnastics Club have been working in partnership since 2003, providing opportunities for both recreational and competitive gymnastic programs for the community at the Milton Sports Centre.

The Town completed design and construction for a 7,500 square foot addition to the gymnastics facility, which became available for use in 2014, satisfying the increased demand for space due to continued growth in the number of participants and programming.

The Springers Gymnastics Club made a capital contribution towards this expansion, and the Town and Club have entered into a new five year agreement to continue providing recreational opportunities for the community.

## Major Construction Projects in 2014

### Main Street Grade Separation and CNR Overpass

Milton Council identified the need to eliminate the level crossing of the Canadian Pacific Railway (CPR) tracks at Main Street, just east of Ontario Street. The construction stage has commenced in late 2011 and will continue through to the fall of 2015. The total project cost is estimated at \$49 million, and is partly funded by the Government of Canada through Canada's Gas Tax Fund.

The project involves the construction of an underpass to the south side of the existing Main Street railway level crossing. It is a structurally challenging project due to the sharp angle at which the CPR tracks cross Main Street. As a result, project features will include:

- A long bridge span over the underpass
- A new S-curve road alignment
- Sidewalks level with the underpass roadway (not elevated)
- The creation of a new service road for existing businesses to the north of the existing roadway
- Roadway lighting, traffic signals, storm sewers, retaining wall construction and landscaping

From an aesthetic standpoint, the bridge will be a landmark in the Town with the intention to create an urban focal point that echoes the natural landscape of the community.

From a practical standpoint, building an underpass will improve traffic flow on Main Street. It will also allow for better access to the downtown business area and central business district, as commercial development continues to increase on Main Street.



### Louis St. Laurent Avenue

In 2014, the construction of Louis St. Laurent Avenue has progressed further with completion of the four lane cross section including a centre median from Bronte Street to Highway 25.

Construction of the four lane cross section continues from Tremaine Road to Bronte Street. Louis St. Laurent Avenue is an important roadway that, once complete, will provide an essential corridor linking east and west Milton, from Tremaine Road through to James Snow Parkway. It will also provide residents in residential growth areas with more direct access to major highways such as the 401 and 407.

The project commenced in 2009 and four lane section is expected to be completed by 2020.

## 2014 Financial Highlights

Following a year of financial challenges, the 2014 financial statements for the Town of Milton reflect a positive turn in population growth and economic growth.

The audited financial statements indicate that the Town is fiscally strong with a net financial worth, as at December 31, 2014, of \$1,011 million. Strong fiscal management is also confirmed by the Town's debt capacity ratio of 8.45 per cent which is well below the established guideline of 25 per cent of own source revenues as established by the Ontario Municipal Board.

Total revenue for 2014 is \$161 million compared to total expenses of \$96 million resulting in net revenue of \$65 million which is used to fund capital assets and also to contribute to reserves. Reserve balances remain steady at \$51 million.

### Financial Highlights:

- Following the ice storm that impacted southern Ontario in December 2013 cleanup and recovery efforts continued into 2014. The Town successfully received funding to cover all

expenditures related to the ice storm through the province's Ice Storm Assistance Program.

- After a slow-down in growth as a result of a delay in the implementation of Halton Region's 2012 allocation program, residential building permit activity increased with 1,481 permits issued during the year compared to 540 in 2013.
- The Town was able to take advantage of low interest rates with the issuance of \$1.0 million in debentures for funding the construction of a grade separation on Main Street east of Ontario Street.
- New infrastructure in the form of roadways, development of parks, and the construction of facilities were provided to support continued growth within the community.

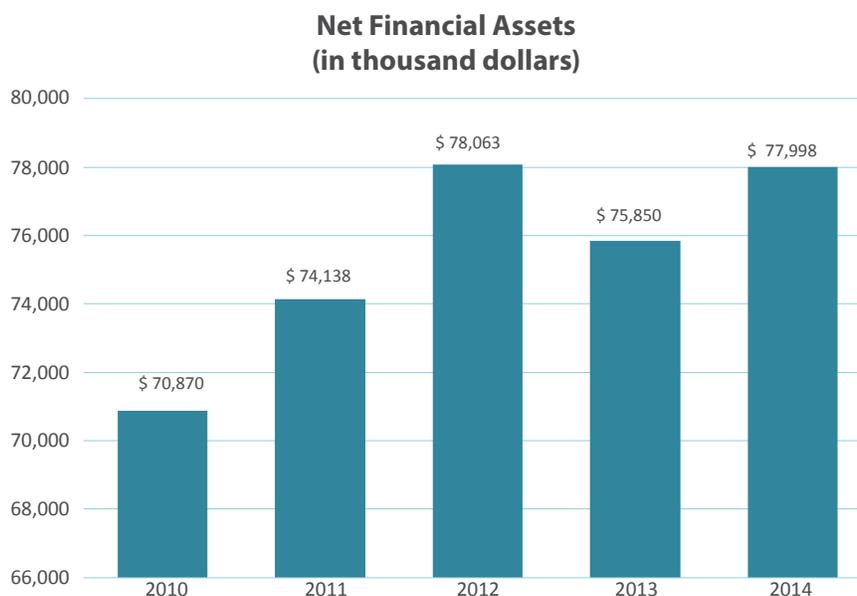
Throughout 2014, Milton has maintained its strong financial position while balancing the demands for infrastructure and services in the community and maintaining the lowest tax rate in the GTA.

## Consolidated Statement of Financial Position

### Net Financial Assets

|                             | 2014          | 2013          | Variance     | % Change     |
|-----------------------------|---------------|---------------|--------------|--------------|
| Financial assets            | 185,891       | 222,597       | (36,706)     | -16.49%      |
| Less financial liabilities  | 107,893       | 146,747       | (38,854)     | -26.48%      |
| <b>Net financial assets</b> | <b>77,998</b> | <b>75,850</b> | <b>2,148</b> | <b>2.83%</b> |

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$78.0 million, a 2.83 per cent increase of \$2.1 million from the prior year. The decrease in financial assets of \$36.7 million was offset by a slightly higher decrease in financial liabilities of \$ 38.9 million. The following chart illustrates the five year trend in net financial assets.



## Financial Assets

In 2014 the Town's financial assets have decreased by \$36.7 million mostly due to \$35.2 million decrease in cash and cash equivalents and a \$9.3 million decrease in grants receivable, which was partially offset by \$7.7 million increase in other financial assets including investments and accounts receivable.

On December 31, 2014 the Town's cash and investments totaled \$106.4 million, compared to \$137.8 million on December 31, 2013, a reduction of \$31.4 million. Taxes receivable have increased by \$1.4 million bringing up the taxes receivable per household amount to \$220.58 in 2014 compared to \$186.92 in 2013.

The decrease in grants receivable is primarily related to the grant funding for the Velodrome project being received during 2014. In 2014, \$2.63 million of Velodrome grant funding was still outstanding for the construction work that was completed at year end. In addition, after Town's timely submission of the 2013 Ice Storm claim in December 2014, the Province of Ontario has announced a release of the complete claim payment of \$1.86 million. Since grants are recognized as revenues as they are earned, this resulted in setting up grants receivable for \$4.52 million.

## Cash and Short-Term Investments

The 2014 year end cash and cash equivalents balance is \$8.1 million compared to \$43.2 million in 2013. The sharp decline is due to significant year end payments including the final payment for the Mattamy National Cycling Centre (Velodrome) in December 2014. Cash accounts generated a higher rate of return of 1.37 percent compared to 1.33 percent in 2013 due to active management of cash balances using high interest savings accounts.

Short term investments have increased slightly to \$ 7.5 million from \$5.0 million with a return of 1.78 percent which is higher than the 2013 yield of 1.54 percent. This is due to favourable rates on two GIC's set to mature in April and May 2015.

## Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$90.8 million, an increase of \$1.2 million from last year. An average rate of return in 2014 was 2.59 percent, contributing \$2.46 million of investment income, compared to a return of 2.99 percent in 2013. This reduction in long term yield is due to higher yielding investments maturing that cannot be reinvested at a similar rate of return.

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

**Cash and Investment  
Positions at December 31, 2014**



## Financial Liabilities

The major contributors to the decrease of financial liabilities of \$38.9 million dollars are accounts payable and other current liabilities. The decrease in accounts payable of \$31.1 million is mainly attributable to the timing of payments for work previously billed and accrued on completed capital projects. The decrease in other current liabilities of \$4.1 million dollars is also related to completion of capital projects, when holdbacks and cash securities were released. Please see the chart below for the trend in financial liabilities over the previous five years:



## Debt

In 2014 the Town issued \$0.97 million in new debentures and paid off \$5.18 million which decreased the balance of net long-term debentures to \$29.2 million. The timing of the 2014 debt issue allowed the Town to take advantage of continued favourable borrowing conditions. The 1-10-year serial debenture issuance had an all-in average borrowing yield of 2.94 percent.

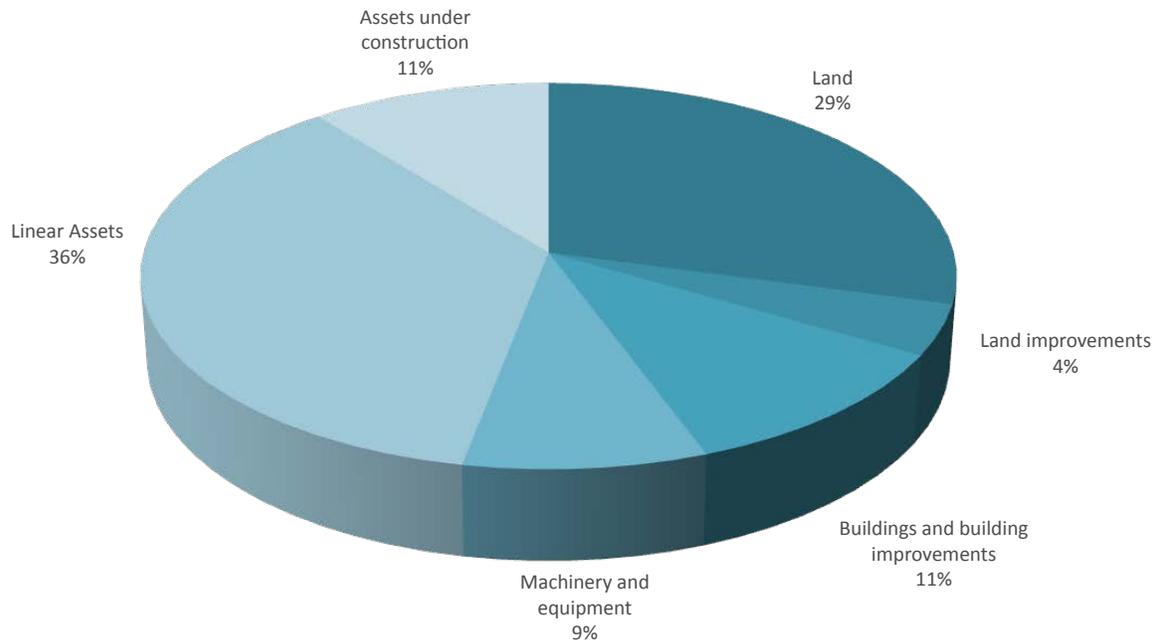
Guidelines established by the Ontario Municipal Board (OMB) allow for a maximum debt payment ratio of 25.00 percent of total revenues exclusive of grant funding, which in 2014 equaled to \$21.5 million. The Town Council has set further restrictive guidelines of 15.00 percent and up to 20.00 percent with the inclusion of non-tax supported debt. The Town's current debt capacity ratio of 8.45 percent is well within the guidelines set by both the OMB and Town Council.

## Non-Financial Assets

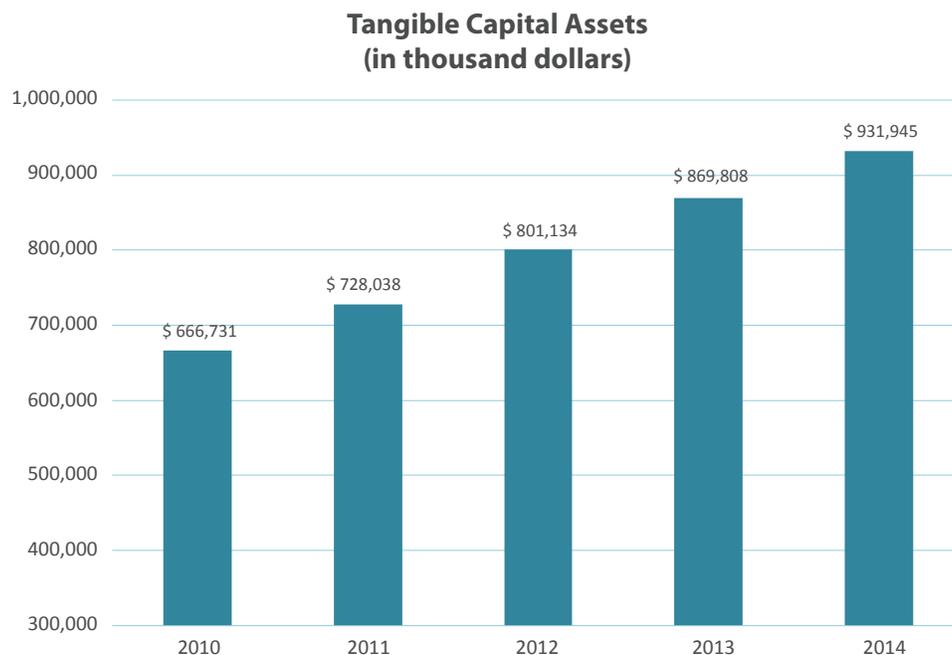
Non-financial assets, primarily consisting of tangible capital assets have continued to increase with a 7.14 per cent increase of \$ 62.1 million, which reflects the Town’s investment into capital infrastructure and the value of new assets being added to the Town’s inventory outpacing the annual amortization costs.

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

**2014 Tangible Capital Assets Breakdown**



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



| Asset Type                          | 2014           | %           | 2013           | %           | Change        | % Change  |
|-------------------------------------|----------------|-------------|----------------|-------------|---------------|-----------|
| Land                                | 272,401        | 29%         | 262,349        | 30%         | 10,052        | 1%        |
| Land improvements                   | 39,573         | 4%          | 33,907         | 4%          | 5,666         | 1%        |
| Buildings and building improvements | 101,723        | 11%         | 93,617         | 11%         | 8,106         | 1%        |
| Machinery and equipment             | 80,360         | 9%          | 74,947         | 9%          | 5,413         | 1%        |
| Linear Assets                       | 338,157        | 36%         | 324,281        | 37%         | 13,876        | 2%        |
| Assets under construction           | 99,731         | 11%         | 80,707         | 9%          | 19,024        | 2%        |
| <b>Total</b>                        | <b>931,945</b> | <b>100%</b> | <b>869,808</b> | <b>100%</b> | <b>62,137</b> | <b>7%</b> |

## Accumulated Surplus

Overall, the Town has maintained a strong accumulated surplus with a total of \$1,010.7 million, an increase of 6.83 per cent from the prior year balance of \$946.2 million. The change in the accumulated surplus arises from the annual excess of revenues over expenses for the year of \$64.6 million. This includes revenues used for the acquisition of assets.

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 is non-financial assets, and reflect the Town's investment in infrastructure which is used to deliver programs and services. They are not assets which are surplus to the 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:

|                                       | 2014             | 2013           | Change        |
|---------------------------------------|------------------|----------------|---------------|
| Reserves                              | 35,766           | 33,953         | 1,813         |
| Reserve funds                         | 15,056           | 15,528         | (472)         |
| Investment in Tangible capital assets | 931,945          | 869,808        | 62,137        |
| Unexpended capital                    | 5,084            | 10,757         | (5,673)       |
| Investment in Milton Hydro            | 53,045           | 51,505         | 1,540         |
| Town surplus                          | 34               | -              | 34            |
| Library surplus                       | 43               | 41             | 2             |
| Unfunded liabilities                  | (30,193)         | (35,403)       | 5,210         |
| <b>Total accumulated surplus</b>      | <b>1,010,780</b> | <b>946,189</b> | <b>64,591</b> |

The reserve balances have experienced an increase of \$1.8 million primarily due to \$1.9 million increase in Capital Provision funds collected in 2014, as more development agreements were executed.

The discretionary reserve funds have decreased by \$0.4 million, mainly due to utilization of \$0.9 million from Property Reserve Fund directed for acquisitions of sundry lands and land in precinct of Civic Operations Centre. This reduction was mitigated by an increase in the Milton District Hospital Reserve Fund of \$707 thousand.

Unexpended capital category represents financing for assets under construction and had experienced a balance reduction of \$5.7 million. It is, in part, attributable to deferral of fund-raising revenue received for construction of the Milton Velodrome. Funds received for the right to name parts of the newly constructed facility will be recognized over the term of naming agreement.

Unfunded liabilities balance is comprised of the principle outstanding on debentures issued by the Town, estimates of future employee benefit costs and amounts owing to developers for infrastructure constructed on behalf of the Town.

## 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. Annual surplus reported on this statement is 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 16 of the financial statements.

### Revenues

#### 2014 Budget to Actual Comparative Analysis

| Revenues                                  | Budget         | Actual         | Variance      | % Variance   |
|---|----------------|----------------|---------------|--------------|
| Taxation (note 12)                        | \$ 44,077      | \$ 45,576      | \$ 1,499      | 3.4%         |
| User charges                              | 13,890         | 13,943         | 53            | 0.4%         |
| Government transfers:                     |                |                |               |              |
| Federal (note 13)                         | 2,11           | 18,140         | 16,029        | 759.3%       |
| Provincial (note 13)                      | 616            | 2,733          | 2,117         | 343.7%       |
| Other municipalities                      | 2,668          | 4,270          | 1,602         | 60.0%        |
| Investment income                         | 3,817          | 3,752          | (65)          | -1.7%        |
| Penalties and interest                    | 1,873          | 2,052          | 179           | 9.6%         |
| Developer contributions                   | 47,107         | 32,972         | (14,135)      | -30.0%       |
| Developer contributed assets              | -              | 19,997         | 19,997        | 100.0%       |
| Proceeds from Ontario Lottery Corporation | 5,800          | 5,588          | (212)         | -3.7%        |
| Licences, permits, rents etc.             | 6,422          | 5,217          | (1,205)       | -18.8%       |
| Equity in income of Milton Hydro          | 1,000          | 3,040          | 2,040         | 204.0%       |
| Donations                                 | 334            | 1,722          | 1,388         | 415.6%       |
| Other recoveries                          | -              | 1,108          | 1,108         | 100.0%       |
| Miscellaneous                             | 2,486          | 893            | (1,593)       | -64.1%       |
| <b>Total revenues</b>                     | <b>132,201</b> | <b>161,003</b> | <b>28,802</b> | <b>21.8%</b> |

The variations in budget and actual columns primarily relate to differences in assumptions used. Council-approved budgets are prepared to determine the levy requirements and are, therefore, primarily on a cash basis. The actuals reported on the audited financial statements are following PSAB requirements, and are predominantly fully accrued transactions. These differences in reporting methodologies will always generate significant variances when compared to each other. One example of a significant difference is the unbudgeted tangible capital asset activity such as developer contributed assets, which gave a positive variance of \$19.9 million dollars.

Another contributing factor is timing of capital expenses and revenues being incurred in a different year from the budget year. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and does not include approved funding from the obligatory reserve funds for outstanding work. This caused an unfavourable fluctuation in developer contributions revenue of \$14.1 million. A favourable variance of \$1.1 million dollars of other recoveries relates to contractual obligations to third parties on Main street grade separation project for which the Town receives full compensation. A significant favourable variance of \$16.0 million dollars in federal grant revenue is attributable to funding for construction of the Milton Velodrome facility from TO2015 Sports Canada, the organizing committee for 2015 Pan/ ParaPan American games. This amount was part of 2012 budget amounts as this was the year the project was initiated.

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

## Year Over Year Comparative Analysis

| Revenues                                  | 2014           | 2013           | Change         | % Change     |
|---|----------------|----------------|----------------|--------------|
| Taxation (note 12)                        | \$ 45,576      | \$ 41,653      | \$ 3,923       | 9.4%         |
| User charges                              | 13,943         | 13,487         | 456            | 3.4%         |
| Government transfers:                     |                |                |                |              |
| Federal (note 13)                         | 18,140         | 17,012         | 1,128          | 6.6%         |
| Provincial (note 13)                      | 2,733          | 764            | 1,969          | 257.7%       |
| Other municipalities                      | 4,270          | 4,450          | (180)          | -4.0%        |
| Investment income                         | 3,752          | 3,902          | (150)          | -3.8%        |
| Penalties and interest                    | 2,052          | 1,953          | 99             | 5.1%         |
| Developer contributions                   | 32,972         | 36,442         | (3,470)        | -9.5%        |
| Developer contributed assets              | 19,997         | 22,392         | (2,395)        | -10.7%       |
| Proceeds from Ontario Lottery Corporation | 5,588          | 5,817          | (229)          | -3.9%        |
| Licences, permits, rents etc.             | 5,217          | 5,698          | (481)          | -8.4%        |
| Equity in income of Milton Hydro          | 3,040          | 3,245          | (205)          | -6.3%        |
| Donations                                 | 1,722          | 2,418          | (696)          | -28.8%       |
| Other recoveries                          | 1,108          | 1,847          | (739)          | -40.0%       |
| Miscellaneous                             | 893            | 955            | (62)           | -6.5%        |
| <b>Total revenues</b>                     | <b>161,003</b> | <b>162,035</b> | <b>(1,032)</b> | <b>-0.6%</b> |

Total revenue reported for the year 2014 was \$161.0 million, a decrease of \$1.0 million from last year's amount of \$162.0 million dollars. Various favourable and unfavourable variances offset each other in a year over year comparison. One of the main sources of unfavourable variance was the decrease in developer contributed assets of \$2.4 million compared to 2013 amount of \$22.4 million. This was driven by a decrease in the number of 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 changed hands. These assets are transferred into the ownership of the Town and must be recorded on the Town's Statement of Financial Position as part of the tangible capital asset pool. At the same time, the value of the assets contributed must be recognized as revenue received by the Town on the Statement of Operations.

Another contributing factor to the lower revenues was a reduction in developer contributions revenue, which experienced a decrease of \$3.4 million dollars. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and do not include the actual cash collected in that year. The decrease in this revenue source was related to the reduction in the capital work activity completed and funded through development charges.

Federal grant revenue increased \$1.1 million from the 2013 amount of \$17.0 million, primarily related to federal funding for the Velodrome. Provincial grant revenue increased \$2.0 million from the 2013 amount of \$0.7 million, primarily related to \$1.9 million of funding approved for the Ontario December 2013 Ice Storm Assistance Program.

A \$3.9 million increase in 2014 taxation revenue was ratified by Council during the 2014 budget approval process and is based on projected operating requirements.

## Expenses

### 2014 Budget to Actual Comparative Analysis

| Expenses                           | Budget        | Actual        | Variance        | Less Amortization and Losses on TCA | Subtotal       | Less Capital Expenses | Operating Expenses Variance |
|------------------------------------|---------------|---------------|-----------------|-------------------------------------|----------------|-----------------------|-----------------------------|
| General government                 | 11,003        | 14,525        | (3,522)         | 2,194                               | (1,328)        | 221                   | (1,107)                     |
| Protection services                | 12,226        | 12,690        | (464)           | 1,375                               | 911            | 19                    | 930                         |
| Transportation services            | 16,268        | 33,500        | (17,232)        | 11,347                              | (5,885)        | 3,179                 | (2,706)                     |
| Environmental services             | 432           | 2,042         | (1,610)         | 1,671                               | 61             | 120                   | 181                         |
| Recreational and cultural services | 22,261        | 28,663        | (6,402)         | 6,618                               | 216            | (275)                 | (59)                        |
| Planning and development           | 4,419         | 4,992         | (573)           | 7                                   | (566)          | 753                   | 187                         |
| <b>Total expenses</b>              | <b>66,609</b> | <b>96,412</b> | <b>(29,803)</b> | <b>23,212</b>                       | <b>(6,591)</b> | <b>4,017</b>          | <b>(2,574)</b>              |

The 2014 financial position of the Town results in an increase of expenses of \$29.8 million over budgeted expenses of \$66.6 million. The variance between budget and actual columns primarily relates to tangible capital asset activity not included in the budget, such as amortization and gain or loss on disposal. Amortization and loss on disposal of tangible capital assets amount to \$ 23.2 million. In addition, contributing to the unfavourable variance was \$4.0 million of expenses included in capital budgets that cannot be capitalized and need to be expensed on the Statement of Operations.

Transportation services has a deficit of \$2.7 million in operating expenses, which is largely due to a shortfall of \$2.8 million in Winter Control resulting from the extreme weather conditions experienced in 2014 of which \$1.3 million was attributed to the clean-up caused by the December 2013 ice storm.

An unfavourable variance between budget and actual expenditures in General Government is mostly related to increased insurance expenses for a supplementary insurance billing relating to years 2002-2012.

### Year Over Year Comparative Analysis

| Expenses                           | 2014          | 2013          | Change       | % Change   |
|------------------------------------|---------------|---------------|--------------|------------|
| General government                 | \$ 14,525     | \$ 13,799     | \$ (726)     | -5%        |
| Protection services                | 12,690        | 12,549        | (141)        | -1%        |
| Transportation services            | 33,500        | 32,478        | (1,022)      | -3%        |
| Environmental services             | 2,042         | 2,037         | (5)          | 0%         |
| Recreational and cultural services | 28,663        | 28,943        | 280          | 1%         |
| Planning and development           | 4,992         | 5,742         | 750          | 13%        |
| <b>Total expenses</b>              | <b>96,412</b> | <b>95,548</b> | <b>(864)</b> | <b>-1%</b> |

The 2014 financial position of the Town results in an increase of expenses of \$0.9 million dollars over 2013. This is mostly attributable to increased costs of operating newly added civic operations facility and increased insurance expenses for a supplementary insurance billing relating to prior years.

## 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 \$2.1 million, compared to last year's decrease of \$2.2 million.

## Consolidated Statement of Cash Flows

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 \$35.2 million to \$8.1 million.

The most significant cash outflow was the acquisition of tangible capital assets of \$65.5 million. Also contributing to reduction of cash position was \$35.2 million dollar settlement of accounts payable and other current liabilities, such as cash securities and holdbacks related to completion of capital projects.

A \$7.0 million settlement of accounts receivable by customers, recognition of deferred revenue of \$1.6 million, as well as the receipt of \$1.5 million dividend from Milton Hydro helped to offset impacts of cash outflow.



Linda Leeds, CPA, CGA  
Treasurer

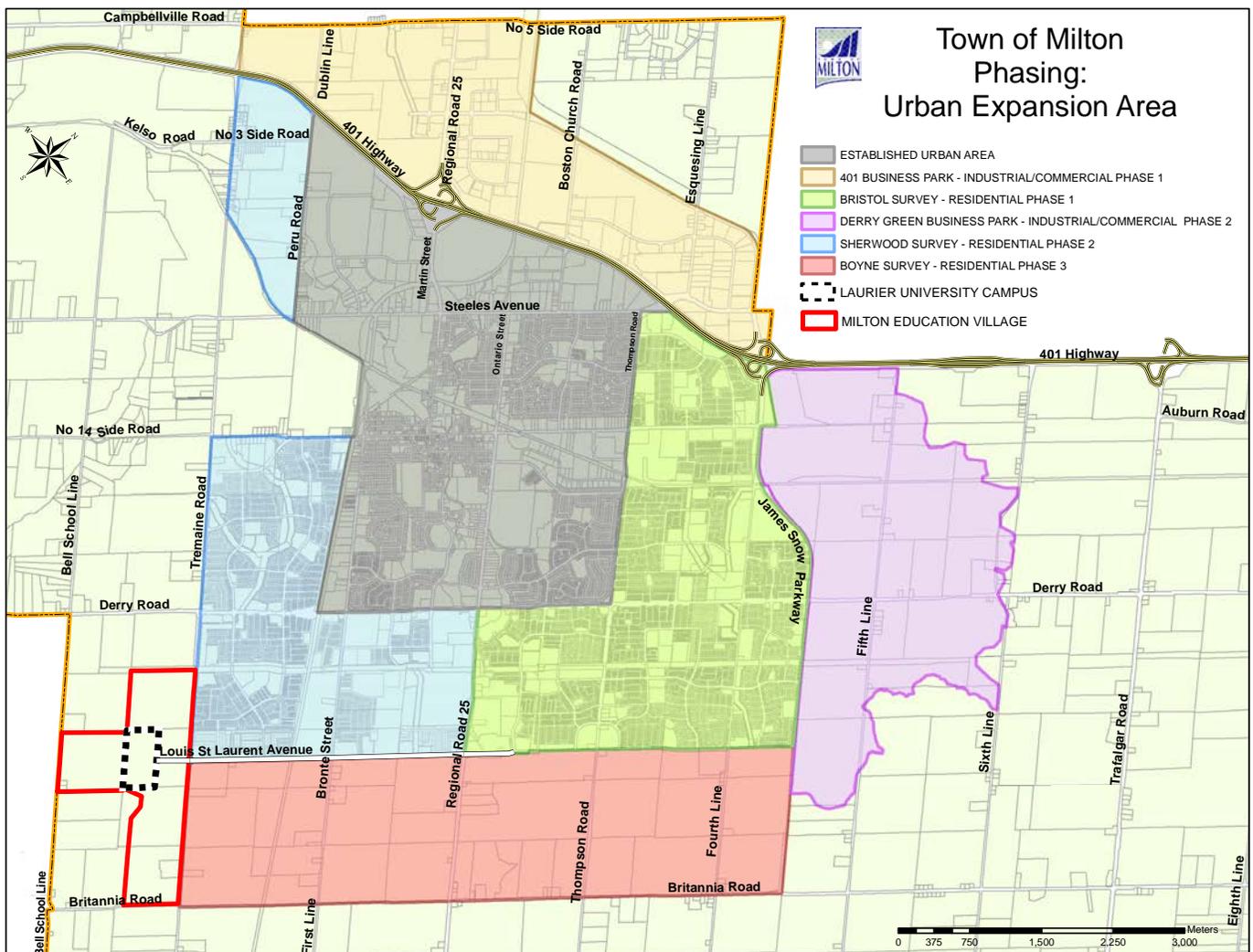
May 25, 2014

## Looking Forward

Since the 2006 census, the Town of Milton has continued to be recognized as the fastest growing municipality in Canada . With a projected population of 228,084 by 2031, the Town of Milton has to carefully plan its growth strategies.

With the Bristol Survey and Sherwood Survey residential areas nearing build-out, the next phase of residential growth and development has been approved through the Boyne Survey Secondary Plan. Similarly, non-residential growth in the 401 Business Park has been approved as the next phase to accommodate non-residential growth. Once these areas, known as the Halton Urban Structure Plan lands are developed, growth in the Sustainable Halton lands will proceed.

The Town believes it is essential to have a guiding vision that is embraced by its residents and will set standards for Milton's lifestyle for the future years of growth and development. The Town's strategic plan, Destiny Milton 2, is the broad vision for Milton, setting priorities for Milton's quality of life and service delivery. It will guide and provide context for all short and long-term planning for the Town through the Service Area Master Plans to ensure that the right services are being delivered to Milton's growing population.



## Planning for Growth

### Halton Urban Structure Plan

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

Phase 1 (Bristol Survey) – area generally to the east and south of the pre-HUSP urban boundary, extending to James Snow Parkway at the east, and midway between Derry Road and Britannia to the south (now Louis St. Laurent Boulevard). Phase 1 development area is approaching build-out. As such, forecast housing growth for this area represents only 4 percent of total forecast housing growth for the Town over the next twelve years.

Phase 2 (Sherwood Survey) – area generally to the west and south of the pre-HUSP urban boundary extending from Tremaine Rd. in the west and midway between Derry Rd. and Britannia to the south (now Louis St. Laurent Boulevard). Considerable housing growth potential still remains within the Phase 2 area, with approximately 10 percent of forecast total Town-wide housing growth between 2015 and 2026;

Phase 3 (Boyne Survey) – extends from the midpoint between Derry/Britannia (now Louis St. Laurent Boulevard) to Britannia in the south with the western and eastern boundaries being Tremaine Road and James Snow Parkway, respectively. Phase 3 (Boyne) will represent the Town's largest residential growth area over the next nine years, with approximately 86 percent of total housing growth.

Derry Green Corporate Business Park – This secondary plan area is generally bounded by the 401 to the north, south of the extension of Louis St. Laurent Boulevard to the south, James Snow Parkway to the west and Sixth Line to the east. This Business Park will bring on-stream approximately 800 hectares (2,000 acres) of developable non-residential lands. Derry Green will accommodate the majority of the Town's employment growth to the year 2030.

### 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.

### Providing for Growth

The annual capital budget provides for the infrastructure required to support the continued development of the Bristol and Sherwood Survey Secondary Plan Areas as well as the development of the Boyne Survey Secondary Plan Area and the Derry Green Corporate Business Park as approved by Council through the Town's Development Charges Background Study. It also provides for renewal and replacement of aging infrastructure as assets reach the end of their useful life.

The approved 2015 capital budget represents a significant investment in new infrastructure as well as the rehabilitation of existing assets to support the provision of services to the current and future residents and business of the Town of Milton. The 2015 capital budget provides for such things as roads, bridges, parks, trails, facilities and equipment with a total investment of \$31.6 million. Of this amount, \$16.2 million is required for projects related to growth in the community while the remaining balance of \$15.4 million is required for the rehabilitation or replacement of existing assets.

## Implementation of Asset Management Planning

Over the past several years, the Town, through the requirements of the Public Sector Accounting Board (PSAB), has inventoried and valued the assets owned by the Town. Understanding the inventory of assets, its state of repair and the amount of funding required for infrastructure renewal and replacement is a critical component of financial planning and preparing the capital budget and forecast. In addition, the Province of Ontario views improved asset management as a first step in resolving municipal infrastructure challenges and has indicated that future provincial grant funding will be dependent upon municipalities asset management plans including all elements described in the “Guide for Municipal Asset Management Plans” published by the Province.

Because the Town of Milton is in the early stages of growth, many of the Town’s assets are new and will not require replacement or significant renewal for many years. Work is currently underway to lay the foundation for the implementation of an asset management plan which will enable the Town to make more informed, educated decisions that will assist in determining appropriate timelines for asset repairs, rehabilitation and replacement. Once completed, this work will form the basis for developing policies and structuring future capital and operating budgets to inform what the level of funding is required to support the provision of services by the Town-owned assets.

## The Mattamy National Cycling Centre

The Mattamy National Cycling Centre, the oval-shaped, three-storey, fully accessible velodrome, is the only facility of its kind in Canada and only the second in North America that meets top international standards set by the International Cycling Union. It has a 250-metre timber track, with two 42-degree banks, designed to meet the most stringent requirements.

The Velodrome serves as both a community recreation facility and a venue for provincial, national and international events. The Centre is being managed by experienced staff to ensure that it is a leading event facility that will attract significant sports tourism activity to Milton.

The on-site amenities include:

- Cycling Track
- Gymnasium Courts
- Walking / Jogging Track
- Fitness Centre
- Bike Shop / Storage
- Event Space / Meeting Rooms

In 2014, the major construction work was completed on the Mattamy National Cycling Centre (MNCC). Although this facility would not be open to the public until early 2015, the majority of the construction expenses were incurred in the 2014 fiscal period.





## Toronto 2015 Pan/Parapan American Games

The Toronto 2015 Pan Am and Para-Pan Am Games are coming to Milton!

The Pan American Games are the world's third largest international multi-sport Games; they are only surpassed in size and scope by the Olympic Summer Games and the Asian Games. More than 7,000 athletes from across the Americas and Caribbean will put their years of intense training, perseverance and sacrifice to the test in world-class competition in 36 Pan Am sports and 15 Parapan Am sports at the TORONTO 2015 Pan Am / Parapan Am Games.

During July and August of 2015, the Velodrome will be a major host facility for the games. It will host competitions in the following cycling disciplines:

- Sprint events - a series of three-lap events with individual and team riders racing head to head while jostling for the most advantageous track position.
- Keirin - seven racers sprint in the slipstream of a pace-setting motorcycle.
- Endurance events - a race where the team pursuit sees two teams start at opposite ends of the track and have 16 laps (men) and 12 laps (women) to catch or outpace the opposition.
- Omnium events - a combination of six different race disciplines and distances and takes place over two consecutive days.

The Town of Milton will also hold several off-the-track events and celebrations throughout the Games to bring the Milton community together to share in art, culture and sport.



# 2014

Town of Milton Financial Report

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## Consolidated Financial Statements

For the year ending December 31, 2014

# MANAGEMENT REPORT

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Milton (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily 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.

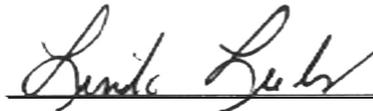
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

The 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.



William F. Mann  
Chief Administrative Officer



Linda Leeds, CPA, CGA  
Treasurer

May 25, 2015



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Milton, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. 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.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Milton as at December 31, 2014, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 25, 2015  
Hamilton, Canada

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# The Corporation of the Town of Milton

## Consolidated Statement of Financial Position

December 31, 2014 with comparative figures for 2013

(in thousands of dollars)

|   | 2014                | 2013              |
|---|---------------------|-------------------|
| <b>Financial assets:</b>                          |                     |                   |
| Cash and cash equivalents                         | \$ 8,098            | \$ 43,265         |
| Accounts receivable (note 2)                      |                     |                   |
| Taxes receivable                                  | 7,099               | 5,649             |
| Grants receivable                                 | 4,520               | 13,810            |
| Other   | 13,855              | 13,036            |
| Investments (note 3)                              | 98,324              | 94,606            |
| Investment in Milton Hydro Holdings Inc. (note 4) | 53,045              | 51,505            |
| Other assets                                      | 950                 | 726               |
| <b>Total financial assets</b>                     | <b>185,891</b>      | <b>222,597</b>    |
| <b>Liabilities:</b>                               |                     |                   |
| Accounts payable and accrued liabilities          | 18,980              | 50,095            |
| Other liabilities                                 | 7,131               | 11,269            |
| Deferred revenue (note 5)                         | 51,160              | 49,529            |
| Long-term debentures (note 6)                     | 29,152              | 33,369            |
| Developer obligations (note 7)                    | 166                 | 1,221             |
| Employee benefits and other liabilities (note 8)  | 1,304               | 1,264             |
| <b>Total liabilities</b>                          | <b>107,893</b>      | <b>146,747</b>    |
| <b>Net financial assets</b>                       | <b>77,998</b>       | <b>75,850</b>     |
| <b>Non-financial assets:</b>                      |                     |                   |
| Tangible capital assets (note 10)                 | 931,945             | 869,808           |
| Inventories of supplies                           | 559                 | 257               |
| Prepaid expenses                                  | 278                 | 274               |
| <b>Total non-financial assets</b>                 | <b>932,782</b>      | <b>870,339</b>    |
| <b>Accumulated surplus (note 11)</b>              | <b>\$ 1,010,780</b> | <b>\$ 946,189</b> |

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

# The Corporation of the Town of Milton

## Consolidated Statement of Operations

Year ended December 31, 2014 with comparative figures for 2013  
(in thousands of dollars)

|   | Budget              | 2014                | 2013              |
|---|---------------------|---------------------|-------------------|
|   | (Note 15)           |                     |                   |
| <b>Revenue:</b>                                       |                     |                     |                   |
| Taxation (note 12)                                    | \$ 44,077           | \$ 45,576           | \$ 41,653         |
| User charges  | 13,890              | 13,943              | 13,487            |
| Government transfers:                                 |                     |                     |                   |
| Federal (note 13)                                     | 2,111               | 18,140              | 17,012            |
| Provincial (note 13)                                  | 616                 | 2,733               | 764               |
| Other municipalities                                  | 2,668               | 4,270               | 4,450             |
| Investment income                                     | 3,817               | 3,752               | 3,902             |
| Penalties and interest                                | 1,873               | 2,052               | 1,953             |
| Developer contributions                               | 47,107              | 32,972              | 36,442            |
| Developer contributed assets                          | -                   | 19,997              | 22,392            |
| Proceeds from Ontario Lottery Corporation             | 5,800               | 5,588               | 5,817             |
| Licenses, permits, rents, etc                         | 6,422               | 5,217               | 5,698             |
| Equity in income of Milton Hydro Holding Inc.(note 4) | 1,000               | 3,040               | 3,245             |
| Donations   | 334                 | 1,722               | 2,418             |
| Other recoveries                                      | -                   | 1,108               | 1,847             |
| Miscellaneous   | 2,486               | 893                 | 955               |
| <b>Total Revenue</b>                                  | <b>132,201</b>      | <b>161,003</b>      | <b>162,035</b>    |
| <b>Expenses:</b>                                      |                     |                     |                   |
| General government                                    | 11,003              | 14,525              | 13,799            |
| Protection to persons and property                    | 12,226              | 12,690              | 12,549            |
| Transportation services                               | 16,268              | 33,500              | 32,478            |
| Environmental services                                | 432                 | 2,042               | 2,037             |
| Recreational and cultural services                    | 22,261              | 28,663              | 28,943            |
| Planning and development                              | 4,419               | 4,992               | 5,742             |
| <b>Total expenses</b>                                 | <b>66,609</b>       | <b>96,412</b>       | <b>95,548</b>     |
| Annual surplus  | 65,592              | 64,591              | 66,487            |
| Accumulated surplus, beginning of year                | 946,189             | 946,189             | 879,702           |
| <b>Accumulated surplus (note 11), end of year</b>     | <b>\$ 1,011,781</b> | <b>\$ 1,010,780</b> | <b>\$ 946,189</b> |

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

## The Corporation of the Town of Milton

### Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2014 with comparative figures for 2013

(in thousands of dollars)

|  | Budget           | 2014             | 2013             |
|--|------------------|------------------|------------------|
|  | (Note 15)        |                  |                  |
| Annual surplus                                     | \$ 65,592        | \$ 64,591        | \$ 66,487        |
| Acquisition of tangible capital assets             | (64,164)         | (85,525)         | (89,825)         |
| Amortization of tangible capital assets            | -                | 22,462           | 20,669           |
| (Gain)/loss on disposal of tangible capital assets | -                | 749              | 137              |
| Proceeds on sale of tangible capital assets        | -                | 177              | 345              |
|  | <b>1,428</b>     | <b>1,247</b>     | <b>(2,187)</b>   |
| Change in inventories of supplies                  | -                | (302)            | 36               |
| Change in prepaid expenses                         | -                | (4)              | (62)             |
| <b>Change in net financial assets</b>              | <b>1,428</b>     | <b>2,148</b>     | <b>(2,213)</b>   |
| Net financial assets, beginning of year            | 75,850           | 75,850           | 78,063           |
| <b>Net financial assets, end of year</b>           | <b>\$ 77,278</b> | <b>\$ 77,998</b> | <b>\$ 75,850</b> |

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

# The Corporation of the Town of Milton

## Consolidated Statement of Cash Flows

Year ended December 31, 2014 with comparative figures for 2013  
(in thousands of dollars)

|   | 2014               | 2013               |
|---|--------------------|--------------------|
| <b>Operating Activities:</b>                        |                    |                    |
| Annual surplus                                      | \$ 64,591          | \$ 66,487          |
| Items not involving cash:                           |                    |                    |
| Amortization  | 22,462             | 20,669             |
| (Gain)/loss on disposal of tangible capital assets  | 749                | 137                |
| Developer contributions of tangible capital assets  | (19,997)           | (22,392)           |
| Change in employee benefits and other liabilities   | 40                 | 81                 |
| Equity in income of Milton Hydro Holdings Inc.      | (3,040)            | (3,245)            |
| Change in non-cash assets and liabilities:          |                    |                    |
| Accounts receivable                                 | 7,021              | (16,237)           |
| Other assets  | (224)              | (166)              |
| Accounts payable and accrued liabilities            | (31,115)           | 14,218             |
| Other liabilities                                   | (4,138)            | 1,872              |
| Deferred revenue                                    | 1,631              | (24,363)           |
| Developer obligations                               | (1,055)            | (587)              |
| Inventories of supplies                             | (302)              | 36                 |
| Prepaid expenses                                    | (4)                | (62)               |
| <b>Net change in cash from operating activities</b> | <b>36,619</b>      | <b>36,448</b>      |
| <b>Capital Activities:</b>                          |                    |                    |
| Proceeds on sale of tangible capital assets         | 177                | 345                |
| Cash used to acquire tangible capital assets        | (65,528)           | (67,433)           |
| <b>Net change in cash from capital activities</b>   | <b>(65,351)</b>    | <b>(67,088)</b>    |
| <b>Investing Activities:</b>                        |                    |                    |
| Investments   | (3,718)            | (21,178)           |
| Dividends from Milton Hydro Holdings Inc.           | 1,500              | 1,500              |
| <b>Net change in cash from investing activities</b> | <b>(2,218)</b>     | <b>(19,678)</b>    |
| <b>Financing Activities:</b>                        |                    |                    |
| Debt issued and assumed                             | 965                | 6,497              |
| Debt principal repayment                            | (5,182)            | (4,428)            |
| <b>Net change in cash from financing activities</b> | <b>(4,217)</b>     | <b>2,069</b>       |
| <b>Net change in cash</b>                           | <b>\$ (35,167)</b> | <b>\$ (48,249)</b> |

## The Corporation of the Town of Milton

### Consolidated Statement of Cash Flows (continued)

Year ended December 31, 2014 with comparative figures for 2013  
(in thousands of dollars)

|  | 2014            | 2013             |
|--|-----------------|------------------|
| Cash and cash equivalents, beginning of year   | \$ 43,265       | \$ 91,514        |
| <b>Cash and Cash equivalents, end of years</b> | <b>\$ 8,098</b> | <b>\$ 43,265</b> |
| Cash paid for interest on long-term debt       | \$ 1,176        | \$ 1,256         |
| Cash received from interest on investments     | 3,296           | 4,098            |

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

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

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 entities and organizations include:

The Milton Public Library Board

The Board of Management of the Milton Downtown Business Improvement Area

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

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

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

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

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

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

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

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.

#### (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) 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.

#### (d) 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 services are performed.

#### (e) 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.

#### (f) 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.

#### (g) 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.

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

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

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

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

#### (i) Employee future benefits:

(i) 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 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.

(ii) 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 certain employees may become entitled to a cash payment upon termination of services.

#### (j) 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.

#### (k) 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:

| Asset                               | Useful Life – Years |
|-------------------------------------|---------------------|
| Land improvements                   | 10–50               |
| Buildings and building improvements | 15–50               |
| Machinery and equipment             | 3–50                |
| Linear assets                       | 20–75               |

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.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

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

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

##### (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.

##### (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.

#### (l) 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.

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, 2014

(in thousands of dollars)

### 2. Accounts receivable

Taxes receivable of \$7,099 (2013 - \$5,649) reported on the Consolidated Statement of Financial Position include supplementary taxes of \$1,451 (2013 - \$692) recorded in 2014 but not collectible until 2015. Other accounts receivable are reported net of a valuation allowance of \$128 (2013 - \$131).

### 3. Investments:

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

| 2014                                       |                  |                  |
|--|------------------|------------------|
|  | Cost             | Market Value     |
| Short-term notes and deposits              | \$ 7,500         | \$ 7,500         |
| Government and government guaranteed bonds | 14,499           | 15,621           |
| Municipal bonds                            | 5,820            | 6,054            |
| Financial institutions                     | 70,505           | 70,305           |
| <b>Total investments, year end</b>         | <b>\$ 98,324</b> | <b>\$ 99,480</b> |

| 2013                                       |                  |                  |
|--|------------------|------------------|
|  | Cost             | Market Value     |
| Short-term notes and deposits              | \$ 5,000         | \$ 5,000         |
| Government and government guaranteed bonds | 19,708           | 20,225           |
| Municipal bonds                            | 15,322           | 16,415           |
| Financial institutions                     | 54,576           | 54,390           |
| <b>Total investments, year end</b>         | <b>\$ 94,606</b> | <b>\$ 96,030</b> |

### 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, 2014

(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:

|  | 2014              | 2013             |
|--|-------------------|------------------|
| <b>Financial Position:</b>                   |                   |                  |
| <b>Assets:</b>                               |                   |                  |
| Current                                      | \$ 28,253         | \$ 26,560        |
| Capital                                      | 72,276            | 60,769           |
| Other  | 2,916             | 796              |
| <b>Total assets</b>                          | <b>103,445</b>    | <b>88,125</b>    |
| <b>Liabilities:</b>                          |                   |                  |
| Current                                      | 17,423            | 15,047           |
| Long term debt                               | 27,748            | 16,855           |
| Long term note payable to Town of Milton     | 14,934            | 14,934           |
| Other  | 5,229             | 4,718            |
| <b>Total liabilities</b>                     | <b>65,334</b>     | <b>51,554</b>    |
| <b>Equity:</b>                               |                   |                  |
| Share capital                                | 17,549            | 17,549           |
| Retained earnings                            | 20,562            | 19,022           |
| <b>Total equity</b>                          | <b>38,111</b>     | <b>36,571</b>    |
| <b>Total liabilities and equity</b>          | <b>\$ 103,445</b> | <b>\$ 88,125</b> |
| <b>Operations:</b>                           |                   |                  |
| Revenue                                      | \$ 107,294        | \$ 99,327        |
| Expenses (including income tax provision)    | 104,254           | 96,082           |
| Income net of taxes                          | 3,040             | 3,245            |
| Dividend paid to Town of Milton              | (1,500)           | (1,500)          |
| <b>Change in equity</b>                      | <b>\$ 1,540</b>   | <b>\$ 1,745</b>  |
| 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               | 20,562            | 19,022           |
| <b>Total investment in Milton Hydro</b>      | <b>\$ 53,045</b>  | <b>\$ 51,505</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 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 of \$2,816 (2013 - \$2,663). Property taxes paid to the Town by Milton Hydro of \$98 (2013 - \$42).

Promissory note receivable from Milton Hydro to the Town has a 7.25% interest 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 (2013 - \$1,083).

### 5. Deferred revenue:

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

|  | 2014             | 2013             |
|--|------------------|------------------|
| Obligatory reserve funds (note 5 (b))              | \$ 34,269        | \$ 35,547        |
| Subdivision agreement fees                         | 2,611            | 3,144            |
| Property taxes prepaid                             | 3,947            | 3,755            |
| Development fees                                   | 1,505            | 749              |
| Investment in the Arts Campaign                    | 1,557            | 1,385            |
| Velodrome  | 5,732            | 3,733            |
| Prepaid facility rentals and program registrations | 757              | 677              |
| Other  | 782              | 539              |
| <b>Total deferred revenue</b>                      | <b>\$ 51,160</b> | <b>\$ 49,529</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 5. Deferred revenue (continued):

Continuity of deferred revenue is as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Balance, beginning of year:</b>                 |                  |                  |
| Obligatory reserve funds (note 5 (b))              | \$ 35,547        | \$ 62,917        |
| Subdivision agreement fees                         | 3,144            | 3,723            |
| Property taxes prepaid                             | 3,755            | 3,520            |
| Development fees                                   | 749              | 806              |
| Investment in the Arts Campaign                    | 1,385            | 1,214            |
| Velodrome  | 3,733            | 667              |
| Prepaid facility rentals and program registrations | 677              | 625              |
| Other  | 539              | 420              |
| <b>Total beginning balance:</b>                    | <b>49,529</b>    | <b>73,892</b>    |
| <b>Receipts:</b>                                   |                  |                  |
| Obligatory reserve funds                           | 27,221           | 10,504           |
| Interest earned on obligatory reserve funds        | 554              | 763              |
| Subdivision agreement fees                         | 594              | 506              |
| Property taxes prepaid                             | 3,947            | 3,755            |
| Development fees                                   | 889              | 148              |
| Investment in the Arts Campaign                    | 308              | 283              |
| Velodrome  | 1,999            | 3,066            |
| Prepaid facility rentals and program registrations | 757              | 677              |
| Other  | 784              | 512              |
| <b>Total receipts</b>                              | <b>\$ 37,053</b> | <b>\$ 20,214</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 5. Deferred revenue (continued):

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Transfers:</b>                                  |                  |                  |
| Obligatory reserve funds                           | (29,053)         | (38,637)         |
| Subdivision agreement fees                         | (1,127)          | (1,085)          |
| Property taxes prepaid                             | (3,755)          | (3,520)          |
| Development fees                                   | (133)            | (205)            |
| Investment in the Arts Campaign                    | (136)            | (112)            |
| Prepaid facility rentals and program registrations | (677)            | (625)            |
| Other  | (541)            | (393)            |
| <b>Total transfers</b>                             | <b>(35,422)</b>  | <b>(44,577)</b>  |
| <b>Balance, end of year</b>                        | <b>\$ 51,160</b> | <b>\$ 49,529</b> |

(b) Deferred revenue – obligatory reserve funds:

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

|                          | 2014             | 2013             | Net Change        |
|--------------------------|------------------|------------------|-------------------|
| Building stabilization   | \$ 4,131         | \$ 3,677         | \$ 454            |
| Cash in lieu of parking  | 14               | 110              | (96)              |
| Cash in lieu of parkland | 3,143            | 1,045            | 2,098             |
| MetroLinx program        | -                | 1                | (1)               |
| Federal gas tax          | 3,191            | 1,045            | 2,146             |
| Gas tax for transit      | 859              | 465              | 394               |
| Development charges      | 22,931           | 29,204           | (6,273)           |
| <b>Total</b>             | <b>\$ 34,269</b> | <b>\$ 35,547</b> | <b>\$ (1,278)</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 6. Long-term debentures

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

|  | 2014             | 2013             |
|--|------------------|------------------|
| Net long-term debentures, beginning of year        | \$ 33,369        | \$ 31,300        |
| Less: Principal repayment                          | (5,182)          | (4,428)          |
| Add: New debt issued                               | 965              | 6,497            |
| <b>Net long-term debentures at the end of year</b> | <b>\$ 29,152</b> | <b>\$ 33,369</b> |

The long-term liabilities issued in the name of the Town are within the annual limits set by the Ontario Municipal Board.

(b) 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 Fund | Reserves        | Total            |
|-------------|------------------|---------------------|-------------------------|-----------------|------------------|
| 2015        | \$ 2,733         | \$ 1,162            | \$ 211                  | \$ 256          | \$ 4,362         |
| 2016        | 2,588            | 1,201               | 220                     | 268             | 4,277            |
| 2017        | 3,346            | 1,244               | 230                     | 1,659           | 6,479            |
| 2018        | 2,334            | 1,288               | 240                     | 288             | 4,150            |
| 2019        | 1,703            | 1,335               | -                       | 291             | 3,329            |
| 2020 - 2025 | 3,854            | 2,378               | -                       | 323             | 6,555            |
|             | <b>\$ 16,558</b> | <b>\$ 8,608</b>     | <b>\$ 901</b>           | <b>\$ 3,085</b> | <b>\$ 29,152</b> |

(c) Total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$1,148 in 2014 (2013 - \$1,234). The long-term liabilities bear interest at rates ranging from 2.41% to 4.81%.

### 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:

|   | 2014          | 2013            |
|---|---------------|-----------------|
| Accelerated roads program                 | \$ -          | \$ 1,066        |
| Subdivision agreements - parks            | 166           | 155             |
| <b>Developer obligations, end of year</b> | <b>\$ 166</b> | <b>\$ 1,221</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 7. Developer obligations (continued):

Obligations for the payment to developers, as per the accelerated roads program has been reimbursed in accordance with the Town's capital budget approvals for the various projects identified in the agreement. The accelerated roads program was prepared in conjunction with developers to accelerate the delivery of key transportation infrastructure links within the community.

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.

### 8. 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:

|                                  | 2014            | 2013            |
|----------------------------------|-----------------|-----------------|
| Future payments for WSIB         | \$ 505          | \$ 480          |
| Retiree benefits                 | 370             | 333             |
| Vacation pay and banked overtime | 429             | 451             |
| <b>Total</b>                     | <b>\$ 1,304</b> | <b>\$ 1,264</b> |

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

In common with other Schedule 2 employers, the Town funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. An independent actuarial study of the workplace safety and insurance liabilities for future payments on WSIB claims has been undertaken. The most recent valuation of the workplace safety and insurance liabilities was completed as of December 31, 2011. The actuarial update was prepared for three consecutive years.

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

|   |                       |
|---|-----------------------|
| Interest (discount rate)  | 4.25% per annum       |
| Administration costs  | 28.0% of compensation |
| Compensation costs (including loss of earning benefits, health care costs and non-economic loss awards) | 0.0% - 6.0% per annum |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 8. Employee benefits and other liabilities (continued):

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

|  | 2014          | 2013          |
|--|---------------|---------------|
| Accrued WSIB obligation, beginning of year | \$ 420        | \$ 393        |
| Current benefit cost                       | 78            | 75            |
| Actuarial gain                             | -             | -             |
| Interest                                   | 18            | 17            |
| Benefits paid                              | (67)          | (65)          |
|  | 449           | 420           |
| Unamortized actuarial gain                 | 56            | 60            |
| <b>Accrued WSIB liability, end of year</b> | <b>\$ 505</b> | <b>\$ 480</b> |

The Town has established a WSIB reserve and reserve fund to mitigate the future impact of the WSIB obligations in the amount of \$403 (2013 - \$487).

In the current year benefit costs are \$4 (2013 - \$3) for the net amortization of the actuarial gain. The net unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

#### (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, 2012. The actuarial update was prepared for three consecutive years.

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

|                            |   |
|----------------------------|---|
| Interest (discount rate)   | 3.75% per annum   |
| Dental benefits escalation | same as health benefits   |
| Health benefits escalation | 4.5% per annum<br>decreasing by 0.25% per year to 4.0% in 2015 and<br>4% per annum thereafter |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 8. Employee benefits and other liabilities (continued):

#### (b) Retiree benefits (continued)

|  | 2014          | 2013          |
|--|---------------|---------------|
| Accrued benefits obligation, beginning of year | \$ 600        | \$ 349        |
| Current benefit cost                           | 13            | 12            |
| Actuarial gain                                 | -             | 271           |
| Interest                                       | 22            | 22            |
| Benefits paid                                  | (50)          | (54)          |
|  | 585           | 600           |
| Unamortized actuarial loss                     | (215)         | (267)         |
| <b>Accrued benefits liability, end of year</b> | <b>\$ 370</b> | <b>\$ 333</b> |

In the current year amortization of the actuarial loss of \$13 (2013 - \$13) has been included in benefit expense on the statement of operations. The unamortized actuarial loss is amortized over the expected average remaining service life which is 7 years.

### 9. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 427 (2013 - 397) 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 \$52.5 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The Town's contribution to OMERS for 2014 was \$2,912 (2013 - \$2,689) for current service and is included as an expense on the consolidated statement of operations. Employees' contribution to OMERS in 2014 was \$2,912 (2013 - \$2,689).

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$7.1 billion as at December 31, 2014 (2013 - \$8.6 billion) based on the actuarial valuation of plan assets.

OMERS increased contributions for both employees and employers by 1% for 2012 and an additional 0.9% for 2013, made benefit reductions to plan members who leave their employment prior to retirement, and implemented a revised investment strategy. There was no change in contribution rates in 2014. 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, 2014

(in thousands of dollars)

### 10. Tangible Capital Assets:

| Cost                                | Balance at December 31, 2013 | Additions        | Disposals         | Balance at December 31, 2014 |
|-------------------------------------|------------------------------|------------------|-------------------|------------------------------|
| Land                                | \$ 262,349                   | \$ 10,242        | \$ (190)          | \$ 272,401                   |
| Land improvements                   | 44,132                       | 7,772            | (320)             | 51,584                       |
| Buildings and building improvements | 109,069                      | 10,808           | -                 | 119,877                      |
| Machinery and equipment             | 108,916                      | 13,262           | (2,684)           | 119,494                      |
| Linear assets                       | 580,222                      | 24,417           | (3,585)           | 601,054                      |
| Assets under construction           | 80,707                       | 19,024           | -                 | 99,731                       |
| <b>Total</b>                        | <b>\$ 1,185,395</b>          | <b>\$ 85,525</b> | <b>\$ (6,779)</b> | <b>\$ 1,264,141</b>          |

| Accumulated amortization            | Balance at December 31, 2013 | Amortization expense | Disposals         | Balance at December 31, 2014 |
|-------------------------------------|------------------------------|----------------------|-------------------|------------------------------|
| Land                                | \$ -                         | \$ -                 | \$ -              | \$ -                         |
| Land improvements                   | 10,225                       | 1,955                | (169)             | 12,011                       |
| Buildings and building improvements | 15,452                       | 2,702                | -                 | 18,154                       |
| Machinery and equipment             | 33,969                       | 7,819                | (2,654)           | 39,134                       |
| Linear assets                       | 255,941                      | 9,986                | (3,030)           | 262,897                      |
| Assets under construction           | -                            | -                    | -                 | -                            |
| <b>Total</b>                        | <b>\$ 315,587</b>            | <b>\$ 22,462</b>     | <b>\$ (5,853)</b> | <b>\$ 332,196</b>            |

|                                     | Net book value December 31, 2013 | Net book value December 31, 2014 |
|-------------------------------------|----------------------------------|----------------------------------|
| Land                                | \$ 262,349                       | \$ 272,401                       |
| Land improvements                   | 33,907                           | 39,573                           |
| Buildings and building improvements | 93,617                           | 101,723                          |
| Machinery and equipment             | 74,947                           | 80,360                           |
| Linear assets                       | 324,281                          | 338,157                          |
| Assets under construction           | 80,707                           | 99,731                           |
| <b>Total</b>                        | <b>\$ 869,808</b>                | <b>\$ 931,945</b>                |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

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

| Cost                                | Balance at<br>December 31,<br>2012 | Additions        | Disposals          | Balance at<br>December 31,<br>2013 |
|-------------------------------------|------------------------------------|------------------|--------------------|------------------------------------|
| Land                                | \$ 257,793                         | \$ 4,556         | \$ -               | \$ 262,349                         |
| Land improvements                   | 38,628                             | 5,524            | (20)               | 44,132                             |
| Buildings and building improvements | 105,238                            | 3,836            | (5)                | 109,069                            |
| Machinery and equipment             | 105,178                            | 11,928           | (8,190)            | 108,916                            |
| Linear assets                       | 560,329                            | 26,602           | (6,709)            | 580,222                            |
| Assets under construction           | 43,328                             | 37,379           | -                  | 80,707                             |
| <b>Total</b>                        | <b>\$ 1,110,494</b>                | <b>\$ 89,825</b> | <b>\$ (14,924)</b> | <b>\$ 1,185,395</b>                |

| Accumulated amortization            | Balance at<br>December 31,<br>2012 | Amortization<br>expense | Disposals          | Balance at<br>December 31,<br>2013 |
|-------------------------------------|------------------------------------|-------------------------|--------------------|------------------------------------|
| Land                                | \$ -                               | \$ -                    | \$ -               | \$ -                               |
| Land improvements                   | 8,531                              | 1,713                   | (19)               | 10,225                             |
| Buildings and building improvements | 12,944                             | 2,511                   | (3)                | 15,452                             |
| Machinery and equipment             | 35,390                             | 6,754                   | (8,175)            | 33,969                             |
| Linear assets                       | 252,495                            | 9,691                   | (6,245)            | 255,941                            |
| Assets under construction           | -                                  | -                       | -                  | -                                  |
| <b>Total</b>                        | <b>\$ 309,360</b>                  | <b>\$ 20,669</b>        | <b>\$ (14,442)</b> | <b>\$ 315,587</b>                  |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

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

#### a) Assets under construction

Assets under construction, having a value of \$99,731 (2013 - \$80,707), 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 market value at the date of contribution. The value of contributed assets received during the year is \$19,997 (2013 - \$22,392) comprised of land and land improvements in the amount of \$10,172 (2013 - \$3,311) and linear assets in the amount of \$9,825 (2013 - \$19,081).

#### c) Tangible Capital Assets recognized at nominal value

The Town has recorded the acquisition of three heritage houses at a nominal value of three dollars.

#### 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. These assets are not recorded as tangible capital assets and are not amortized.

#### e) Contingent transaction

The Town is party to a Memorandum of Understanding that may require it to transfer a certain parcel of land to a post-secondary institution. This transfer is contingent upon the post-secondary institution meeting certain conditions. The net book value of the applicable parcel of land is approximately \$7,700 and is included in tangible capital assets at December 31, 2014.

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 11. Accumulated surplus:

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

|                                       | 2014          | 2013          |
|---------------------------------------|---------------|---------------|
| <b>Reserves set aside by Council:</b> |               |               |
| Aggregate permit fees                 | \$ 638        | \$ 388        |
| Capital provision/growth              | 10,104        | 8,233         |
| Capital works                         | 7,687         | 8,611         |
| Computer replacement                  | 1,098         | 1,024         |
| Downtown Business Improvement Area    | 14            | 19            |
| Election                              | -             | 136           |
| Equipment replacement                 | 3,353         | 3,384         |
| Growth related resources              | 970           | 1,302         |
| Infrastructure renewal reserve        | 201           | 100           |
| Insurance                             | 663           | 649           |
| Legal action                          | 58            | 130           |
| Library services                      | 434           | 325           |
| Library capital                       | 548           | 359           |
| Municipal building component          | 2,401         | 1,885         |
| Municipal building replacement        | 789           | 532           |
| Per unit development processing fee   | 1,303         | 1,319         |
| Seniors fundraising                   | 112           | 126           |
| Tax rate stabilization                | 2,291         | 2,130         |
| Training                              | 229           | 216           |
| Transit and transportation            | 683           | 1,169         |
| Winter control                        | 723           | 365           |
| Working funds                         | 1,064         | 1,064         |
| WSIB                                  | 403           | 487           |
| <b>Total reserves</b>                 | <b>35,766</b> | <b>33,953</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 11. Accumulated surplus (continued):

|   | 2014                | 2013              |
|---|---------------------|-------------------|
| <b>Reserve funds set aside for specific purpose by Council:</b> |                     |                   |
| Cash in lieu of storm water management                          | \$ 138              | \$ 135            |
| Investment in the Arts Campaign                                 | (754)               | (596)             |
| Mayor's legacy  | 82                  | 80                |
| Milton District Hospital  | 2,426               | 1,719             |
| Ontario Lottery Corporation proceeds                            | 10,572              | 10,687            |
| Perpetual maintenance   | 454                 | 426               |
| Property transactions   | 2,048               | 2,997             |
| Sports field development  | 90                  | 80                |
| <b>Total reserve funds</b>                                      | <b>15,056</b>       | <b>15,528</b>     |
| <b>Surplus:</b>   |                     |                   |
| Invested in tangible capital assets                             | 931,945             | 869,808           |
| Unexpended capital  | 5,084               | 10,757            |
| Operating surplus - Town  | 34                  | -                 |
| Operating surplus - Library                                     | 43                  | 41                |
| Investment in Milton Hydro Holdings Inc.                        | 53,045              | 51,505            |
| Unfunded:   |                     |                   |
| Long term debentures  | (29,152)            | (33,369)          |
| Employee future benefits  | (875)               | (813)             |
| Developer obligations   | (166)               | (1,221)           |
| <b>Total surplus</b>  | <b>959,958</b>      | <b>896,708</b>    |
| <b>Total accumulated surplus</b>                                | <b>\$ 1,010,780</b> | <b>\$ 946,189</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 12. Taxation:

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

|   | 2014             | 2013             |
|---|------------------|------------------|
| Municipal and school property taxes   | \$ 155,727       | \$ 148,059       |
| Payments in-lieu of property and business taxes                                 | 1,154            | 893              |
| Balance, end of year  | 156,881          | 148,952          |
| Payments to the Region and school boards  | (111,305)        | (107,299)        |
| <b>Net property taxes and payments in-lieu available for municipal purposes</b> | <b>\$ 45,576</b> | <b>\$ 41,653</b> |

### 13. Government transfers:

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

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Ontario grants:</b>                                     |                  |                  |
| Ontario's After School Program                             | \$ 49            | \$ 57            |
| Elderly Persons Centres Program                            | 48               | 54               |
| Gas Tax Fund   | 582              | 525              |
| Library Pay Equity Program                                 | 3                | 3                |
| Ministry of Transportation - fire calls on King's highways | 65               | 56               |
| MetroLinx - Transit Procurement Initiative                 | 1                | 17               |
| Ontario Cultural Development Fund                          | 7                | -                |
| Ontario Ice Storm Assistance Program                       | 1,858            | -                |
| Ontario Rural Economic Development Program                 | 4                | -                |
| Ontario Sport and Recreation Communities Fund              | 31               | -                |
| Public Library Operating Grant Program                     | 52               | 52               |
| TO2015 Sport Legacy Fund                                   | 2                | -                |
| Youth in Motion Program                                    | 31               | -                |
| <b>Subtotal Provincial grants</b>                          | <b>2,733</b>     | <b>764</b>       |
| <b>Federal grants:</b>                                     |                  |                  |
| Gas Tax Fund   | 380              | 2,459            |
| Summer Career Placement Grant                              | 4                | 4                |
| TO2015 Sport Legacy Fund                                   | 32               | -                |
| TO2015 Sports Canada                                       | 17,724           | 14,549           |
| <b>Subtotal Federal grants</b>                             | <b>18,140</b>    | <b>17,012</b>    |
| <b>Total transfers</b>                                     | <b>\$ 20,873</b> | <b>\$ 17,776</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 14. Segmented Information:

Segmented information has been identified based upon various operating departments within the Town and their activities are reported by functional area in the body of the financial statements. Certain operating departments along with the services they provide have been separately disclosed in the segmented information as follows:

#### (i) 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 bylaws, adopting administrative policy, levying taxes, providing administrative, 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.

#### (ii) 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.

#### (iii) 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.

#### (iv) Health Services – Transfer to Halton Healthcare Services:

The Town of Milton has committed, by council resolution, to Halton Healthcare Services (“HHS”) up to \$35,000 towards the local share plan for the expansion of Milton District Hospital.

#### (v) Environmental Services – Storm Water Management:

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

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

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 14. Segmented Information (continued):

(vii) 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 Department assists businesses through technical processes associated with the relocation or set up of business. With the support of the Town, the DBIA board of management provides business promotion and improvement functions in downtown Milton.

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

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

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

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 14. Segmented Information (continued):

|   | 2014                  |  |
|---|-----------------------|--|
|   | General<br>Government | Protection to<br>Persons and<br>Property |
| <b>Revenues:</b>                              |                       |  |
| Taxation                                      | \$ 11,735             | \$ 8,619                                 |
| User charges                                  | 724                   | 83                                       |
| Government transfers                          |                       |  |
| Federal                                       | -                     | -  |
| Provincial                                    | 4                     | 65                                       |
| Other municipalities                          | -                     | 278                                      |
| Investment income                             | 3,733                 | -  |
| Penalties and interest                        | 1,143                 | -  |
| Developer contributions                       | 659                   | 394                                      |
| Developer contributed assets                  | -                     | -  |
| Proceeds from Ontario Lottery Corporation     | 5,588                 | -  |
| Licenses, permits, rents, etc.                | 53                    | 4,304                                    |
| Equity in income of Milton Hydro Holding Inc. | 3,040                 | -  |
| Donations                                     | 95                    | 3  |
| Other recoveries                              | -                     | -  |
| Miscellaneous                                 | 341                   | 7  |
| <b>Total revenues</b>                         | <b>27,115</b>         | <b>13,753</b>                            |
| <b>Expenses:</b>                              |                       |  |
| Salaries, wages and employee benefits         | 7,803                 | 10,222                                   |
| Purchased goods                               | 2,724                 | 498                                      |
| Purchased services                            | 1,049                 | 569                                      |
| Financial expenses / (recovery)               | 789                   | 19                                       |
| Transfers to others                           | -                     | 7  |
| Amortization expense                          | 2,160                 | 1,375                                    |
| <b>Total expenses</b>                         | <b>14,525</b>         | <b>12,690</b>                            |
| <b>Annual surplus</b>                         | <b>\$ 12,590</b>      | <b>\$ 1,063</b>                          |

| Transportation Services | Environmental Services | Health Services | Recreational and Cultural Services | Planning and Development | Total            |
|-------------------------|------------------------|-----------------|------------------------------------|--------------------------|------------------|
| \$ 11,673               | \$ 343                 | \$ 312          | \$ 11,471                          | \$ 1,423                 | \$ 45,576        |
| 1,119                   | 18                     | -               | 9,448                              | 2,551                    | 13,943           |
| 385                     | -                      | -               | 17,753                             | 2                        | 18,140           |
| 2,441                   | -                      | -               | 223                                | -                        | 2,733            |
| 3,807                   | 75                     | -               | 110                                | -                        | 4,270            |
| -                       | -                      | -               | 19                                 | -                        | 3,752            |
| 801                     | -                      | -               | 108                                | -                        | 2,052            |
| 20,056                  | 557                    | -               | 7,545                              | 3,761                    | 32,972           |
| 6,308                   | 4,346                  | -               | 9,343                              | -                        | 19,997           |
| -                       | -                      | -               | -                                  | -                        | 5,588            |
| 6                       | -                      | -               | 846                                | 8                        | 5,217            |
| -                       | -                      | -               | -                                  | -                        | 3,040            |
| 46                      | -                      | -               | 1,569                              | 9                        | 1,722            |
| 871                     | -                      | -               | 95                                 | 142                      | 1,108            |
| 413                     | -                      | -               | 132                                | -                        | 893              |
| <b>47,926</b>           | <b>5,339</b>           | <b>312</b>      | <b>58,662</b>                      | <b>7,896</b>             | <b>161,003</b>   |
| 4,078                   | 130                    | -               | 13,280                             | 3,433                    | 38,946           |
| 3,834                   | 42                     | -               | 3,748                              | 189                      | 11,035           |
| 13,958                  | 199                    | -               | 3,511                              | 1,350                    | 20,636           |
| 839                     | -                      | -               | 1,315                              | 13                       | 2,975            |
| -                       | -                      | -               | 351                                | -                        | 358              |
| 10,791                  | 1,671                  | -               | 6,458                              | 7                        | 22,462           |
| <b>33,500</b>           | <b>2,042</b>           | <b>-</b>        | <b>28,663</b>                      | <b>4,992</b>             | <b>96,412</b>    |
| <b>\$ 14,426</b>        | <b>\$ 3,297</b>        | <b>\$ 312</b>   | <b>\$ 29,999</b>                   | <b>\$ 2,904</b>          | <b>\$ 64,591</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 14. Segmented Information (continued):

|   | 2013                  |  |
|---|-----------------------|--|
|   | General<br>Government | Protection to<br>Persons and<br>Property |
| <b>Revenues:</b>                              |                       |  |
| Taxation                                      | \$ 9,766              | \$ 7,986                                 |
| User charges                                  | 809                   | 94                                       |
| Government transfers                          |                       |  |
| Federal                                       | -                     | -  |
| Provincial                                    | -                     | 56                                       |
| Other municipalities                          | -                     | 319                                      |
| Investment income                             | 3,884                 | -  |
| Penalties and interest                        | 1,230                 | -  |
| Developer contributions                       | 435                   | 873                                      |
| Developer contributed assets                  | -                     | -  |
| Proceeds from Ontario Lottery Corporation     | 5,817                 | -  |
| Licenses, permits, rents, etc.                | 23                    | 4,944                                    |
| Equity in income of Milton Hydro Holding Inc. | 3,245                 | -  |
| Donations                                     | 37                    | -  |
| Other recoveries                              | -                     | -  |
| Miscellaneous                                 | 325                   | 49                                       |
| <b>Total revenues</b>                         | <b>25,571</b>         | <b>14,321</b>                            |
| <b>Expenses:</b>                              |                       |  |
| Salaries, wages and employee benefits         | 5,815                 | 10,076                                   |
| Purchased goods                               | 2,452                 | 475                                      |
| Purchased services                            | 3,542                 | 722                                      |
| Financial expenses / (recovery)               | (119)                 | 99                                       |
| Transfers to others                           | 7                     | 65                                       |
| Amortization expense                          | 2,102                 | 1,112                                    |
| <b>Total expenses</b>                         | <b>13,799</b>         | <b>12,549</b>                            |
| <b>Annual surplus</b>                         | <b>\$ 11,772</b>      | <b>\$ 1,772</b>                          |

| Transportation Services | Environmental Services | Health Services | Recreational and Cultural Services | Planning and Development | Total            |
|-------------------------|------------------------|-----------------|------------------------------------|--------------------------|------------------|
| \$ 10,512               | \$ 343                 | \$ 301          | \$ 11,192                          | \$ 1,553                 | \$ 41,653        |
| 2,003                   | 10                     | -               | 8,423                              | 2,148                    | 13,487           |
| 2,459                   | -                      | -               | 14,551                             | 2                        | 17,012           |
| 541                     | -                      | -               | 167                                | -                        | 764              |
| 3,344                   | 720                    | -               | 67                                 | -                        | 4,450            |
| -                       | -                      | -               | 18                                 | -                        | 3,902            |
| 612                     | -                      | -               | 111                                | -                        | 1,953            |
| 19,579                  | 598                    | -               | 13,528                             | 1,429                    | 36,442           |
| 13,094                  | 7,704                  | -               | 1,594                              | -                        | 22,392           |
| -                       | -                      | -               | -                                  | -                        | 5,817            |
| 9                       | -                      | -               | 713                                | 9                        | 5,698            |
| -                       | -                      | -               | -                                  | -                        | 3,245            |
| 1,211                   | 90                     | -               | 1,077                              | 3                        | 2,418            |
| 1,536                   | -                      | -               | 287                                | 24                       | 1,847            |
| 517                     | -                      | -               | 64                                 | -                        | 955              |
| <b>55,417</b>           | <b>9,465</b>           | <b>301</b>      | <b>51,792</b>                      | <b>5,168</b>             | <b>162,035</b>   |
| 4,697                   | 172                    | -               | 13,034                             | 3,584                    | 37,378           |
| 3,061                   | 38                     | -               | 3,416                              | 137                      | 9,579            |
| 13,815                  | 271                    | -               | 5,466                              | 2,006                    | 25,822           |
| 842                     | -                      | -               | 891                                | 12                       | 1,725            |
| -                       | -                      | -               | 303                                | -                        | 375              |
| 10,063                  | 1,556                  | -               | 5,833                              | 3                        | 20,669           |
| <b>32,478</b>           | <b>2,037</b>           | <b>-</b>        | <b>28,943</b>                      | <b>5,742</b>             | <b>95,548</b>    |
| <b>\$ 22,939</b>        | <b>\$ 7,428</b>        | <b>\$ 301</b>   | <b>\$ 22,849</b>                   | <b>\$ (574)</b>          | <b>\$ 66,487</b> |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2014 budget approved by Council on December 16, 2013. Amortization was not contemplated on 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.

|  | <b>Budget Amount</b> |
|--|----------------------|
| <b>Revenue:</b>                        |                      |
| Operating budget                       | \$ 95,601            |
| Capital budget                         | 64,164               |
| Less:                                  |                      |
| Interfund transfers                    | (19,060)             |
| New debt financing                     | (966)                |
| Debt principal payment                 | (3,726)              |
| Reallocated revenues                   | (3,621)              |
| Contribution from surplus              | (191)                |
| <b>Total revenue</b>                   | <b>132,201</b>       |
| <b>Expenses:</b>                       |                      |
| Operating budget                       | 95,601               |
| Capital budget                         | 64,164               |
| Less:                                  |                      |
| Acquisition of tangible capital assets | (64,164)             |
| Interfund transfers                    | (21,641)             |
| Reallocated expenses                   | (3,625)              |
| Debt principal payments                | (3,726)              |
| <b>Total expenses</b>                  | <b>66,609</b>        |
| <b>Annual surplus</b>                  | <b>\$ 65,592</b>     |

# The Corporation of the Town of Milton

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

(in thousands of dollars)

### 16. Commitments:

The Town has outstanding contractual obligations of approximately \$19,836 (2013 - \$32,982) for capital works and transit services. The Town council has authorized financing of these obligations.

The Town of Milton has committed, by council resolution, to Halton Healthcare Services ("HHS") up to \$35,000 towards the local share plan for the expansion of Milton District Hospital. The current schedule anticipates that the payment to HHS will be made in 2017.

### 17. Correction of an immaterial prior period error:

During the year, the Town became aware that purchases previously considered as an operating expense were capital in nature and should have been recorded in tangible capital assets on the statement of financial position.

The impact of the correction has been recorded retrospectively and the cumulative effect up to December 31, 2014 has been recorded as an increase of \$866 in accumulated surplus and an increase in capital assets of \$866. This represents the net book value of the asset as at December 31, 2014

The impact of the correction as at December 31, 2013 was recorded as a \$916 decrease in operating expenses, an increase in depreciation expense of \$2, and an increase in tangible capital assets of \$914.

EXIT SORTIE



Milton  
Public  
Library  
Main Library



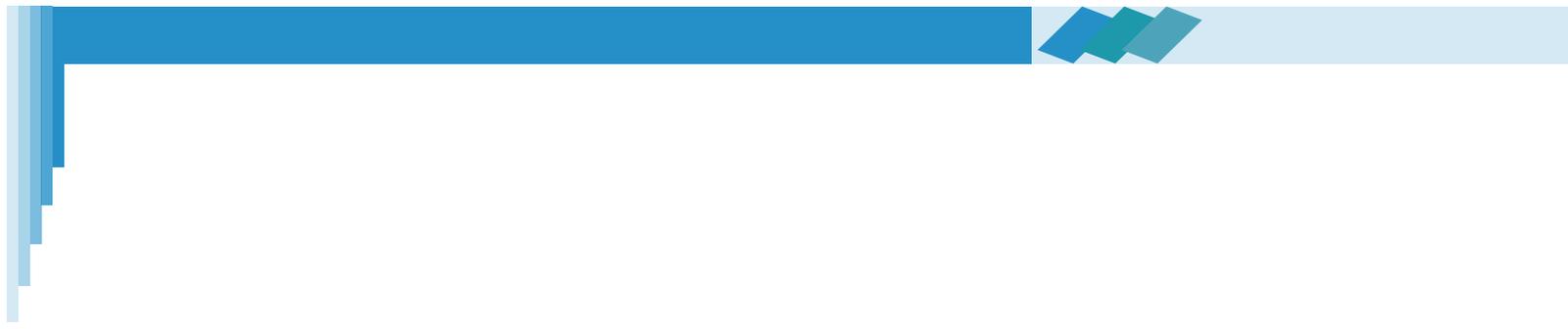
# 2014

Town of Milton Financial Report

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## **Milton Public Library Board**

For the year ended December 31, 2014





**KPMG LLP**  
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Hamilton ON L8N 3R1

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Telefax (905) 523-2222  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Milton Public Library Board, which comprise the statement of financial position as at December 31, 2014, the statements of operations, change in net financial assets and change in due from the Town of Milton for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. 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 financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Milton Public Library Board as at December 31, 2014, and its results of operations, its change in net financial assets and its change in due from the Town of Milton for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 25, 2015  
Hamilton, Canada

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# Milton Public Library Board

## Statement of Financial Position

December 31, 2014 with comparative figures for 2013

|  | 2014                | 2013                |
|--|---------------------|---------------------|
| <b>Financial assets:</b>                 |                     |                     |
| Due from the Town of Milton              | \$ 1,424,479        | \$ 1,132,671        |
| <b>Liabilities:</b>                      |                     |                     |
| Accounts payable and accrued liabilities | 108,571             | 149,596             |
| Net financial assets                     | 1,315,908           | 983,075             |
| <b>Non-financial assets:</b>             |                     |                     |
| Tangible capital assets (note 2)         | 2,903,737           | 3,142,558           |
| Prepaid expenses                         | 49,986              | 35,029              |
|  | 2,953,723           | 3,177,587           |
| <b>Accumulated surplus (note 3)</b>      | <b>\$ 4,269,631</b> | <b>\$ 4,160,662</b> |

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

# Milton Public Library Board

## Statement of Operations

Year ended December 31, 2014 with comparative figures for 2013

|  | Budget              | 2014                | 2013                |
|--|---------------------|---------------------|---------------------|
|  | (Note 4)            |                     |                     |
| <b>Revenue:</b>                                  |                     |                     |                     |
| Transfer from the Town of Milton                 | \$ 4,038,367        | \$ 4,038,367        | \$ 3,820,573        |
| Statutory revenue                                | 107,721             | 120,011             | 120,458             |
| User charges                                     | 12,000              | 15,685              | 15,816              |
| Federal government transfers:                    |                     |                     |                     |
| Summer career placement grant                    | 1,850               | 1,980               | 1,847               |
| Provincial government transfers:                 |                     |                     |                     |
| Capacity building grant program                  | -                   | -                   | 2,594               |
| Library pay equity program                       | 3,275               | 3,275               | 3,275               |
| Public library operating grant program           | 52,429              | 52,429              | 52,429              |
| ServiceOntario at libraries program              | -                   | -                   | 1,700               |
| Development charges earned                       | -                   | 8,744               | 10,383              |
| Miscellaneous                                    | 11,450              | 20,024              | 15,225              |
| <b>Total revenue</b>                             | <b>4,227,092</b>    | <b>4,260,515</b>    | <b>4,044,300</b>    |
| <b>Expenses:</b>                                 |                     |                     |                     |
| Salaries, wages and employee benefits            | 2,860,327           | 2,747,137           | 2,696,220           |
| Administrative                                   | 23,789              | 20,983              | 17,369              |
| Financial  | 2,770               | 2,752               | 2,288               |
| Purchased goods                                  | 117,458             | 107,777             | 119,608             |
| Purchased services                               | 625,635             | 704,198             | 641,171             |
| Amortization                                     | -                   | 568,699             | 519,887             |
| <b>Total expenses</b>                            | <b>3,629,979</b>    | <b>4,151,546</b>    | <b>3,996,543</b>    |
| Annual surplus / (deficit)                       | 597,113             | 108,969             | 47,757              |
| Accumulated surplus, beginning of year           | 4,160,662           | 4,160,662           | 4,112,905           |
| <b>Accumulated surplus (note 3), end of year</b> | <b>\$ 4,757,775</b> | <b>\$ 4,269,631</b> | <b>\$ 4,160,662</b> |

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

## Milton Public Library Board

### Statement of Change in Net Financial Assets

Year ended December 31, 2014 with comparative figures for 2013

|  | Budget              | 2014                | 2013              |
|--|---------------------|---------------------|-------------------|
|  | (Note 4)            |                     |                   |
| Annual surplus / (deficit)               | \$ 597,113          | \$ 108,969          | \$ 47,757         |
| Acquisition of tangible capital assets   | (443,551)           | (329,878)           | (343,149)         |
| Amortization of tangible capital assets  | -                   | 568,699             | 519,887           |
|  | 153,562             | 347,790             | 224,495           |
| Change in prepaid expenses               | -                   | (14,957)            | 4,385             |
| Change in net financial assets           | 153,562             | 332,833             | 228,880           |
| Net financial assets, beginning of year  | 983,075             | 983,075             | 754,195           |
| <b>Net financial assets, end of year</b> | <b>\$ 1,136,637</b> | <b>\$ 1,315,908</b> | <b>\$ 983,075</b> |

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

## Milton Public Library Board

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

Year ended December 31, 2014 with comparative figures for 2013

|  | 2014                | 2013                |
|--|---------------------|---------------------|
| <b>Cash provided by (used in):</b>               |                     |                     |
| <b>Operating activities:</b>                     |                     |                     |
| Annual surplus / (deficit)                       | \$ 108,969          | \$ 47,757           |
| Items not involving cash:                        |                     |                     |
| Amortization                                     | 568,699             | 519,887             |
| Change in non-cash assets and other liabilities: |                     |                     |
| Accounts payable and accrued liabilities         | (41,025)            | 13,711              |
| Prepaid expenses                                 | (14,957)            | 4,385               |
| Net change in cash from operating activities     | 621,686             | 585,740             |
| <b>Capital activities:</b>                       |                     |                     |
| Cash used to acquire tangible capital assets     | (329,878)           | (343,149)           |
| Net change in Due from the Town of Milton        | 291,808             | 242,591             |
| Due from the Town of Milton, beginning of year   | 1,132,671           | 890,080             |
| <b>Due from the Town of Milton, end of year</b>  | <b>\$ 1,424,479</b> | <b>\$ 1,132,671</b> |

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

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2014

### 1. Significant accounting policies:

The financial statements of the Milton Public Library Board (the "Library") are the representation of the Board's management and 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 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.

#### (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) Development charges:

The Town of Milton (the "Town") manages a development charge obligatory reserve fund for library services in the amount of \$6,654,715 (2013 - \$5,685,600 ) that is funded by contributions received from developers as stipulated by the Development Charges By-law and identified in the Development Charges Background Study.

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

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

#### (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.

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2014

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

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

##### (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:

| Asset            | 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.

#### (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. 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, 2014 with comparative figures for 2013

### 2. Tangible Capital Assets:

| Cost                      | Balance at<br>December 31, 2013 | Additions         | Disposals           | Balance at<br>December 31, 2014 |
|---------------------------|---------------------------------|-------------------|---------------------|---------------------------------|
| IT equipment              | \$ 323,250                      | \$ 34,332         | \$ (187,137)        | \$ 170,445                      |
| Office equipment          | 882,638                         | 15,405            | (91,431)            | 806,612                         |
| Collections               | 3,373,638                       | 280,141           | (249,366)           | 3,404,413                       |
| Assets under construction | -                               | -                 | -                   | -                               |
| <b>Total</b>              | <b>\$ 4,579,526</b>             | <b>\$ 329,878</b> | <b>\$ (527,934)</b> | <b>\$ 4,381,470</b>             |

| Accumulated amortization  | Balance at<br>December 31, 2013 | Disposals           | Amortization<br>Expense | Balance at<br>December 31, 2014 |
|---------------------------|---------------------------------|---------------------|-------------------------|---------------------------------|
| IT equipment              | \$ 159,730                      | \$ (187,137)        | \$ 84,279               | \$ 56,872                       |
| Office equipment          | 250,120                         | (91,431)-           | 37,517                  | 196,206                         |
| Collections               | 1,027,118                       | (249,366)           | 446,903                 | 1,224,655                       |
| Assets under construction | -                               | -                   | -                       | -                               |
| <b>Total</b>              | <b>\$ 1,436,968</b>             | <b>\$ (527,934)</b> | <b>\$ 568,699</b>       | <b>\$ 1,477,733</b>             |

|                           | Net book value<br>December 31,<br>2014 | Net book value<br>December 31,<br>2013 |
|---------------------------|--|--|
| IT equipment              | \$ 113,573                             | \$ 163,520                             |
| Office equipment          | 610,406                                | 632,518                                |
| Collections               | 2,179,758                              | 2,346,520                              |
| Assets under construction | -                                      | -                                      |
| <b>Total</b>              | <b>\$ 2,903,737</b>                    | <b>\$ 3,142,558</b>                    |

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2014 with comparative figures for 2013

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

| <b>Cost</b>               | <b>Balance at<br/>December 31, 2012</b> | <b>Additions</b>  | <b>Disposals</b>      | <b>Balance at<br/>December 31, 2013</b> |
|---------------------------|---|-------------------|-----------------------|---|
| IT equipment              | \$ 364,947                              | \$ 74,427         | \$ (116,124)          | \$ 323,250                              |
| Office equipment          | 882,638                                 | -                 | -                     | 882,638                                 |
| Collections               | 6,265,195                               | 294,861           | (3,186,418)           | 3,373,638                               |
| Assets under construction | 26,139                                  | (26,139)          | -                     | -                                       |
| <b>Total</b>              | <b>\$ 7,538,919</b>                     | <b>\$ 343,149</b> | <b>\$ (3,302,542)</b> | <b>\$ 4,579,526</b>                     |

| <b>Accumulated amortization</b> | <b>Balance at<br/>December 31, 2012</b> | <b>Disposals</b>      | <b>Amortization<br/>Expense</b> | <b>Balance at<br/>December 31, 2013</b> |
|---------------------------------|---|-----------------------|---------------------------------|---|
| IT equipment                    | \$ 197,901                              | \$ (116,124)          | \$ 77,953                       | \$ 159,730                              |
| Office equipment                | 214,730                                 | -                     | 35,390                          | 250,120                                 |
| Collections                     | 3,806,992                               | (3,186,418)           | 406,544                         | 1,027,118                               |
| Assets under construction       | -                                       | -                     | -                               | -                                       |
| <b>Total</b>                    | <b>\$ 4,219,623</b>                     | <b>\$ (3,302,542)</b> | <b>\$ 519,887</b>               | <b>\$ 1,436,968</b>                     |

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2014 with comparative figures for 2013

### 3. Accumulated surplus:

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

|                                      | 2014                | 2013                |
|--------------------------------------|---------------------|---------------------|
| Surplus:                             |                     |                     |
| Invested in tangible capital assets  | \$ 2,903,737        | \$ 3,142,558        |
| General                              | 43,467              | 40,688              |
| <b>Total surplus</b>                 | <b>2,947,204</b>    | <b>3,183,246</b>    |
| Reserves set aside by Library Board: |                     |                     |
| Library capital                      | 888,590             | 652,331             |
| Library services                     | 433,837             | 325,085             |
| <b>Total reserves</b>                | <b>1,322,427</b>    | <b>977,416</b>      |
| <b>Total accumulated surplus</b>     | <b>\$ 4,269,631</b> | <b>\$ 4,160,662</b> |

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

# Milton Public Library Board

## Notes to Financial Statements

Year ended December 31, 2014 with comparative figures for 2013

### 4. Budget data:

The budget data presented in these financial statements is based upon the 2014 operating and capital budgets approved by Council on December 16, 2013. Amortization was not contemplated on 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     |
|--------------------------|-------------------|
| <b>Revenues:</b>         |                   |
| Operating budget         | \$ 4,273,780      |
| Capital budget           | 443,551           |
| Less:                    |                   |
| Contributed from surplus | (40,688)          |
| Interfund transfers      | (443,551)         |
| Other transfer           | (6,000)           |
| <b>Total revenue</b>     | <b>4,227,092</b>  |
| <b>Expenses:</b>         |                   |
| Operating budget         | 4,273,780         |
| Capital budget           | 443,551           |
| Less:                    |                   |
| Interfund transfers      | (637,801)         |
| Other transfer           | (6,000)           |
| Capital expenses         | (443,551)         |
| <b>Total expenses</b>    | <b>3,629,979</b>  |
| <b>Annual surplus</b>    | <b>\$ 597,113</b> |



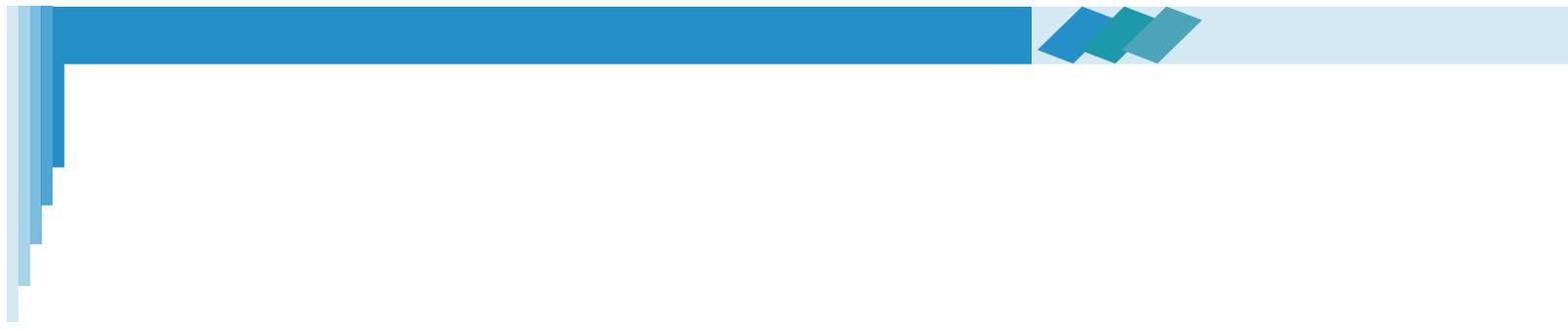
# 2014

Town of Milton Financial Report

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## Board of Management of the Milton Downtown Business Improvement Area

For the year ended December 31, 2014





**KPMG LLP**  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Board of Management of the Milton Downtown Business Improvement Area, which comprise the statement of financial position as at December 31, 2014, the statements of operations, change in net financial assets and change in due from the Town of Milton for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. 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 financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Management of the Milton Downtown Business Improvement Area as at December 31, 2014, and its results of operations, its change in net financial assets and its change in due from the Town of Milton for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 25, 2015  
Hamilton, Canada

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# Board of Management of the Town of Milton Downtown Business Improvement Area

## Statement of Financial Position

December 31, 2014 with comparative figures for 2013

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Financial assets:</b>                 |                  |                  |
| Due from the Town of Milton              | \$ 16,522        | \$ 34,455        |
| <b>Liabilities:</b>                      |                  |                  |
| Accounts payable and accrued liabilities | 4,060            | 15,978           |
| Net financial assets                     | 12,462           | 18,477           |
| <b>Non-financial assets:</b>             |                  |                  |
| Tangible capital assets (note 2)         | 21,056           | 13,684           |
| Prepaid expenses                         | 1,148            | 890              |
|  | 22,204           | 14,574           |
| <b>Accumulated surplus (note 3)</b>      | <b>\$ 34,666</b> | <b>\$ 33,051</b> |

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

# Board of Management of the Town of Milton Downtown Business Improvement Area

## Statement of Operations

Year ended December 31, 2014 with comparative figures for 2013

|  | Budget           | 2014             | 2013             |
|--|------------------|------------------|------------------|
|  | (Note 6)         |                  |                  |
| <b>Revenue:</b>                                  |                  |                  |                  |
| Taxation levied by Town                          | \$ 187,334       | \$ 193,569       | \$ 183,377       |
| User charges                                     | 23,886           | 8,285            | 7,822            |
| Federal government transfers (note 4)            | -                | 1,980            | 1,845            |
| Miscellaneous                                    | -                | 8,924            | 3,100            |
| Total revenue                                    | 211,220          | 212,758          | 196,144          |
| <b>Expenses:</b>                                 |                  |                  |                  |
| Beautification and planters                      | 52,500           | 34,798           | 35,384           |
| General administration                           | 23,350           | 38,981           | 35,871           |
| Salaries and benefits                            | 71,000           | 76,457           | 70,268           |
| Trade promotion and special events               | 76,100           | 53,801           | 30,580           |
| Amortization                                     | -                | 7,106            | 2,785            |
| Total expenses                                   | 222,950          | 211,143          | 194,888          |
| Annual surplus/(deficit)                         | (11,730)         | 1,615            | 1,256            |
| Accumulated surplus, beginning of year           | 33,051           | 33,051           | 31,795           |
| <b>Accumulated surplus (note 3), end of year</b> | <b>\$ 21,321</b> | <b>\$ 34,666</b> | <b>\$ 33,051</b> |

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

## Board of Management of the Town of Milton Downtown Business Improvement Area

### Statement of Change in Net Financial Assets

Year ended December 31, 2014 with comparative figures for 2013

|  | Budget          | 2014             | 2013             |
|--|-----------------|------------------|------------------|
|  | (Note 6)        |                  |                  |
| Annual surplus/(deficit)                 | \$ (11,730)     | \$ 1,615         | \$ 1,256         |
| Acquisition of tangible capital assets   | -               | (14,478)         | (8,751)          |
| Amortization of tangible capital assets  | -               | 7,106            | 2,785            |
|  | (11,730)        | (5,757)          | (4,710)          |
| Change in prepaid expenses               | -               | (258)            | (25)             |
| Change in net financial assets           | (11,730)        | (6,015)          | (4,735)          |
| Net financial assets, beginning of year  | 18,477          | 18,477           | 23,212           |
| <b>Net financial assets, end of year</b> | <b>\$ 6,747</b> | <b>\$ 12,462</b> | <b>\$ 18,477</b> |

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

**Board of Management of the Town of Milton Downtown Business Improvement Area**  
**Statement of Change in Due from the Town of Milton**  
 Year ended December 31, 2014 with comparative figures for 2013

|   | 2014             | 2013             |
|---|------------------|------------------|
| <b>Cash provided by (used in):</b>                                  |                  |                  |
| <b>Operating Activities:</b>  |                  |                  |
| Annual surplus/(deficit)  | \$ 1,615         | \$ 1,256         |
| Items not involving cash:   |                  |                  |
| Amortization  | 7,106            | 2,785            |
| Change in non-cash assets and other liabilities:                    |                  |                  |
| Accounts payable and accrued liabilities                            | (11,918)         | 6,231            |
| Prepaid expenses  | (258)            | (25)             |
| Net change in due from the Town of Milton from operating activities | (3,455)          | 10,247           |
| <b>Capital Activities:</b>  |                  |                  |
| Cash used to acquire tangible capital assets                        | (14,478)         | (8,751)          |
| <b>Net change in due from the Town of Milton</b>                    | <b>(17,933)</b>  | <b>1,496</b>     |
| Due from the Town of Milton, beginning of year                      | 34,455           | 32,959           |
| <b>Due from the Town of Milton, end of year</b>                     | <b>\$ 16,522</b> | <b>\$ 34,455</b> |

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

# Board of Management of the Town of Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2014

### 1. Significant accounting policies:

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

Significant accounting policies adopted by the DBIA are as follows:

#### (a) Basis of accounting:

The DBIA follows the accrual method of accounting for revenues and expenses. Revenues are 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 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) Non-financial assets:

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

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

| Asset            | Useful Life – Years |
|------------------|---------------------|
| Office Equipment | 3–15                |
| Other Equipment  | 10                  |

# Board of Management of the Town of Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2014

### 1. Significant accounting policies (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.

#### (d) 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:

| 2014                               |                  |                  |                  |
|------------------------------------|------------------|------------------|------------------|
|                                    | Office Equipment | Other Equipment  | Total            |
| Cost                               |                  |                  |                  |
| Balance, beginning of year         | \$ 5,065         | \$ 51,138        | \$ 56,203        |
| Additions                          | 1,488            | 12,990           | 14,478           |
| Disposals                          | -                | -                | -                |
| Balance, end of year               | 6,553            | 64,128           | 70,681           |
| Accumulated amortization:          |                  |                  |                  |
| Balance, beginning of year         | 3,599            | 38,920           | 42,519           |
| Disposals                          | -                | -                | -                |
| Amortization expense               | 844              | 6,262            | 7,106            |
| Balance, end of year               | 4,443            | 45,182           | 49,625           |
| <b>Net book value, end of year</b> | <b>\$ 2,110</b>  | <b>\$ 18,946</b> | <b>\$ 21,056</b> |

**Board of Management of the Town of Milton Downtown Business Improvement Area**  
**Notes to Financial Statements**  
 Year ended December 31, 2014

2. Tangible Capital Assets (continued):

| 2013                               |                  |                  |                  |
|------------------------------------|------------------|------------------|------------------|
|                                    | Office Equipment | Other Equipment  | Total            |
| <b>Cost</b>                        |                  |                  |                  |
| Balance, beginning of year         | \$ 6,230         | \$ 42,387        | \$ 48,617        |
| Additions                          | -                | 8,751            | 8,751            |
| Disposals                          | (1,165)          | -                | (1,165)          |
| Balance, end of year               | 5,065            | 51,138           | 56,203           |
| <b>Accumulated amortization:</b>   |                  |                  |                  |
| Balance, beginning of year         | 4,076            | 36,823           | 40,899           |
| Disposals                          | (1,165)          | -                | (1,165)          |
| Amortization expense               | 688              | 2,097            | 2,785            |
| Balance, end of year               | 3,599            | 38,920           | 42,519           |
| <b>Net book value, end of year</b> | <b>\$ 1,466</b>  | <b>\$ 12,218</b> | <b>\$ 13,684</b> |

3. Accumulated surplus:

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

|                                     | 2014             | 2013             |
|-------------------------------------|------------------|------------------|
| <b>Surplus:</b>                     |                  |                  |
| Invested in tangible capital assets | \$ 21,056        | \$ 13,684        |
| <b>Reserves:</b>                    |                  |                  |
| Downtown Business Improvement Area  | 13,610           | 19,367           |
| <b>Accumulated surplus</b>          | <b>\$ 34,666</b> | <b>\$ 33,051</b> |

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:

# Board of Management of the Town of Milton Downtown Business Improvement Area

## Notes to Financial Statements

Year ended December 31, 2014

### 3. Accumulated surplus (continued):

|   | 2014             | 2013             |
|---|------------------|------------------|
| Annual surplus / (deficit)                          | \$ 1,615         | \$ 1,256         |
| Less: Current year tangible capital asset additions | (14,478)         | (8,751)          |
| Add: Amortization expense                           | 7,106            | 2,785            |
|   | (5,757)          | (4,710)          |
| Fund balance, beginning of the year                 | 19,367           | 24,077           |
| <b>Fund balance, end of year</b>                    | <b>\$ 13,610</b> | <b>\$ 19,367</b> |

### 4. Government transfers:

The Federal Government transfer reported on the Statement of Operations is Summer Career Placement Grant in the amount of \$1,980 (2013 - \$1,845).

### 5. Commitments:

The Board of Management of the Milton Downtown Business Improvement Area has entered into a lease agreement with a total amount of payments due over 4 years of \$42,300 (2013 - \$52,875).

### 6. Budget data:

The budget data presented in these financial statements is based upon the 2014 budget approved by Council on December 16, 2013. Amortization was not contemplated on development of the budget and, as such, has not been included.



# 2014

Town of Milton Financial Report

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## Multi-Year Comparison of Financial Statements and Five-Year Financial Statistics

## Multi-Year Comparison of Financial Statements

### Consolidated Statement of Financial Position

(in thousands of dollars)

|  | 2014                | 2013              | 2012              | 2011              | 2010              |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents                | \$ 8,098            | \$ 43,265         | \$ 91,514         | \$ 45,666         | \$ 42,766         |
| Accounts receivable                      |                     |                   |                   |                   |                   |
| Taxes receivable                         | 7,099               | 5,646             | 6,529             | 10,578            | 7,857             |
| Grants receivable                        | 3,313               | 13,810            | 196               | 229               | 17,684            |
| Other                                    | 13,855              | 13,036            | 9,533             | 8,174             | 10,657            |
| Investments                              | 98,324              | 94,606            | 73,428            | 83,023            | 84,183            |
| Investment in Milton Hydro Holdings Inc. | 53,045              | 51,505            | 49,760            | 48,927            | 48,012            |
| Other Assets                             | 950                 | 726               | 560               | 552               | 339               |
| <b>Total financial assets</b>            | <b>184,684</b>      | <b>\$ 222,597</b> | <b>\$ 231,520</b> | <b>\$ 197,149</b> | <b>\$ 211,498</b> |
| Non-financial assets                     | 932,782             | 870,339           | 801,639           | 728,618           | 667,167           |
| <b>Total assets</b>                      | <b>1,117,466</b>    | <b>1,092,936</b>  | <b>1,033,159</b>  | <b>925,767</b>    | <b>878,665</b>    |
| Accounts payable and accrued liabilities | 18,980              | 50,095            | 35,877            | 22,021            | 24,707            |
| Other liabilities                        | 7,131               | 11,269            | 9,397             | 6,980             | 7,512             |
| Deferred revenue                         | 51,160              | 49,529            | 73,892            | 57,622            | 69,805            |
| Long-term debentures                     | 29,152              | 33,369            | 31,300            | 33,282            | 31,018            |
| Developer obligations                    | 166                 | 1,221             | 1,808             | 1,988             | 6,625             |
| Employee benefits and other liabilities  | 1,304               | 1,264             | 1,183             | 1,118             | 961               |
| <b>Total liabilities</b>                 | <b>107,893</b>      | <b>146,747</b>    | <b>153,457</b>    | <b>123,011</b>    | <b>140,628</b>    |
| <b>Accumulated surplus</b>               | <b>\$ 1,009,573</b> | <b>\$ 946,189</b> | <b>\$ 879,702</b> | <b>\$ 802,756</b> | <b>\$ 738,037</b> |

## Multi-Year Comparison of Financial Statements

### Consolidated Statement of Operations

(in thousands of dollars)

|   | 2014                | 2013              | 2012              | 2011              | 2010              |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Sources of revenue:</b>                |                     |                   |                   |                   |                   |
| Taxation                                  | \$ 45,576           | \$ 41,653         | \$ 38,589         | \$ 35,229         | \$ 33,434         |
| User charges                              | 13,943              | 13,487            | 12,314            | 10,355            | 9,380             |
| Government transfers:                     |                     |                   |                   |                   |                   |
| Federal                                   | 18,142              | 17,012            | 2,210             | 7,192             | 13,328            |
| Provincial                                | 1,523               | 764               | 687               | 6,206             | 12,874            |
| Other municipalities                      | 4,270               | 4,450             | 6,583             | 5,052             | 2,559             |
| Investment income                         | 3,752               | 3,902             | 3,873             | 3,860             | 3,918             |
| Penalties and interest                    | 2,052               | 1,953             | 2,380             | 1,764             | 1,792             |
| Developer contributions                   | 32,972              | 36,442            | 28,082            | 38,089            | 39,483            |
| Developer contributed assets              | 19,997              | 22,392            | 48,010            | 24,121            | 38,959            |
| Proceeds from Ontario Lottery Corporation | 5,588               | 5,817             | 5,505             | 5,450             | 5,521             |
| License, permits, rents etc.              | 5,217               | 5,698             | 5,717             | 5,335             | 4,929             |
| Equity in income of Milton Hydro          | 3,040               | 3,245             | 2,333             | 2,415             | 3,707             |
| Boundary realignment                      |                     | -                 | -                 | -                 | 2,000             |
| Donations                                 | 1,722               | 2,418             | 2,818             | 390               | 87                |
| Other Recoveries                          | 1,108               | 1,847             | 2,677             | 181               | 373               |
| Miscellaneous                             | 894                 | 955               | 1,415             | 743               | 624               |
| <b>Total revenue</b>                      | <b>159,796</b>      | <b>162,035</b>    | <b>163,193</b>    | <b>146,382</b>    | <b>172,968</b>    |
| <b>Expenses by function:</b>              |                     |                   |                   |                   |                   |
| General government                        | 14,525              | 13,799            | 13,136            | 12,688            | 10,972            |
| Protection to persons and property        | 12,690              | 12,549            | 11,756            | 10,755            | 9,880             |
| Transportation services                   | 33,500              | 32,478            | 29,583            | 31,390            | 33,268            |
| Environmental services                    | 2,042               | 2,037             | 1,832             | 1,638             | 1,928             |
| Recreational and cultural services        | 28,663              | 28,943            | 24,687            | 20,578            | 16,611            |
| Planning and development                  | 4,992               | 5,742             | 5,253             | 4,614             | 4,719             |
| <b>Total expenses</b>                     | <b>96,412</b>       | <b>95,548</b>     | <b>86,247</b>     | <b>81,663</b>     | <b>77,378</b>     |
| Annual surplus                            | 63,384              | 66,487            | 76,946            | 64,719            | 95,590            |
| Accumulated surplus, beginning of year    | 946,189             | 879,702           | 802,756           | 738,037           | 642,447           |
| <b>Accumulated surplus, end of year</b>   | <b>\$ 1,009,573</b> | <b>\$ 946,189</b> | <b>\$ 879,702</b> | <b>\$ 802,756</b> | <b>\$ 738,037</b> |

## Multi-Year Comparison of Financial Statements

### Consolidated Statement of Change in Net Financial Asset (in thousands of dollars)

|   | 2014             | 2013             | 2012             | 2011             | 2010             |
|---|------------------|------------------|------------------|------------------|------------------|
| Annual surplus                              | \$ 63,384        | \$ 66,487        | \$ 76,946        | \$ 64,719        | \$ 95,590        |
| Acquisition of tangible capital assets      | (85,525)         | (89,825)         | (94,126)         | (86,335)         | (122,543)        |
| Amortization of tangible capital assets     | 22,462           | 20,669           | 20,321           | 24,605           | 24,982           |
| Loss on disposal of tangible capital assets | 749              | 137              | (71)             | 353              | 1,667            |
| Proceeds on sale of tangible capital assets | 177              | 345              | 780              | 70               | 34               |
|   | 1,247            | (2,187)          | 3,850            | 3,412            | (270)            |
| Change in supplies of inventory             | (302)            | 36               | 137              | (71)             | (18)             |
| Change in prepaid expenses                  | (4)              | (62)             | (62)             | (73)             | (30)             |
| Change in net financial assets              | 941              | (2,213)          | 3,925            | 3,268            | (318)            |
| Net financial assets, beginning of year     | 75,850           | 78,063           | 74,138           | 70,870           | 71,188           |
| <b>Net financial assets, end of year</b>    | <b>\$ 76,791</b> | <b>\$ 75,850</b> | <b>\$ 78,063</b> | <b>\$ 74,138</b> | <b>\$ 70,870</b> |

### Analysis of Expenses by Object (in thousands of dollars)

|                                       | 2014             | 2013             | 2012             | 2011             | 2010             |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries, wages and employee benefits | \$ 38,946        | \$ 37,378        | \$ 34,449        | \$ 31,265        | \$ 28,679        |
| Purchased goods                       | 11,035           | 9,579            | 7,730            | 7,675            | 7,514            |
| Purchased services                    | 20,636           | 25,822           | 20,593           | 15,579           | 13,504           |
| Financial expenses                    | 2,975            | 1,725            | 2,574            | 1,941            | 2,156            |
| External transfers                    | 358              | 375              | 580              | 597              | 543              |
| Amortization expense                  | 22,462           | 20,669           | 20,321           | 24,606           | 24,982           |
| <b>Total expenses</b>                 | <b>\$ 96,412</b> | <b>\$ 95,548</b> | <b>\$ 86,247</b> | <b>\$ 81,663</b> | <b>\$ 77,378</b> |

## Multi-Year Comparison of Financial Statements

### Net Book Value of Tangible Capital Assets

(in thousands of dollars)

|                                     | 2014              | 2013              | 2012              | 2011              | 2010              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Land                                | \$ 272,401        | \$ 262,349        | \$ 257,793        | \$ 234,645        | \$ 216,466        |
| Land improvements                   | 39,573            | 33,907            | 30,097            | 25,855            | 19,827            |
| Buildings and building improvements | 101,723           | 93,617            | 92,294            | 90,826            | 41,967            |
| Machinery and equipment             | 80,360            | 74,947            | 69,788            | 68,107            | 46,666            |
| Linear assets                       | 338,157           | 324,281           | 307,834           | 283,019           | 263,308           |
| Assets under construction           | 99,731            | 80,707            | 43,328            | 25,586            | 78,497            |
| <b>Total assets</b>                 | <b>\$ 931,945</b> | <b>\$ 869,808</b> | <b>\$ 801,134</b> | <b>\$ 728,038</b> | <b>\$ 666,731</b> |

## Multi-Year Comparison of Financial Statements

### Accumulated Surplus

(in thousands of dollars)

|                                       | 2014             | 2013             | 2012             | 2011             | 2010             |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Reserves set aside by Council:</b> |                  |                  |                  |                  |                  |
| Aggregate permit fees                 | \$ 638           | \$ 388           | \$ 244           | \$ 154           | \$ 711           |
| Capital provision/growth              | 10,104           | 8,233            | 8,461            | 4,020            | 1,270            |
| Capital works                         | 7,687            | 8,611            | 9,996            | 10,619           | 9,449            |
| Computer replacement                  | 1,098            | 1,024            | 693              | 475              | 391              |
| Downtown Business Improvement Area    | 14               | 19               | 24               | 26               | 9                |
| Election                              | -                | 136              | 90               | 45               | -                |
| Equipment replacement                 | 3,353            | 3,384            | 2,343            | 2,208            | 1,981            |
| Growth related resources              | 970              | 1,302            | 1,901            | 2,089            | 2,174            |
| Infrastructure renewal reserve        | 201              | 100              | -                | -                | -                |
| Insurance                             | 663              | 649              | 703              | 694              | 623              |
| Legal action                          | 58               | 130              | 465              | 560              | 500              |
| Library services                      | 434              | 325              | 320              | 203              | 300              |
| Library capital                       | 548              | 359              | 301              | 272              | -                |
| Municipal building component          | 2,401            | 1,885            | 1,382            | 992              | 428              |
| Municipal building replacement        | 789              | 532              | 361              | 46               | 1,282            |
| Per unit development processing fee   | 1,303            | 1,319            | 1,574            | 1,224            | 1,126            |
| Seniors fundraising                   | 112              | 126              | 122              | 113              | 115              |
| Tax rate stabilization                | 1,791            | 2,130            | 2,917            | 3,918            | 3,375            |
| Training                              | 229              | 216              | 201              | 185              | 174              |
| Transit and transportation            | 683              | 1,169            | 741              | 195              | 1,020            |
| Winter control                        | 16               | 365              | 1,136            | 1,026            | 683              |
| Working funds                         | 1,064            | 1,064            | 1,064            | 1,064            | 1,000            |
| WSIB                                  | 403              | 487              | 524              | 540              | 573              |
| <b>Total reserves</b>                 | <b>\$ 34,559</b> | <b>\$ 33,953</b> | <b>\$ 35,563</b> | <b>\$ 30,668</b> | <b>\$ 27,184</b> |

## Multi-Year Comparison of Financial Statements

### Accumulated Surplus (continued)

(in thousands of dollars)

|   | 2014             | 2013             | 2012             | 2011             | 2010             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Reserve funds set aside for specific purpose by Council:</b> |                  |                  |                  |                  |                  |
| Cash in lieu of storm water management                          | \$ 138           | \$ 135           | \$ 132           | \$ 129           | \$ 125           |
| Investment in the Arts Campaign                                 | (754)            | (596)            | (330)            | 37               | -                |
| Mayor's legacy  | 82               | 80               | 78               | 77               | 74               |
| Milton District Hospital  | 2,426            | 1,719            | 1,192            | 780              | -                |
| Ontario Lottery Corporation proceeds                            | 10,572           | 10,687           | 8,762            | 8,599            | 9,889            |
| Perpetual maintenance   | 454              | 426              | 417              | 389              | 369              |
| Property transactions   | 2,048            | 2,997            | 2,759            | 2,363            | 4,466            |
| Sports field development  | 90               | 80               | 70               | 61               | 51               |
| WSIB settlement   | -                | -                | 5                | 9                | 13               |
| <b>Total reserve funds</b>                                      | <b>\$ 15,056</b> | <b>\$ 15,528</b> | <b>\$ 13,085</b> | <b>\$ 12,444</b> | <b>\$ 14,987</b> |

|                                     | 2014                | 2013              | 2012              | 2011              | 2010              |
|-------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Surplus:</b>                     |                     |                   |                   |                   |                   |
| Invested in tangible capital assets | \$ 931,945          | \$ 869,808        | \$ 801,134        | \$ 728,038        | \$ 666,731        |
| Unexpended capital                  | 5,084               | 10,757            | 13,837            | 18,500            | 19,282            |
| Operating surplus - Town            | 34                  | -                 | 150               | 150               | 150               |
| Operating surplus - Library         | 43                  | 41                | 38                | 38                | 31                |
| Investment in Milton Hydro          | 53,045              | 51,505            | 49,760            | 48,927            | 48,012            |
| <b>Unfunded:</b>                    |                     |                   |                   |                   |                   |
| Long term debentures                | (29,152)            | (33,369)          | (31,300)          | (33,282)          | (31,018)          |
| Employee future benefits            | (875)               | (813)             | (757)             | (739)             | (697)             |
| Developer obligations               | (166)               | (1,221)           | (1,808)           | (1,988)           | (6,625)           |
| <b>Total surplus</b>                | <b>959,958</b>      | <b>896,708</b>    | <b>831,054</b>    | <b>759,644</b>    | <b>695,866</b>    |
| <b>Total accumulated surplus</b>    | <b>\$ 1,009,573</b> | <b>\$ 946,189</b> | <b>\$ 879,702</b> | <b>\$ 802,756</b> | <b>\$ 738,037</b> |

# Five-Year Financial Statistics

## Property Taxation

|   | 2014                     | 2013                    | 2012                    | 2011                    | 2010                    |
|---|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Weighted assessment by property class</b>                |                          |                         |                         |                         |                         |
| Residential   | \$ 12,708,066,078        | \$ 11,705,085,852       | \$ 10,632,801,134       | \$ 9,668,060,350        | \$ 8,414,257,663        |
| Multi-residential   | 318,308,551              | 291,661,069             | 254,482,343             | 247,708,604             | 229,181,618             |
| Farmland  | 56,465,131               | 50,226,891              | 43,711,292              | 40,507,095              | 36,669,983              |
| Managed forests   | 5,414,476                | 4,954,094               | 4,470,705               | 3,867,960               | 3,466,930               |
| Commercial  | 2,870,833,043            | 2,594,974,184           | 2,359,985,122           | 2,130,798,316           | 1,897,315,080           |
| Industrial  | 1,167,745,674            | 1,183,062,929           | 1,165,356,098           | 1,114,079,712           | 1,054,354,687           |
| Pipelines   | 74,961,470               | 71,953,798              | 70,792,033              | 68,483,351              | 63,844,978              |
| <b>Total weighted assessment</b>                            | <b>\$ 17,201,794,423</b> | <b>\$15,901,918,817</b> | <b>\$14,531,598,727</b> | <b>\$13,273,505,388</b> | <b>\$11,699,090,939</b> |
| Commercial and industrial as % of total weighted assessment | 23%                      | 24%                     | 24%                     | 24%                     | 25%                     |
| <b>Total tax levied and collected</b>                       |                          |                         |                         |                         |                         |
| Property tax levied   | \$ 45,183,990            | \$ 42,261,125           | \$ 38,461,854           | \$ 34,683,837           | \$ 33,433,914           |
| Taxes billed on behalf of Region of Halton                  | 59,050,446               | 56,835,985              | 53,485,673              | 50,966,607              | 49,493,631              |
| Taxes billed on behalf of school boards                     | 54,524,472               | 52,991,030              | 49,881,259              | 48,866,802              | 46,406,994              |
| <b>Total tax levied</b>                                     | <b>\$ 158,758,908</b>    | <b>\$ 152,088,140</b>   | <b>\$ 141,828,786</b>   | <b>\$ 134,517,246</b>   | <b>\$ 129,334,539</b>   |
| <b>Total tax collected</b>                                  | <b>\$ 157,308,661</b>    | <b>\$ 152,968,787</b>   | <b>\$ 145,452,611</b>   | <b>\$ 131,796,280</b>   | <b>\$ 131,301,684</b>   |

## Five-Year Financial Statistics

### Property Taxation

|  | 2014             | 2013             | 2012             | 2011             | 2010             |
|--|------------------|------------------|------------------|------------------|------------------|
| Taxation rates by property class – Urban |                  |                  |                  |                  |                  |
| Residential                              |                  |                  |                  |                  |                  |
| Town of Milton                           | 0.247538%        | 0.251540%        | 0.252354%        | 0.253545%        | 0.253929%        |
| Region of Halton                         | 0.327023%        | 0.341064%        | 0.354086%        | 0.367099%        | 0.383494%        |
| School boards                            | 0.203000%        | 0.212000%        | 0.221000%        | 0.231000%        | 0.241000%        |
|  | <b>0.777561%</b> | <b>0.804604%</b> | <b>0.827440%</b> | <b>0.851644%</b> | <b>0.878423%</b> |
| Multi-residential                        |                  |                  |                  |                  |                  |
| Town of Milton                           | 0.559907%        | 0.568958%        | 0.570800%        | 0.573494%        | 0.574363%        |
| Region of Halton                         | 0.739693%        | 0.771452%        | 0.800905%        | 0.830341%        | 0.867424%        |
| School boards                            | 0.203000%        | 0.212000%        | 0.221000%        | 0.231000%        | 0.241000%        |
|  |                  | <b>1.552410%</b> | <b>1.592705%</b> | <b>1.634835%</b> | <b>1.682787%</b> |
| Farmlands                                |                  |                  |                  |                  |                  |
| Town of Milton                           | 0.049508%        | 0.050308%        | 0.050470%        | 0.050710%        | 0.050786%        |
| Region of Halton                         | 0.065404%        | 0.068213%        | 0.070817%        | 0.073421%        | 0.076698%        |
| School boards                            | 0.050750%        | 0.053000%        | 0.055250%        | 0.057750%        | 0.060250%        |
|  | <b>0.165662%</b> | <b>0.171521%</b> | <b>0.176537%</b> | <b>0.181881%</b> | <b>0.187734%</b> |
| Managed forests                          |                  |                  |                  |                  |                  |
| Town of Milton                           | 0.061885%        | 0.062884%        | 0.063089%        | 0.063386%        | 0.063482%        |
| Region of Halton                         | 0.081755%        | 0.085266%        | 0.088521%        | 0.091775%        | 0.095873%        |
| School boards                            | 0.050750%        | 0.053000%        | 0.055250%        | 0.269982%        | 0.060250%        |
|  | <b>0.194390%</b> | <b>0.201150%</b> | <b>0.206860%</b> | <b>0.425143%</b> | <b>0.219605%</b> |
| Commercial                               |                  |                  |                  |                  |                  |
| Town of Milton                           | 0.360540%        | 0.366367%        | 0.367554%        | 0.369288%        | 0.369847%        |
| Region of Halton                         | 0.476308%        | 0.496758%        | 0.515725%        | 0.534680%        | 0.558558%        |
| School boards                            | 0.923215%        | 0.969644%        | 1.007461%        | 1.079929%        | 1.165006%        |
|  | <b>1.760063%</b> | <b>1.832769%</b> | <b>1.890740%</b> | <b>1.983897%</b> | <b>2.093411%</b> |
| Commercial - vacant units/excess land    |                  |                  |                  |                  |                  |
| <b>Percentage of full rate</b>           | <b>70%</b>       | <b>70%</b>       | <b>70%</b>       | <b>70%</b>       | <b>70%</b>       |

# Five-Year Financial Statistics

## Property Taxation

|   | 2014             | 2013             | 2012             | 2011             | 2010             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Industrial</b>                                 |                  |                  |                  |                  |                  |
| Town of Milton                                    | 0.584166%        | 0.593609%        | 0.595532%        | 0.598341%        | 0.599247%        |
| Region of Halton                                  | 0.771740%        | 0.804877%        | 0.835607%        | 0.866317%        | 0.905006%        |
| School boards                                     | 1.520618%        | 1.571345%        | 1.576954%        | 1.660413%        | 1.754070%        |
|   | <b>2.876524%</b> | <b>2.969831%</b> | <b>3.008093%</b> | <b>3.125071%</b> | <b>3.258323%</b> |
| <b>Industrial - Vacant land/excess land</b>       |                  |                  |                  |                  |                  |
| <b>Percentage of full rate</b>                    | <b>65%</b>       | <b>65%</b>       | <b>65%</b>       | <b>65%</b>       | <b>65%</b>       |
| <b>Pipeline</b>                                   |                  |                  |                  |                  |                  |
| Town of Milton                                    | 0.262812%        | 0.267060%        | 0.267924%        | 0.269189%        | 0.269597%        |
| Region of Halton                                  | 0.347200%        | 0.362107%        | 0.375933%        | 0.389749%        | 0.407156%        |
| School boards                                     | 1.181050%        | 1.203959%        | 1.227780%        | 1.266862%        | 1.308523%        |
|   | <b>1.791062%</b> | <b>1.833126%</b> | <b>1.871637%</b> | <b>1.925800%</b> | <b>1.985276%</b> |
| <b>Taxation rates by property class - General</b> |                  |                  |                  |                  |                  |
| <b>Residential</b>                                |                  |                  |                  |                  |                  |
| Town of Milton                                    | 0.218773%        | 0.217554%        | 0.217304%        | 0.212707%        | 0.212393%        |
| Region of Halton                                  | 0.325159%        | 0.338872%        | 0.352164%        | 0.365036%        | 0.381453%        |
| School Boards                                     | 0.203000%        | 0.212000%        | 0.221000%        | 0.231000%        | 0.241000%        |
|   | <b>0.746932%</b> | <b>0.768426%</b> | <b>0.790467%</b> | <b>0.808743%</b> | <b>0.834846%</b> |
| <b>Multi-residential</b>                          |                  |                  |                  |                  |                  |
| Town of Milton                                    | 0.494843%        | 0.492086%        | 0.491519%        | 0.481122%        | 0.480412%        |
| Region of Halton                                  | 0.735477%        | 0.766494%        | 0.796558%        | 0.825675%        | 0.862808%        |
| School boards                                     | 0.203000%        | 0.212000%        | 0.221000%        | 0.231000%        | 0.241000%        |
|   | <b>1.433320%</b> | <b>1.470580%</b> | <b>1.509077%</b> | <b>1.537797%</b> | <b>1.584220%</b> |
| <b>Farmlands</b>                                  |                  |                  |                  |                  |                  |
| Town of Milton                                    | 0.043755%        | 0.043511%        | 0.043460%        | 0.042542%        | 0.042479%        |
| Region of Halton                                  | 0.065031%        | 0.067775%        | 0.070433%        | 0.073008%        | 0.076290%        |
| School boards                                     | 0.050750%        | 0.053000%        | 0.055250%        | 0.057750%        | 0.060250%        |
|   | <b>0.159536%</b> | <b>0.164286%</b> | <b>0.169143%</b> | <b>0.173300%</b> | <b>0.179019%</b> |

## Five-Year Financial Statistics

### Property Taxation

|  | 2014             | 2013             | 2012             | 2011             | 2010             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Managed Forests</b>                       |                  |                  |                  |                  |                  |
| Town of Milton                               | 0.054694%        | 0.054388%        | 0.054326%        | 0.053176%        | 0.053098%        |
| Region of Halton                             | 0.081289%        | 0.084718%        | 0.088041%        | 0.091259%        | 0.095363%        |
| School boards                                | 0.050750%        | 0.053000%        | 0.055250%        | 0.269982%        | 0.060250%        |
|  | <b>0.186733%</b> | <b>0.192106%</b> | <b>0.197617%</b> | <b>0.414417%</b> | <b>0.208711%</b> |
| <b>Commercial</b>                            |                  |                  |                  |                  |                  |
| Town of Milton                               | 0.318643%        | 0.316867%        | 0.316503%        | 0.309807%        | 0.309350%        |
| Region of Halton                             | 0.473593%        | 0.493566%        | 0.512926%        | 0.531675%        | 0.555586%        |
| School boards                                | 0.923215%        | 0.969644%        | 1.007461%        | 1.079929%        | 1.165006%        |
|  | <b>1.715451%</b> | <b>1.780077%</b> | <b>1.836890%</b> | <b>1.921411%</b> | <b>2.029942%</b> |
| <b>Commercial - Vacant units/excess land</b> |                  |                  |                  |                  |                  |
| <b>Percentage of full rate</b>               | <b>70%</b>       | <b>70%</b>       | <b>70%</b>       | <b>70%</b>       | <b>70%</b>       |
| <b>Industrial</b>                            |                  |                  |                  |                  |                  |
| Town of Milton                               | 0.516283%        | 0.513406%        | 0.512816%        | 0.501967%        | 0.501226%        |
| Region of Halton                             | 0.767342%        | 0.799704%        | 0.831071%        | 0.861449%        | 0.900190%        |
| School boards                                | 1.520618%        | 1.571345%        | 1.576954%        | 1.660413%        | 1.754070%        |
|  | <b>2.804243%</b> | <b>2.884455%</b> | <b>2.920841%</b> | <b>3.023829%</b> | <b>3.155486%</b> |
| <b>Industrial - Vacant land/excess land</b>  |                  |                  |                  |                  |                  |
| <b>Percentage of full rate</b>               | <b>65%</b>       | <b>65%</b>       | <b>65%</b>       | <b>65%</b>       | <b>65%</b>       |
| <b>Pipeline</b>                              |                  |                  |                  |                  |                  |
| Town of Milton                               | 0.232272%        | 0.230977%        | 0.230711%        | 0.225831%        | 0.225498%        |
| Region of Halton                             | 0.345221%        | 0.359780%        | 0.373892%        | 0.387559%        | 0.404989%        |
| School boards                                | 1.181050%        | 1.203959%        | 1.227780%        | 1.266862%        | 1.308523%        |
|  | <b>1.758543%</b> | <b>1.794716%</b> | <b>1.832383%</b> | <b>1.880252%</b> | <b>1.939010%</b> |

## Five-Year Financial Statistics

### Long-Term Debt and Other Statistics

|  | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Transfers from other levels of government</b>         |                      |                      |                      |                      |                      |
| Federal  | \$ 18,142,467        | \$ 17,012,047        | \$ 2,209,449         | \$ 7,191,800         | \$ 13,327,946        |
| Provincial   | 1,523,920            | 764,030              | 687,443              | 6,205,602            | 12,874,332           |
| <b>Total transfers</b>                                   | <b>19,666,387</b>    | <b>17,776,077</b>    | <b>2,896,892</b>     | <b>13,397,402</b>    | <b>26,202,278</b>    |
| <b>Long-term debt:</b>                                   |                      |                      |                      |                      |                      |
| Debt supported by property taxes                         | \$ 16,556,969        | \$ 18,727,283        | \$ 14,683,574        | \$ 16,879,757        | \$ 18,566,946        |
| Debt supported by development charges                    | 8,608,393            | 10,064,778           | 11,472,493           | 10,933,828           | 6,475,473            |
| Debt supported by reserves and reserve funds             | 3,986,256            | 4,434,552            | 4,865,643            | 5,060,021            | 5,442,816            |
| Debt supported by user fees                              | -                    | 142,234              | 278,136              | 408,098              | 532,643              |
| <b>Total long-term debt</b>                              | <b>\$ 29,151,618</b> | <b>\$ 33,368,847</b> | <b>\$ 31,299,846</b> | <b>\$ 33,281,705</b> | <b>\$ 31,017,878</b> |
| <b>Long-term debt by function:</b>                       |                      |                      |                      |                      |                      |
| General government                                       | \$ 7,050,321         | \$ 8,371,769         | \$ 6,732,358         | \$ 10,909,744        | \$ 8,002,048         |
| Fire   | 2,722,630            | 3,050,963            | 3,369,904            | 1,777,690            | 626,146              |
| Roadways   | 9,990,434            | 10,626,430           | 8,443,537            | 8,466,809            | 10,750,964           |
| Parks  | 1,228,355            | 1,530,365            | 1,392,713            | 1,596,010            | 1,791,622            |
| Recreation facilities                                    | 6,507,104            | 7,890,100            | 9,222,691            | 7,948,544            | 7,245,018            |
| Cultural services  | 1,525,850            | 1,750,261            | 1,968,651            | 2,392,836            | 2,392,837            |
| Library  | 126,924              | 148,959              | 169,991              | 190,072              | 209,243              |
| <b>Total long-term debt</b>                              | <b>\$ 29,151,618</b> | <b>\$ 33,368,847</b> | <b>\$ 31,299,846</b> | <b>\$ 33,281,705</b> | <b>\$ 31,017,878</b> |
| Total long-term debt per capita                          | 289.49               | 361.92               | 339.48               | 378.20               | 378.27               |
| Total long-term debt per household                       | 905.81               | 1,163.49             | \$1,091.35           | \$1,214.22           | \$1,225.03           |
| Annual debt repayment limit*                             | 21,515,877           | 20,269,498           | 20,723,283           | 17,302,886           | 17,531,596           |
| Actual annual debt repayment                             | 6,329,798            | 5,661,569            | 5,389,525            | 3,479,713            | 3,752,705            |
| <b>Actual debt repayment as % of own source revenues</b> | <b>8%</b>            | <b>7%</b>            | <b>7%</b>            | <b>5%</b>            | <b>5%</b>            |

\* Calculated as 25% of current year actual net revenue.

## Five-Year Financial Statistics

### Municipal Statistics

|                                     | 2014         | 2013         | 2012         | 2011         | 2010       |
|-------------------------------------|--------------|--------------|--------------|--------------|------------|
| Population                          | 100,700      | 98,000       | 92,200       | 88,000       | 82,000     |
| Area*                               | 36,538       | 36,538       | 36,538       | 36,538       | 36,538     |
| Households*                         | 32,183       | 30,339       | 28,680       | 27,410       | 25,320     |
| Full time funded positions          | 364          | 348          | 346          | 332          | 297        |
| Part time funded positions          | 649          | 643          | 583          | 567          | 482        |
| Seasonal funded positions           | 254          | 250          | 242          | 204          | 175        |
| <b>Total funded positions</b>       | <b>1,267</b> | <b>1,241</b> | <b>1,171</b> | <b>1,103</b> | <b>954</b> |
| Roads infrastructure                |              |              |              |              |            |
| Lane kilometres of paved roads      | 1,080        | 1,055        | 1,029        | 963          | 945        |
| Recreation                          |              |              |              |              |            |
| Total kilometres of trails          | 29.36        | 21.76        | 21.76        | 19.53        | 14.97      |
| Total hours of recreations programs | 4,398,293    | 4,120,044    | 4,494,229    | 4,377,511    | 4,219,789  |

Source: Financial Information Return and Municipal Performance Measurement Program

\* 2010-2013 data has been revised.

# Five-Year Financial Statistics

## Municipal Statistics

|  | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>New construction procurement:</b>                     |                      |                      |                      |                      |                      |
| Number of new construction contracts awarded             | 8                    | 19                   | 16                   | 16                   | 23                   |
| <b>Total value of new construction contracts awarded</b> | <b>\$ 14,251,042</b> | <b>\$ 14,286,199</b> | <b>\$ 21,066,613</b> | <b>\$ 50,460,861</b> | <b>\$ 81,350,778</b> |

|   |                  |                |                |                |                |
|---|------------------|----------------|----------------|----------------|----------------|
| <b>Square metres of new construction:</b> |                  |                |                |                |                |
| Residential properties                    | 173,026          | 55,959         | 204,193        | 232,707        | 360,976        |
| Multi-residential properties              | 844,466          | 28,888         | 151,999        | 103,341        | 88,269         |
| All other property classes                | 84,085           | 103,386        | 255,744        | 325,711        | 106,014        |
| <b>Total square metres</b>                | <b>1,101,577</b> | <b>188,233</b> | <b>611,936</b> | <b>661,759</b> | <b>555,259</b> |

|                                      |              |            |              |              |              |
|--------------------------------------|--------------|------------|--------------|--------------|--------------|
| <b>Building permits issued:</b>      |              |            |              |              |              |
| Residential properties               | 841          | 237        | 967          | 1,045        | 741          |
| Multi-residential properties         | 640          | 303        | 1,258        | 848          | 677          |
| All other property classes           | 161          | 158        | 131          | 129          | 152          |
| <b>Total building permits issued</b> | <b>1,642</b> | <b>698</b> | <b>2,356</b> | <b>2,022</b> | <b>1,570</b> |

|   |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Value of building permits issued:</b>      |                       |                       |                       |                       |                       |
| Residential properties                        | \$ 160,752,129        | \$ 71,845,441         | \$ 174,694,261        | \$ 189,546,097        | \$ 132,155,417        |
| Multi-residential properties                  | 82,146,288            | 27,535,869            | 145,488,443           | 83,361,716            | 88,038,423            |
| All other property classes                    | 109,073,198           | 138,529,227           | 240,890,129           | 53,701,000            | 205,542,095           |
| <b>Total value of building permits issued</b> | <b>\$ 351,971,615</b> | <b>\$ 237,910,537</b> | <b>\$ 561,072,833</b> | <b>\$ 326,608,813</b> | <b>\$ 425,735,935</b> |

## List of 2013 Principal Corporate Tax Accounts

- Target Canada
- 857529 Ontario Incorporated/Karmax Heavy Stamping
- 3131 STMartin Equities Incorporated
- Sobeys Capital Incorporated
- Westpen Properties
- Manheim Auto Auctions
- Milton Industrial Centre GP Incorporated
- Hoopp Realty Incorporated
- Milton Properties Limited
- 690346 Ontario Incorporated



Information on the Town of Milton is available at

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

Direct any inquires regarding this document to:

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Corporate Services Department

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