



THE CORPORATION OF THE TOWN OF MILTON

FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2015

Ontario, Canada



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For the Fiscal Year Ended December 31, 2015 Ontario, Canada

The consolidated financial statements have been prepared by: The Corporate Services Department of the Corporation of the Town of Milton

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The Town's Vision

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

The Town's Mission

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

The Town's Strategic Action Plan for 2015-2018

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

Destiny Milton 3 - Goals

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

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



TOWN OF MILTON 2015 FINANCIAL REPORT

Moving from Vision to Action



Goal 1 - Vibrant and Connected Community

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

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



Goal 2 - Economic Growth

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

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



Goal 3 - Financial Sustainability

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

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



Goal 4 - Enhanced Communication

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

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



Goal 5 - Organizational Effectiveness

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

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

Our Place in Ontario





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

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

Land area:	365 sq. km
Population (2015 estimate):	103,700
2015 Population density per sq. km:	283.81
Population Growth (2001-2015):	72,229, from 31,471 to 103,700 or 230%
Forecasted growth (2016-2024):	56,300 or 54% increase
Total population forecast for 2024:	160,000
Number of households:	33,582
*Age of population (by age groups):	
Age 0-19	30%
Age 20-64	62%
Age 65+	8%
*Average household income (2014 est.):	\$119,995 (compared to GTA avg of \$117,523)
*2015 average value of dwelling:	\$428,719
Milton Capital Budget (2015):	\$31,631,178
Milton Operating Budget (2015):	\$103,662,720
Tax Levy requirements:	\$44,859,028
User charges and other revenue:	\$58,803,692
*Property Taxes as a % of Household Income:	Lowest in GTA at 2.7% (compared to GTA avg of 3.6%)
Milton is the fastest growing mid-size municipality in Canada	92% growth from 2006 - 2015

*Source: BMA Management Consulting Inc. Municipal Study 2015



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

2015 Operating Expenditures (in million dollars)





2015 Residential Tax Breakdown



Mayor and Council

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

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

Chief Administrative Officer

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.



Organizational Structure

Mayor



Gordon Krantz







Colin Best





Mike Boughton



John Pollard



Chief Administrative

Officer

Bill Mann



Cindy Lunau

Rick Malboeuf



Rick Di Lorenzo Zeeshan Hamid

Arnold Huffman

Director of Planning and Development



Barb Koopmans

Director of **Corporate Services** and Treasurer



Linda Leeds

Director of Engineering Services



Paul Cripps







Kristene Scott





Brian Ellsworth





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, 2014

Jeffrey R. Ener

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, 2014.

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 2015 award program.

Message from the Treasurer



Linda Leeds, CPA, CGA

Director of Corporate Services and Treasurer

The 2015 Financial Statements continue to demonstrate the Town's collaborative and ongoing commitment to managing its finances in a responsible and sustainable manner that is reflective of both the community's current needs as well as the organization's short-term and long-term goals.

The Town of Milton is pleased to present its Financial Statements for the year ended December 31, 2015. The financial report communicates to the stakeholders the Town's 2015 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 2015 results continue to demonstrate the strong leadership of Council and the Town's overall excellence in financial planning and fiscal management.

The Town's updated Strategic Action Plan, Destiny Milton 3, recognizes the importance of ensuring financial sustainability in the provision of programs and services and the establishment of short-term and long-term plans. This has become increasingly important as the Town continues to experience exceptional levels of growth, rising service and infrastructure demands and limited levels of staffing growth and funding options. Like many other municipalities, the challenging framework within which the Town operates is further compounded by a number of external factors such as economic, environmental and legislative changes. As a result, the Town continues to face significant financial pressures in delivering current service levels. Identifying ways to enhance service delivery through efficiency improvements and innovative solutions remains an ongoing priority for the Town.

Throughout 2015, the Town continued with the implementation of its Asset Management Plan through the completion of the second phase which focused primarily on facilities and transit. Supporting growth within the community through the investment in infrastructure such as roadways, parks and facilities remains a major priority for the Town. A significant multi-year infrastructure project, the Main Street grade separation, was completed in 2015. The ongoing construction of Louis St. Laurent Avenue represents another essential infrastructure investment which will provide significant benefits to the Town of Milton once complete.

Also in 2015, construction on the Velodrome was completed and the state of the art facility was opened to the public as the Mattamy National Cycling Centre. In 2015, the centre served as the venue for the Toronto 2015 Pan Am and Para-Pan Am games for indoor track cycling events held in July and August. During the games, the Town of Milton also hosted a number of road time trial cycling events. As the world's third largest international multi-sport games, the Town of Milton welcomed many athletes and visitors and garnered significant provincial and national exposure as a host community. Following the games, the Mattamy National Cycling Centre continues to serve both the Town as a community recreation facility as well as high performance athletes from across Canada as a world-class, multi-sport legacy facility.

The Town's collaborative and forward thinking approach to financial management continues to serve the organization well as it responds to the ongoing growth and challenges present within the community. The Town continues to be an award winning organization, having been recognize for many years by the Government Finance Officers Association (GFOA) for it's financial reporting. We look forward to another successful year.



TOWN OF MILTON 2015 FINANCIAL REPORT

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, 2015.

There are four required financial statements:

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

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

Town of Milton Mandate

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

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

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

The Town of Milton is a part of the Regional Municipality of Halton (the "Region of Halton"), 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 and building services.
- Transportation Services roads construction and maintenance, transit and street lighting.
- Environmental Services storm water management and emergency spills.
- Recreation and Cultural Services community development, recreational programs, parks, recreational facilities, libraries and arts and cultural programs.
- Planning and Development planning policy, zoning, development review, building inspections and economic development.

Management Responsibility

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

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

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

The consolidated financial statements have been audited by KPMG LLP, an independent external auditor appointed by the Town. The Independent Auditor's Report, which is included in the statements, provides an unqualified "clean" opinion on the Town's consolidated financial statements for the year ended December 31, 2015. 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 Town Council for review and approval, generally in December of each year. Citizens are involved in the budget process through surveys, forums and public meetings.



Risk Management and Significant Financial Management Policies

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

The annual operating budget is balanced with revenues 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.

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.

2015 Economic Update

The Bank of Canada has commented that the near-term outlook for global economic growth has been revised downwards. This has negatively impacted the overall commodity sector and has been most sharply felt in the energy sector. The negative impact on the oil and gas economy has been partially offset by a strong housing market in B.C. and Ontario as well as a lower Canadian dollar which is beneficial towards exports.

The revised projections expect national gross domestic product ("GDP") growth to average around 1% for 2015, increasing to above 2% in 2016 and 2017.

Ontario economic growth projections were outlined in the April 2015 budget and have improved since last year. Ontario 2015 growth is forecasted to be 2.7% with growth rates of 2.4% in 2016 and 2.2% in 2017. The depreciated currency is expected to help the export sector along with the US economic recovery.



	2011	2012	2013	2014	2015p
Real GDP Growth	2.10%	2.00%	1.30%	2.20%	2.70%
Employment Growth	1.80%	8.00%	1.40%	2.40%	1.10%
CPI Inflation	3.10%	1.40%	1.00%	2.40%	1.20%

As of February 2016, Canadian unemployment was at 7.3%, with the Ontario rate performing better at 6.8%. The most recent data suggests that the Halton Region is performing better with a regional unemployment rate of 5.0%. Youth unemployment remains a concern with the 15-24 year old rate approximately double the provincial average.



Inflation

Inflation is represented 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 increases in prices such as food, clothing, and energy costs consumed by the average household.

The Statistics Canada CPI rate for Ontario as of December 2015 was 1.6%. The Ontario Ministry of Finance is forecasting that inflation for Ontario will be returning to 2.0% for 2016 to 2018.

It is worth noting that Property Tax is an element of the Standard CPI measure. The property tax component of CPI accounts for 3.3% of the index, resulting in an inflation factor of 2.1% for the majority of 2015.

The expenditure profile of municipal governments is very different than that of consumers. Therefore, 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, called the Municipal Price Index ("MPI"), has been developed to account for these differences. 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 that the average household faces, the MPI is a measure of inflation that a municipality faces which accounts for annual increases to the costs of goods consumed by the Town such as asphalt, fuel, hydro and insurance.

The Government Finance Officers Association ("GFOA"), who promotes the professional management of governments for public benefit, has identified the creation of a Municipal Price Index as a best practice for local governments. The GFOA indicates that local governments can benefit from having a well constructed index which tracks changes in the costs of providing municipal services. The construction of this index can be undertaken by using various indices for different expenditure categories.

Similar to CPI, the MPI is calculated as a weighted average of price increases for each component in the Town's budget. It is intended to be a comparison or benchmark to the overall inflation anticipated to be experienced by the Town. 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 the 2015 budget and user fees, staff have calculated the MPI for the Town of Milton to be 3.54%. When looking at the weighted average index of expenditures only, the MPI is 2.58%. However, the Town's budget reflects revenues that are subject to different inflationary rates, while some do not reflect any inflationary change. For example, investment income, grants, and most transfers from reserves generally do not reflect inflationary changes. Budgeted recoveries of expenditures have been indexed at the rate that matches the increase in the expenses being recovered. The varying rates of inflation on revenues have the effect of increasing the overall municipal price index to 3.54%.

Interest Rates

The Bank of Canada surprised markets in January 2015 by reducing its target for the overnight rate to 0.75% after keeping it at 1% since September 2010. In July 2015, the bank decreased rates for a second time by 0.25% leaving current rates at 0.5%.

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

- 1. Low rates reduce borrowing costs for debt financed projects which frees up available funding to allocate more funding towards capital projects.
- 2. Low rates reduce the amount of investment income since the rate of return on surplus cash and investments is directly linked to interest rates.



Historical Bank of Canada Overnight Rate

Due to high cash balances relative to the amount of debt that the Town issues, lower rates have an overall negative impact on the financial strength of the municipality.

In June 2015, the Town issued \$3.47 million worth of 10 year debentures for capital projects and \$15 million in a 30 year sinking fund for the hospital expansion. The timing of the issue 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 1.95% and the 30 year sinking fund rate was 3.2%. These low rates increase available funding in the capital program that would otherwise be needed to fund debt servicing costs.



2015 Significant Events Affecting Financial Statements

Growth and Building Activity

Housing construction activity in Ontario remained strong in 2015. The demand for new homes in Ontario is expected to stay strong in 2016 and beyond due to lower borrowing costs.

Following the approval of the Halton Region Allocation Program, construction activity has been increasing and this trend is expected to continue over the next few years as construction of new infrastructure is completed and allows for the occupancy of units. The Region of Halton is now planning for the next allocation program beyond 2018 that will be required for growth to continue at expected levels as per the Town's growth forecast.



Numbers of Residential Permits

	2011	2012	2013	2014	2015
Single and semi detached units	1,045	967	237	841	386
Multiple units / townhouses	535	1,102	162	356	352
Apartments / condos	312	156	141	284	578
Total permits issued	1,892	2,225	540	1,481	1,316

Non-residential permits have experienced an increase in activity since 2014. Compared to the year before, the number of permits increased by 30%. The permits also represent larger construction projects with a higher value of construction than in 2014, resulting in a 212% increase in square footage of construction, setting a new annual record for the corporation.

Eight new non-residential developments received permits in 2015: Emery Investments, Healthcare of Ontario Pension Plan (HOOPP), Kylin and CREIT, Prologis (three facilities), and Sun Life Financial. Expansions were approved this year for a.b.m. Canada, Crawford Metals, and Dare Foods Ltd.





	2011	2012	2013	2014	2015
Construction value	\$ 18,083,000	\$ 156,071,129	\$ 121,575,627	\$ 91,906,428	\$ 142,710,390
Permits	103	92	82	98	127
Square meters	7,760	223,137	85,856	77,281	241,330



Institutional permits represent construction activity undertaken by government agencies, such as the Town, Region of Halton and Halton School boards. These permits typically do not result in adding taxable assessment to the Town's assessment rolls.

There has been a 35% decrease in construction activity, but mostly for smaller projects with lower values. Permitted square footage of institutional construction projects, in fact, increased by 27% compared to last year.



	2011	2012	2013	2014	2015
Construction value	\$ 35,618,000	\$ 84,819,000	\$ 16,953,600	\$ 17,166,770	\$ 11,205,750
Permits	26	39	76	63	23
Square meters	16,523	32,607	17,531	6,805	8,634

Value of Institutional Permits (in millions of dollars)

Developer Contributed Assets

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







TOWN OF MILTON 2015 FINANCIAL REPORT

Facilities Opened in 2015

The Mattamy National Cycling Centre

Open to the public in 2015 and a major host facility for the Toronto 2015 Pan Am and Para-Pan Am games for indoor track cycling events, the Mattamy National Cycling Centre 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.

The three story fully accessible velodrome serves as both a community recreation facility as well as a leading facility for provincial, national and international events. In addition to its state of the art 250-metre timber cycling track, the facility also features three full size gymnasium courts, an indoor walking/jogging track, fitness centre, bike shop/storage and event space/meeting rooms.

Throughout July and August of 2015, the Velodrome hosted a number of indoor cycling competitions for the Toronto 2015 Pan Am and Para-Pan Am games. These games represent the world's third largest international multi-sport games and has allowed the Velodrome to establish a legacy as not only a community sport and recreation facility, but also the home of high-level cycling in Canada.

As a host community for track and road time trial cycling events during the games, the Town was positively affected in a number of areas throughout 2015, including significantly high levels of community participation and involvement, expanded cultural activities and increased economic activity, particularly in the transportation, food and beverage and retail sectors.

Facilities Opened in 2014

Both the Civic Operations Centre and the Milton Sports Centre expansion were fully operable for the entire 2015 fiscal year, making the impact on the Town's financial statements more visible. Specifically, operating expenses have increased due to amortization, facility maintenance, staffing and other administration costs.

Civic Operations Centre

Staff moved into the new Civic Operations Centre in September of 2014. Easily accessible on Regional Road 25, just south of Britannia Road, the facility consists of the main Operations building with cutting edge geothermal heating technology, equipment repair facilities, an unheated sand/salt storage area and a state of the art drive through wash bay.

Milton Sports Centre Gymnastics Facility Expansion

In 2014, the Town completed the design and construction of a 7,500 square foot addition to the Milton Springers Gymnastics Club. Located on the north side of the Milton Sports Centre at 605 Santa Maria Blvd., the expansion provided the space and capacity that was necessary in order to accommodate the growing demand for gymnastics programming and increased participant levels. The expansion allowed for the improvement of program delivery in the current gym as well as increased space for new classes.

Major Construction Projects in 2015

Main Street Grade Separation and CPR Overpass

Ongoing from late 2011, construction on the Main Street grade separation and CPR overpass was completed in November of 2015. This major project eliminated the level crossing of the Canadian Pacific Railway (CPR) tracks at Main Street East, just east of Ontario Street, through the building of an underpass for vehicle and pedestrian traffic to the south side of the existing Main Street railway level crossing.

Main features of the project included:

- 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

The completion of this project has led to improved traffic flow, reduced idling vehicles, better access to Milton's downtown business area, more reliable access to the Milton GO station and increased public safety. Overall, the Main Street Grade Separation was a four year project with an approximate cost of \$49 million, of which more than \$2.8 million was funded through the Federal Gas Tax Fund.

Louis St. Laurent Avenue

The construction of Louis St. Laurent Avenue continued throughout 2015. Ongoing from 2009, once complete, this significant multi-year project will provide a roadway that will serve as an essential corridor that links east and west Milton from Tremaine Road through to James Snow Parkway, successfully intersecting the three residential growth areas within the Town - Bristol Survey, Sherwood Survey and Boyne Survey.

Specific work completed throughout 2015 consisted of a four-lane roadway between Tremaine Road and Bronte Street as well as the addition of a two-lane roadway to the existing section between Bronte Street and Regional Road 25. This provides the east-west traffic capacity which is needed to support development in the Boyne Survey. This also supported transportation access to the Milton Velodrome for the Toronto 2015 Pan An and Para-Pan Am games.

The complete Louis St. Laurent Avenue construction project has an estimated cost of \$32 million and an anticipated completion date of 2020.



2015 Financial Highlights

The Town of Milton continued to maintain its strong financial position in 2015 with an overall increase in net worth of 3.73%. Residential growth kept pace with the previous year and non-residential growth exceeded projections which in turn will contribute to strong economic growth within the community.

The audited financial statements indicate the Town's fiscal strength with a net financial worth, as at December 31, 2015, of \$1,049 million. Strong fiscal management is also confirmed by the Town's debt capacity ratio of 6.33% which is well below the established guideline of 25% of own source revenues as established by the Ontario Municipal Board.

Total revenue for 2015 is \$143 million compared to total expenses of \$105 million resulting in net revenue of \$38 million which is used to fund capital assets and also to contribute to reserves. Reserve balances increased year over year to \$77 million, primarily related to an increase in the Milton District Hospital Expansion Reserve Fund by issuing \$15 million in debt to manage the Town's contribution to this significant project in a fiscally proactive manner. Significant changes in the Town's financial position are discussed in the following sections.

Significant Financial Highlights for 2015:

- The Town issued long-term debentures in the amount of \$18 million. Of this amount, \$3 million was for the redevelopment of Town infrastructure including roads, parks and storm water ponds and the balance of \$15 million is to proactively manage for the Town's financial contribution to the expansion of Milton District Hospital by taking advantage of low interest rates.
- New infrastructure in the form of roadways, development of parks, and the construction of facilities were
 provided to support continued growth within the community. Some of the notable projects completed
 in 2015 were the Main Street grade separation and CPR overpass and the continued construction of
 Louis St Laurent Avenue, a major east-west connection through the community.
- Construction of the Mattamy National Cycling Centre was completed and officially opened in 2015. This venue was host to the Pan Am and Para-Pan Am games for track cycling events.
- Residential growth kept pace with a total of 1,316 building permits compared to 2014 at 1,481 building permits. Non-residential growth saw a record year with 127 building permits representing 241,330 square metres.

Consolidated Statement of Financial Position

Net Financial Assets

(in thousands of dollars)

	2015	2014	Variance	% Change
Financial assets	\$ 232,037	\$ 185,891	\$ 46,146	24.8%
Less financial liabilities	142,761	107,893	34,868	32.3%
Net financial assets	\$ 89,276	\$ 77,998	\$ 11,278	14.5%

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$89.3 million, a 14.46% increase of \$11.3 million from the prior year. The increase in financial assets of \$46.1 million was offset by an increase in financial liabilities of \$34.9 million. The following chart illustrates the five year trend in net financial assets.



Financial Assets

In 2015, the Town's financial assets increased by \$46.1 million, mostly due to a \$40.1 million increase in cash and cash equivalents and an \$8.1 million increase in investments.

On December 31, 2015, the Town's cash and investments totaled \$155.3 million, compared to \$106.4 million on December 31, 2014, an increase of \$48.9 million. Taxes receivable have decreased by \$1.8 million reducing the taxes receivable per household amount from \$220.58 in 2014 to \$158.40 in 2015.

The increase in grants receivable is primarily related to the timing of receipt of the grant funding for the Velodrome project. In 2015, \$5.3 million of Velodrome grant funding was still outstanding for the construction work that was completed at year end. The grant funding for the Velodrome is being received as an offset to contract billings. Since grants are recognized as revenues as they are earned, this resulted in the setting up of grants receivable.



Cash and Short-Term Investments

The 2015 year end cash and cash equivalents balance was restored to \$48.9 million from \$8.1 million in 2014 and \$43.2 million in 2013. The sharp decline in 2014 was due to significant year end payments including the final payment for the Mattamy National Cycling Centre (Velodrome) in December 2014.

There were no short-term investments held by the Town at year-end as recent short-term money market rates have not offered yields that are superior to those in the High Interest Savings Account. This account was primarily used instead of short term investments in order to enhance liquidity, while still generating a strong return. As a result, the overall cash yield of 1.13% was higher than the general deposit rate.

Short-term investments were carried over from 2014 and matured in the first half of the year. These investments generated an average rate of return of 1.55% in 2015 resulting in \$0.18 million in income.

Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$106.4 million, an increase of \$8.1 million from last year. This is primarily related to the purchase of a \$15.0 million GIC from the proceeds of the 2015 spring debt issue which will be used towards the Milton Hospital Expansion project.

An average rate of return in 2015 was 2.37%, generating \$2.37 million in investment income compared to 2.59% in 2014. Longer term investment returns have declined as investments mature and are reinvested at lower prevailing rates.

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



Financial Liabilities

The major contributors to the increase of \$34.9 million in financial liabilities are long-term debt, deferred revenues and accounts payable and other current liabilities.

The increase in deferred revenue of \$11.4 million is primarily attributable to an increase in non-residential building permits for which development charges are collected.

An increase in accounts payable of \$7.1 million is mainly attributable to the timing of payments for work previously billed and accrued on completed capital projects.

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





Debt

The 2015 long-term debenture balance has increased to \$43.3 million from \$29.2 million last year due to a newly issued \$15.0 million debt that the Town assumed to finance the expansion of the Milton District Hospital. The Town also issued \$3.5 million in a 1-10-year serial debenture with an all-in average borrowing yield of 1.95%.

Guidelines established by the Ontario Municipal Board ("OMB") allow for a maximum debt payment ratio of 25% of total revenues exclusive of grant funding, which in 2015 equaled \$22.7 million. The Town Council has set further restrictive guidelines of 15% and up to 20% with the inclusion of non-tax supported debt. The Town's current debt capacity ratio of 6.33% 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 2.80% increase of \$26.1 million, which reflects the Town's investment in 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.



2015 Tangible Capital Assets Breakdown

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



Tangible Capital Assets (in thousands of dollars)

(in thousands of dollars)

Asset Type	2015	%	201	14 %	Change	% Change
Land	\$ 276,381	28.8%	\$ 272,40	01 29.2%	\$ 3,980	0.4%
Land improvements	42,451	4.4%	39,57	73 4.2%	2,878	0.3%
Buildings and building improvements	132,944	13.9%	101,72	10.9%	31,221	3.4%
Machinery and equipment	98,795	10.3%	80,36	60 8.6%	18,435	2.0%
Linear assets	402,166	42.0%	338,15	57 36.3%	64,009	6.9%
Assets under construction	5,262	0.5%	99,73	31 10.7%	(94,469)	-10.1%
Total	\$ 957,999	100.0%	\$ 931,94	5 100.0%	\$ 26,054	2.8%

Accumulated Surplus

Overall, the Town has maintained a strong accumulated surplus with a total of \$1,048.5 million, an increase of 3.73% from the prior year balance of \$1,010.8 million. The change in the accumulated surplus arises from the annual excess of revenues over expenses for the year, representing \$37.7 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 operations and available to be liquidated.

A detailed breakdown of accumulated surplus (in thousands) is presented in Note 12 "accumulated surplus" of the Consolidated Financial Statements. Summary information is included in the table` below:

(in thousands of dollars)

	2015	2014	Change
Reserves	\$ 43,908	\$ 35,766	\$ 8,142
Reserve funds	33,045	15,056	17,989
Investment in tangible capital assets	957,999	931,945	26,054
Unexpended capital	4,545	5,084	(539)
Investment in Milton Hydro	54,427	53,045	1,382
Town surplus	102	34	68
Library surplus	45	43	2
Unfunded liabilities	(45,543)	(30,193)	(15,350)
Total accumulated surplus	\$ 1,048,528	\$ 1,010,780	\$ 37,748



The reserve balances have experienced an increase of \$8.1 million primarily due to a \$2.1 million increase in Capital Provision funds collected in 2015 as more development agreements were executed. In addition, the Municipal Building Component Reserve balance increased by \$1.3 million mainly due to additional annual user fee contributions from the newly opened Velodrome facility. The Capital Works Reserve increased by \$1.0 million primarily related to a \$0.6 million net contribution from the Milton Hydro Dividend and a \$0.4 million excess in supplementary taxes. Higher utilization of equipment generated extra \$0.9 million in equipment chargeouts which was transferred to the Equipment Replacement reserve.

The discretionary reserve funds have increased by \$18.0 million, of which \$15.0 million relates to the proceeds from the debt issuance for Milton District Hospital expansion as the Town took advantage of the current market conditions bringing the Reserve Fund balance to \$17.8 million. The \$1.9 million increase in the Property Transactions Reserve primarily relates to the transfer of funds received from the sale of Campbellville Lions Club Hall. Another increase of \$0.8 million in the discretionary reserve funds is attributable to additional proceeds from the Ontario Lottery Corporation.

The unexpended capital category represents financing for assets under construction and experienced a balance reduction of \$0.5 million. This is partially attributable to the 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 the naming agreement.

The 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. The \$15.3 million increase in unfunded liabilities is related to the increase in the long-term debt discussed in the previous sections.

Consolidated Statement of Operations

The Consolidated Statement of Operations is the municipal equivalent of the private sector's income statement, providing a summary of revenues and expenses throughout the year. The annual surplus reported on this statement represents the difference between the cost of providing the Town's services and the revenues recognized for the year on an accrual basis. Budget figures represent capital and operating budgets combined as outlined in Note 16 of the financial statements.

Revenues

2015 Budget to Actual Comparative Analysis

(in thousands of dollars)

Revenues	Budget	Actual	Variance	% Variance
Taxation (note 14)	\$ 47,542	\$ 48,059	\$ 517	1.1%
User charges	14,820	15,997	1,157	7.8%
Government transfers:				
Federal (note 15)	3,313	5,862	2,549	76.9%
Provincial (note 15)	1,029	1,781	752	73.1%
Other municipalities	2,743	5,137	2,394	87.3%
Investment income	4,036	3,439	(597)	-14.8%
Penalties and interest	2,005	2,415	410	20.4%
Developer contributions	14,773	19,859	5,086	34.4%
Developer contributed assets	-	19,995	19,995	100.0%
Proceeds from Ontario Lottery Corporation	5,800	5,685	(115)	-2.0%
Licences, permits, rents etc.	6,577	5,595	(982)	-14.9%
Equity in income of Milton Hydro	1,000	2,882	1,882	188.2%
Donations	510	1,504	994	194.9%
Other recoveries	-	898	898	100.0%
Miscellaneous	3,881	3,951	70	1.8%
Total revenues	\$ 108,029	\$ 143,039	\$ 35,010	32.4%

The variations in the budget and actual columns are primarily related to differences in assumptions used. As Council-approved budgets are prepared to determine the levy requirements, they are 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.

Another contributing factor is the timing of capital expenses and revenues being incurred in a different year from the budget year. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and does not include approved funding from the obligatory reserve funds for outstanding work. This caused a favourable fluctuation in developer contributions revenue of \$5.1 million. A favourable variance of \$2.4 million in recoveries from other municipalities relates to contractual obligations to third parties on Main Street CNR crossing and various other road reconstruction projects for which the Town receives full compensation.



A significant favourable variance of \$2.5 million in federal grant revenue is attributable to the funding for the construction of the Milton Velodrome facility from TO2015 Sports Canada, which was the organizing committee for 2015 Pan Am and Para-Pan Am games. This amount was part of the 2012 budget amounts as this was the year the project was initiated and approved by Council.

Note 16, "Budget Data" provides reconciliation between the statements and the operating and capital budgets previously approved by Town Council.

Year Over Year Comparative Analysis

(in thousands of dollars)

Revenues	2	2015		2014	C	hange	% Change
Taxation (note 14)	\$ 48	,059	\$ 4	5,576	\$	2,483	5.4%
User charges	15	,977	1	3,943		2,034	14.6%
Government transfers:							
Federal (note 15)	5	,862		18,140	(*	12,278)	-67.7%
Provincial (note 15)	1	,781		2,733		(952)	-34.8%
Other municipalities	5	,137		4,270		867	20.3%
Investment income	3	,439		3,752		(313)	-8.3%
Penalties and interest	2	,415		2,052		363	17.7%
Developer contributions	19	,859	3	32,972	((13,113)	-39.8%
Developer contributed assets	19	,995	1	19,997		(2)	0.0%
Proceeds from Ontario Lottery Corporation	5	,685		5,588		97	1.7%
Licences, permits, rents etc.	5	,595		5,217		378	7.2%
Equity in income of Milton Hydro	2	,882		3,040		(158)	-5.2%
Donations	1	,504		1,722		(218)	-12.7%
Other recoveries		898		1,108		(210)	-19.0%
Miscellaneous	3	,951		893		3,058	342.4%
Total revenues	\$ 143	,039	\$ 16	61,003	\$ (17,964)	-11.2%

Total revenue reported for the year 2015 was \$143.0 million, a decrease of \$17.9 million from last year's amount of \$161.0 million.

One of the contributing factors to the lower revenues was a reduction in the developer contributions revenue, which experienced a decrease of \$13.1 million. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and do not include the actual cash collected in that year. The decrease in this revenue source was related to the reduction in the capital work activity completed and funded through development charges.

Federal grant revenue decreased by \$12.3 million from the 2014 amount of \$18.1 million, primarily related to federal funding for the Velodrome project being drawn to completion. An increase of miscellaneous revenue of \$3.0 million is due to gains from several real estate deals closed during 2015. A \$2.5 million increase in 2015 taxation revenue and \$2.0 million in user charges was ratified by Council during the 2014 budget approval process and is based on projected operating requirements.

Expenses

2015 Budget to Actual Comparative Analysis

(in thousands of dollars)

Expenses	Budget	Actual	Variance	Less Amortization and Losses on TCA	Subtotal	Less Capital Expenses	Operating Expenses Variance
General government	\$ 11,882	\$ 14,366	\$ (2,484)	\$ 2,222	\$ (262)	\$ 378	\$ 116
Protection services	12,313	13,532	(1,219)	1,471	252	(15)	237
Transportation services	17,254	36,143	(18,889)	12,970	(5,919)	6,018	99
Environmental services	363	2,371	(2,008)	1,943	(65)	153	88
Health Services	-	505	(505)	-	(505)	-	(505)
Recreational and cultural services	23,870	32,377	(8,507)	8,634	127	(173)	(46)
Planning and development	4,933	5,997	(1,064)	7	(1,057)	306	(751)
Total expenses	\$ 70,615	\$ 105,291	\$ (34,676)	\$ 27,247	\$ (7,429)	\$ 6,667	\$ (762)

The 2015 financial position of the Town results in a \$34.7 million increase of actual expenses over budgeted expenses of \$70.6 million. The variance between the budget and actual columns is primarily related to tangible capital asset activity which was not included in the budget, such as amortization and gains or losses on disposal. Amortization and loss on disposal of tangible capital assets amount to \$27.2 million. In addition, contributing to the unfavourable variance was \$6.6 million of expenses included in capital budgets that cannot be capitalized and need to be expensed on the Statement of Operations.

Planning and Development expenses of \$0.75 million in excess of budget are related to \$0.40 million in developer costs resulting from staff performing more work on undeveloped subdivisions than recovered through the Engineering and Inspection fees. Despite the recalculation of these fees through the 2012 comprehensive user fee review, further shortfalls are likely to be incurred until the completion of existing agreements entered into using the previous fee structure. In addition, \$0.2 million in peer review costs were not included in the budget but were recovered from developers. A \$0.1 million increase in salary and benefits is related to position realignments.

In 2015, the Town has assumed \$15.0 million in debt to fund the expansion of the Milton District Hospital. Interest and financing fees were not included in the budget process, thus creating an unfavourable variance of \$0.5 million. A \$0.2 million savings in protection services was due to a conservative approach to staffing in anticipation of lower than anticipated residential permits issued as well as generally lower expenses.



Year Over Year Comparative Analysis

(in thousands of dollars)

Expenses	2015	2014	Change	% Change
General government	\$ 14,366	\$ 14,525	\$ 159	1.1%
Protection services	13,532	12,690	(842)	-6.6%
Transportation services	36,143	33,500	(2,643)	-7.9%
Environmental services	2,371	2,042	(329)	-16.1%
Health Services	505	-	(505)	100.0%
Recreational and cultural services	32,377	28,663	(3,714)	-13.0%
Planning and development	5,991	4,992	(1,005)	-20.1%
Total expenses	\$ 105,291	\$ 96,412	\$ (8,879)	-9.2%

The 2015 financial position of the Town results in an \$8.8 million increase in expenses over that of 2014. A \$3.7 million increase in Recreational and Cultural services is related to an increase of \$1.3 million in operating and \$2.0 million in amortization expenses related to the new Velodrome facility. The Town spent \$0.4 million on the preparation and organization of the 2015 Pan Am and Para-Pan Am games and related celebrations. The majority of these costs were offset by various grants from organizing committees.

Transportation services experienced an increase of \$2.6 million in expenses compared to last year. This is due to capital expenses included in capital projects that cannot be capitalized and need to be expensed on the Statement of Operations. These are expenses related to contractual obligations to third parties on Main street grade separation, Main street CNR crossing and various other road reconstruction projects for which the Town receives full compensation.

Planning services expenses increased by \$1.0 million over last years expenses of \$4.9 million. The Milton Education Village Innovation Centre secured funding from federal grant programs and donations in-kind to undertake marketing and research projects resulting in an increase of over \$0.3 million in expenses.

Development Engineering and Planning departments have experienced \$0.70 million increase in expenses due to the following factors:

- Salary and benefits increased by \$0.37 million due to position realignment;
- peer review costs increased by \$ 0.2 million and are fully recovered from developers;
- salaries and benefits increased by \$0.23 million;
- developer costs increased by \$0.1 million, when development engineering staff time could not be recovered from engineering and admin fee at time of subdivision assumption.

An unfavourable variance in protection services of \$0.8 million is partly attributable to a \$0.6 million increase in fire fighter salaries and vacation pay, as well as a \$0.2 increase in salaries related to building inspection services.

In 2015, the Town assumed \$15.0 million in debt to fund the expansion of the Milton District Hospital. \$0.5 million in interest and financing fees were incurred, creating an unfavourable variance over previous year.

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 \$11.3 million, compared to last year's increase of \$2.1 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 increased by \$40.8 million to \$48.9 million.

The most significant cash outflow was caused by the acquisition of tangible capital assets of \$35.0 million and investment of uncommitted cash of \$8.1 million.

Factors contributing to the increase in cash position were:

- \$18.5 million in new debt assumed by the Town including a \$15 million debenture to fund the Milton District Hospital expansion;
- \$11.5 million increase in deferred revenue, \$10.8 million of which were development charges;
- \$7.2 million increase in accounts payable;
- \$4.4 million in cash received from sale of Town property deals closed in 2015;
- \$4.0 million reduction in accounts receivable primarily related to timing of HST rebates;
- \$1.5 million of dividend received from Milton Hydro.

Linda Leeds, CPA, CGA Treasurer

May 30, 2016


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 Derry Green Business Park has been approved as the next phase to accommodate non-residential growth. Once these areas are developed, growth in the next urban expansion area, known as Sustainable Halton, 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. In 2015 the Town updated its strategic plan, Destiny Milton 3, articulating a vision for the Town for the next three to five years. It will guide and provide context for all short and long-term planning for the Town through five strategic goals and related actions that will contribute to informing the Town's priorities, efforts and allocation of resources.



Planning for Growth

Halton Urban Structure Plan

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

Phase 1 (Bristol Survey) – Area generally to the east and south of the pre-HUSP urban boundary, extending to James Snow Parkway at the east and Louis St. Laurent Avenue to the south. Phase 1 development area is approaching build-out. As such, forecast housing growth for this area represents only 5% of total forecast housing growth for the Town over the next ten 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 Louis St. Laurent Avenue to the south. Development within this area is also approaching build-out, with approximately 11% of forecast total Town-wide housing growth between 2016 and 2025.

Phase 3 (Boyne Survey) – Extends from Louis St. Laurent Avenue to Britannia Road 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 83% of total housing growth.

Derry Green Corporate Business Park - This secondary plan area is generally bounded by Provincial Highway 401 to the north, south of the extension of Louis St. Laurent Avenue 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 build-out 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 2016 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 businesses of the Town of Milton. The 2016 capital budget includes 101 projects worth \$43 million and provides for such things as roads, parks and trails, facilities, vehicles and equipment. Of this amount, \$20 million is required for projects related to growth in the community, \$21 million is required for the investment in the state of good repair to ensure the ongoing serviceability of existing assets and the balance of the capital program is associated with other non-growth, non- renewal projects.

Sherwood Community Centre and Library Branch

In response to growing recreational needs, the next community centre development identified for the Town of Milton is the Sherwood Community Centre and Library Branch. The planning, design and operational requirements for this new facility have been guided by a number of previously approved Council documents, including the Community Services and Library Master Plans, the Sherwood Community Centre and Library Component Study and the Sherwood Community Centre and Library Business Plan.

In addition to the Library, plans for this major indoor facility include a twin pad arena, aquatic complex, multipurpose spaces and senior's space. The facility will be located on a district park site on Main Street West, just east of Tremaine Road and adjacent to the existing Sherwood District Park.

Design and project management work will be commencing in 2016 for both the Sherwood Community Centre and Library Branch with anticipated construction beginning in the spring of 2017 and carrying through to the winter of 2019. The opening of both facilities is currently planned for the spring of 2019.

Milton Education Village

The Town of Milton, in partnership with Wilfred Laurier University, continues to be actively engaged in initiatives to advance the Milton Education Village (MEV) in an effort to bring a university campus to the Town. The MEV is Milton's vision for a comprehensive neighbourhood, integrating post-secondary education, residential, commercial and recreational uses, within the envelope of a 400 acre area alongside the Niagara Escarpment.

The Town of Milton and Wilfred Laurier University have a memorandum of understanding (MOU) in place with the intent of establishing a university campus on a 150 acre site within the MEV. Following the call for proposals for a postsecondary facility as part of the Ministry's capital expansion process, the Minister of Training, Colleges and Universities announced in May of 2015 that the City of Markham's proposal for a combined York University/Seneca College campus was the sole proposal accepted. The Town and Laurier are anticipating a new call for proposals for Halton and Peel at some point in 2016.

Intended to be an early experience to the MEV, the Innovation Centre was opened in January of 2014 in a transitional space at 555 Industrial Drive, which will be relocated once its new home in the MEV has been completed. The Innovation Centre is a local initiative that is dedicated to enabling an entrepreneurial culture for business start-up, incubation, intersection for innovation, education and training.

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 capital budget and forecast preparation. 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 having an asset management plan in place which includes all elements described in the "Guide for Municipal Asset Management Plans" published by the Province.

The Town of Milton completed an Asset Management Plan for Roads and Bridges in 2014 and expanded on this in 2015 with the completion of an Asset Management Plan for Facilities and Transit. The balance of the Town's assets will be included in future versions of Asset Management Plans. Asset management planning enables the Town to make more informed and 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 identify what level of funding is required to support the provision of services by Town-owned assets.





2015 Town of Milton Financial Report

Consolidated Financial Statements

For the year ended December 31, 2015

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

William F. Mann Chief Administrative Officer

May 30, 2016

Linda Leeds, CPA, CGA Treasurer



Independent Auditors' Report



KPMG LLP Box 976 21 King Street West Suite 700 Hamilton ON L8N 3R1

Telephone (905) 523-8200 Telefax (905) 523-2222 www.kpmg.ca

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, 2015, 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, 2015, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants May 30, 2016 Hamilton, Canada

December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	2015	2014
Financial assets:		
Cash and cash equivalents	\$ 48,915	\$ 8,098
Accounts receivable (note 3)		
Taxes receivable	5,319	7,099
Grants receivable	5,402	4,520
Other	10,712	13,855
Investments (note 4)	106,424	98,324
Investment in Milton Hydro Holdings Inc. (note 5)	54,427	53,045
Other assets	838	950
Total financial assets	232,037	185,891
Liabilities:		
Accounts payable and accrued liabilities	26,145	18,980
Other liabilities	7,929	7,131
Deferred revenue (note 6)	62,643	51,160
Long-term debentures (note 7)	43,257	29,152
Developer obligations (note 8)	1,334	166
Employee benefits and other liabilities (note 9)	1,453	1,304
Total liabilities	142,761	107,893
Net financial assets	89,276	77,998
Non-financial assets:		
Tangible capital assets (note 11)	957,999	931,945
Inventories of supplies	730	559
Prepaid expenses	523	278
Total non-financial assets	959,252	932,782
Accumulated surplus (note 12)	\$ 1,048,528	\$ 1,010,780

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



Year ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	Budget	2015	2014
Revenue:	(Note 16)		
Taxation (note 13)	\$ 47,542	\$ 48,059	\$ 45,576
User charges	14,820	15,977	13,943
Government transfers:			
Federal (note 14)	3,313	5,862	18,140
Provincial (note 14)	1,029	1,781	2,733
Other municipalities	2,743	5,137	4,270
Investment income	4,036	3,439	3,752
Penalties and interest	2,005	2,415	2,05
Developer contributions	14,773	19,859	32,97
Developer contributed assets	-	19,995	19,99
Proceeds from Ontario Lottery Corporation	5,800	5,685	5,58
Licenses, permits, rents, etc	6,577	5,595	5,21
Equity in income of Milton Hydro Holding Inc.(note 5)	1,000	2,882	3,04
Donations	510	1,504	1,72
Other recoveries	-	898	1,10
Miscellaneous	3,881	3,951	89
Fotal Revenue	108,029	143,039	161,00
Expenses:			
General government	11,882	14,366	14,52
Protection to persons and property	12,313	13,532	12,69
Transportation services	17,254	36,143	33,50
Environmental services	363	2,371	2,04
Health services	-	505	
Recreational and cultural services	23,870	32,377	28,66
Planning and development	4,933	5,997	4,99
Total expenses	70,615	105,291	96,41
Annual surplus	37,414	37,748	64,59
Accumulated surplus, beginning of year	1,010,780	1,010,780	946,18
Accumulated surplus (note 12), end of year	\$ 1,048,194	\$ 1,048,528	\$ 1,010,78

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

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	Budget (Note 16)	2015	2014
Annual surplus	\$ 37,414	\$ 37,748	\$ 64,591
Acquisition of tangible capital assets	(31,631)	(55,018)	(85,525)
Amortization of tangible capital assets	-	25,591	22,462
(Gain)/loss on disposal of tangible capital assets	-	(1,060)	749
Proceeds on sale of tangible capital assets	-	4,433	177
	5,783	11,694	2,454
Change in inventories of supplies	-	(171)	(302)
Change in prepaid expenses	-	(245)	(4)
Change in net financial assets	5,783	11,278	2,148
Net financial assets, beginning of year	77,998	77,998	75,850
Net financial assets, end of year	\$ 83,781	\$ 89,276	\$ 77,998

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



Consolidated Statement of Cash Flows

Year ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	2015	2014
Operating Activities:		
Annual surplus	\$ 37,748	\$ 64,591
Items not involving cash:		
Amortization	25,591	22,462
(Gain)/loss on disposal of tangible capital assets	(1,060)	749
Developer contributions of tangible capital assets	(19,995)	(19,997)
Change in employee benefits and other liabilities	149	40
Equity in income of Milton Hydro Holdings Inc.	(2,882)	(3,040)
Change in non-cash assets and liabilities:		
Accounts receivable	4,041	7,021
Other assets	112	(224)
Accounts payable and accrued liabilities	7,165	(31,115)
Other liabilities	798	(4,138)
Deferred revenue	11,483	1,631
Developer obligations	1,168	(1,055)
Inventories of supplies	(171)	(302)
Prepaid expenses	(245)	(4)
Net change in cash from operating activities	63,902	36,619
Capital Activities:		
Proceeds on sale of tangible capital assets	4,433	177
Cash used to acquire tangible capital assets	(35,023)	(65,528)
Net change in cash from capital activities	(30,590)	(65,351)
Investing Activities:		
Investments	(8,100)	(3,718)
Dividends from Milton Hydro Holdings Inc.	1,500	1,500
Net change in cash from investing activities	(6,600)	(2,218)
Financing Activities:		
Debt issued and assumed	18,467	965
Debt principal repayment	(4,362)	(5,182)
Net change in cash from financing activities	14,105	(4,217)
		(4,217)
Net change in cash	\$ 40,817	\$ (35,167)

Consolidated Statement of Flows (Continued)

Year ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	2015	2014
Cash and cash equivalents, beginning of year	\$ 8,098	\$ 43,265
Cash and Cash equivalents, end of years	\$ 48,915	\$ 8,098
Cash paid for interest on long-term debt	\$ 1,279	\$ 1,176
Cash received from interest on investments	\$ 3,011	\$ 3,296



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

1. Significant accounting policies:

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

Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

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

These reporting entities include:

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

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

(ii) Investment in Milton Hydro Holdings Inc.:

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

(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.

1. Significant accounting policies (continued):

(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.



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.

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.

(I) 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.

2. Change in accounting policies:

On January 1, 2015, the Town adopted Public Sector Accounting Standard PS 3260, Liability for contaminated sites. This standard was adopted on a prospective basis from the date of adoption.

Under PS 3260, a liability for contaminated sites is recognized as a liability when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. All criteria must be met in order to recognize a liability. There were no adjustments as a result of the adoption of this standard.



3. Accounts receivable:

Taxes receivable of \$5,319 (2014 - \$7,099) reported on the Consolidated Statement of Financial Position include supplementary taxes of \$614 (2014 - \$1,451) recorded in 2015 but not collectible until 2016. Other accounts receivable are reported net of a valuation allowance of \$154 (2014 - \$128).

4. Investments:

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

2015		
	Cost	Market Value
Short-term notes and deposits	\$ -	\$ -
Government and government guaranteed bonds	11,484	13,826
Municipal bonds	9,925	8,524
Financial institutions	85,015	84,641
Total investments, year end	\$ 106,424	\$ 106,991

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
Total investments, year end	\$ 98,324	\$ 99,480

5. Investment in Milton Hydro Holdings Inc.:

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

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

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

	2015	2014
Financial Position:		
Assets:		
Current	\$ 31,223	\$ 28,253
Capital	86,210	77,074
Regulatory assets	7,288	7,682
Total assets	124,721	113,009
Liabilities:		
Current	18,102	20,276
Long term debt	35,923	27,748
Long term note payable to Town of Milton	14,934	14,934
Other	10,023	7,174
Regulatory balances	6,246	4,766
Total liabilities	85,582	74,898
Equity:		
Share capital	17,549	17,549
Retained earnings	21,944	20,562
Total equity	39,493	38,111
Total liabilities and equity	124,721	113,009
Operations:		
Revenue	\$ 120,146	\$ 108,594
Expenses (including income tax provision)	115,386	107,944
Income net of taxes	4,760	650
Net movement in regulatory balances, net of tax	(1,878)	2,390
Dividend paid to Town of Milton	(1,500)	(1,500)
Change in equity	1,382	1,540
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	21,944	20,562
Total investment in Milton Hydro	\$ 54,427	\$ 53,045

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

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

Gross revenue earned by Milton Hydro from the Town was \$3,364 (2014 - \$2,816). Property taxes paid to the Town by Milton Hydro was \$168 (2014 - \$76).

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 (2014 - \$1,083).

Adoption of IFRS:

Milton Hydro Holdings Inc. adopted International Financial Reporting Standards ("IFRS") effective January 1, 2014 (the Corporation's date of transition). As a result of change in accounting policies from Canadian general accepted accounting principles ("CGAAP") to IFRS, certain comparative information was restated. The restatement of comparative information did not impact the Town's value of equity in the investment held in Milton Hydro Holdings Inc.

6. Deferred revenue:

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

	2015	2014
Obligatory reserve funds (note 6 (b))	\$ 45,124	\$ 34,269
Subdivision agreement fees	2,178	2,611
Property taxes prepaid	4,333	3,947
Development fees	1,663	1,505
Investment in the Arts Campaign naming rights	1,432	1,557
Velodrome naming rights	6,391	5,732
Prepaid facility rentals and program registrations	886	757
Other	636	782
Total deferred revenue	\$ 62,643	\$ 51,160

6. Deferred revenue (continued):

Continuity of deferred revenue is as follows:

	2015	2014
Balance, beginning of year:		
Obligatory reserve funds (note 6 (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 naming rights	1,557	1,385
Velodrome naming rights	5,732	3,733
Prepaid facility rentals and program registrations	757	677
Other	782	539
Total beginning balance:	51,160	49,529
Receipts:		
Obligatory reserve funds	28,095	27,221
Interest earned on obligatory reserve funds	575	554
Subdivision agreement fees	1,045	594
Property taxes prepaid	4,333	3,947
Development fees	472	889
Investment in the Arts Campaign naming rights	12	308
Velodrome naming rights	1,116	1,999
Prepaid facility rentals and program registrations	886	757
Other	565	784
Total receipts	37,099	37,053



6. Deferred revenue (continued):

	2015	2014
Transfers:		
Obligatory reserve funds	(17,815)	(29,053)
Subdivision agreement fees	(1,478)	(1,127)
Property taxes prepaid	(3,947)	(3,755)
Development fees	(314)	(133)
Investment in the Arts Campaign naming rights	(137)	(136)
Prepaid facility rentals and program registrations	(757)	(677)
Velodrome naming rights	(457)	-
Other	(711)	(541)
Total transfers	(25,616)	(35,422)
Balance, end of year	\$ 62,643	\$ 51,160

(b) Deferred revenue - obligatory reserve funds:

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

	2015	2014	Net Change
Building stabilization	\$ 4,056	\$ 4,131	\$ (75)
Cash in lieu of parking	115	14	101
Cash in lieu of parkland	3,957	3,143	814
Federal gas tax	4,838	3,191	1,647
Gas tax for transit	901	859	42
Development charges	31,257	22,931	8,326
Total	\$ 45,124	\$ 34,269	\$ 10,855

7. Long-term debentures:

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

	2015	2014
Net long-term debentures, beginning of year	\$ 29,152	\$ 33,369
Less: Principal repayment	(4,362)	(5,182)
Add: New debt issued	18,467	965
Net long-term debentures at the end of year	\$ 43,257	\$ 29,152

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
2016	\$ 2,909	\$ 1,202	\$ 220	\$ 570	\$ 4,901
2017	3,673	1,243	230	1,962	7,108
2018	2,666	1,288	240	591	4,785
2019	2,041	1,335	-	594	3,970
2020	1,583	1,385	-	581	3,549
2021 - 2025	4,419	993	-	1,559	6,971
2026 - onward	-	-	-	11,973	11,973
	\$ 17,291	\$ 7,446	\$ 690	\$ 17,830	\$ 43,257

(c) Total interest on long-term liabilities

The total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$1,378 in 2015 (2014 - \$1,148). The long-term liabilities bear interest at rates ranging from 1.95% to 4.67%.



8. Developer obligations:

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

	2015	2014
Subdivision agreements - parks	1,334	166
Developer obligations, end of year	\$ 1,334	\$ 166

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.

9. 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:

	2015	2014
Future payments for WSIB	\$ 540	\$ 505
Retiree benefits	412	370
Vacation pay and banked overtime	501	429
Total	\$ 1,453	\$ 1,304

(a) Workplace safety and insurance obligations:

In common with other Schedule 2 employers, the Town funds its obligations to the Workplace Safety and Insurance Board ("WSIB") on a "pay-as-you-go" basis for employees under Schedule 2. An independent actuarial study of the workplace safety and insurance liabilities for future payments on WSIB claims has been undertaken. The most recent valuation of the workplace safety and insurance liabilities was completed as of December 31, 2014. 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	36.0% of compensation
Compensation costs (including loss of earning benefits,	
health care costs and non-economic loss awards)	0.50% - 6.0% per annum

9. Employee benefits and other liabilities (continued):

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

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

	2015	2014
Accrued WSIB obligation, beginning of year	\$ 449	\$ 420
Current benefit cost	95	78
Actuarial loss	39	-
Interest	21	18
Benefits paid	(82)	(67)
	522	449
Unamortized actuarial gain	18	56
Accrued WSIB liability, end of year	\$ 540	\$ 505

The Town has established a WSIB reserve and reserve fund to mitigate the future impact of the WSIB obligations in the amount of \$870 (2014 - \$403).

In the current year, amortization of actuarial loss of \$38 (2014 - \$4) has been included in the benefit expense on the Statement of Operations.

(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) Dental benefits escalation Health benefits escalation 3.75% per annum same as health benefits 4.5% per annum decreasing by 0.25% per year to 4.0% in 2015 and 4% per annum thereafter



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9. Employee benefits and other liabilities (continued):

(b) Retiree benefits (continued):

	2015	2014
Accrued benefits obligation, beginning of year	\$ 585	\$ 600
Current benefit cost	13	13
Actuarial gain	-	-
Interest	21	22
Benefits paid	(44)	(50)
	576	585
Unamortized actuarial loss	(164)	(215)
Accrued benefits liability, end of year	\$ 412	\$ 370

In the current year amortization of the actuarial loss of \$52 (2014 - \$52) has been included in benefit expense on the statement of operations.

10. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 430 (2014 - 427) 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 \$53.6 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The Town's contribution to OMERS for 2015 was \$2,986 (2014 - \$2,912) for current service and is included as an expense on the consolidated statement of operations. Employees' contribution to OMERS in 2015 was \$2,986 (2014 - \$2,912).

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 billion as at December 31, 2015 (2014 - \$7.1 billion).

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 2015. OMERS expects these contribution and policy changes to return the plan to a fully funded position by 2025, if not sooner.

11. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 272,401	\$ 5,738	\$ (1,758)	\$ 276,381
Land improvements	51,584	5,102	-	56,686
Buildings and building improvements	119,877	34,937	(89)	154,725
Machinery and equipment	119,494	28,075	(3,272)	144,297
Linear assets	601,054	75,635	(4,936)	671,753
Assets under construction	99,731	(94,469)		5,262
Total	\$ 1,264,141	\$ 55,018	\$ (10,055)	\$ 1,309,104

Accumulated amortization	Balance at December 31, 2014	Amortization expense	Disposals	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	12,011	2,224	-	14,235
Buildings and building improvements	18,154	3,712	(85)	21,781
Machinery and equipment	39,134	9,111	(2,743)	45,502
Linear assets	262,897	10,544	(3,854)	269,587
Assets under construction	-	-	-	-
Total	\$ 332,196	\$ 25,591	\$ (6,682)	\$ 351,105

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 272,401	\$ 276,381
Land improvements	39,573	42,451
Buildings and building improvements	101,723	132,944
Machinery and equipment	80,360	98,795
Linear assets	338,157	402,166
Assets under construction	99,731	5,262
Total	\$ 931,945	\$ 957,999



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11. Tangible capital assets (continued):

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
Total	\$ 1,185,395	\$ 85,525	\$ (6,779)	\$ 1,264,141

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	-	-	-	-
Total	\$ 315,587	\$ 22,462	\$ (5,853)	\$ 332,196

11. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction, having a value of \$5,262 (2014 - \$99,731), have not been amortized. Amortization of these assets will commence when the asset is put into service.

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

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$19,995 (2014 - \$19,997) and is comprised of land and land improvements in the amount of \$3,142 (2014 - \$10,172) and linear assets in the amount of \$16,853 (2014 - \$9,825).

(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 ("MOU") that may require it to transfer a certain parcel of land to a post-secondary institution. This transfer is contingent upon the post-secondary institution meeting certain conditions. The net book value of the applicable parcel of land is approximately \$7,700 and is included in tangible capital assets at December 31, 2015.



12. Accumulated surplus:

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

	2015	2014
Reserves set aside by Council:		
Aggregate permit fees	\$ 958	\$ 638
Capital provision/growth	12,196	10,104
Capital works	8,642	7,687
Computer replacement	1,191	1,098
Downtown Business Improvement Area	34	14
Election	91	-
Equipment replacement	4,245	3,353
Growth related resources	1,235	970
Infrastructure renewal reserve	305	201
Insurance	723	663
Legal action	317	58
Library services	722	434
Library capital	804	548
Municipal building component	3,717	2,401
Municipal building replacement	916	789
Per unit development processing fee	1,227	1,303
Seniors fundraising	103	112
Tax rate stabilization	2,637	2,291
Training	265	229
Transit and transportation	798	683
Winter control	848	723
Working funds	1,064	1,064
WSIB	870	403
Total reserves	\$ 43,908	\$ 35,766

12. Accumulated surplus (continued):

	2015	2014
Reserve funds set aside for specific purpose by Council:		
Cash in lieu of storm water management	\$ 141	\$ 138
Investment in the Arts Campaign	(913)	(754)
Mayor's legacy	83	82
Milton District Hospital	17,856	2,426
Ontario Lottery Corporation proceeds	11,386	10,572
Perpetual maintenance	463	454
Property transactions	3,928	2,048
Sports field development	101	90
Total reserve funds	33,045	15,056
Surplus:		
Invested in tangible capital assets	957,999	931,945
Unexpended capital	4,545	5,084
Operating surplus - Town	102	34
Operating surplus - Library	45	43
Investment in Milton Hydro Holdings Inc.	54,427	53,045
Unfunded:		
Long term debentures	(43,257)	(29,152)
Employee future benefits	(952)	(875)
Developer obligations	(1,334)	(166)
Total surplus	971,575	959,958
Total accumulated surplus	\$ 1,048,528	\$ 1,010,780

13. Taxation:

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

	2015	2014
Municipal and school property taxes	\$ 163,069	\$ 155,727
Payments in-lieu of property and business taxes	1,183	1,154
Balance, end of year	164,252	156,881
Payments to the Region and school boards	(116,193)	(111,305)
Net property taxes and payments in-lieu available for municipal purposes	\$ 48,059	\$ 45,576

Milton Ö

TOWN OF MILTON 2015 FINANCIAL REPORT

14. Government transfers:

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

	2015	2014
Ontario grants:		
Ontario's After School Program	\$ 49	\$ 49
Elderly Persons Centres Program	70	48
Gas Tax Fund	616	582
Library Pay Equity Program	3	3
Ministry of Transportation - fire calls on King's highways	52	65
MetroLinx - Transit Procurement Initiative	20	1
Ontario Arts Presenters Fund	15	-
Ontario Community Infrastructure Fund	720	-
Ontario Cultural Development Fund	25	7
Ontario Ice Storm Assistance Program	-	1,858
Ontario Pan & Parapan American Games Secretariat	8	-
Ontario Rural Economic Development Program	-	4
Ontario Sport and Recreation Communities Fund	50	31
Public Library Operating Grant Program	52	52
TO2015 Sport Legacy Fund	101	2
Youth in Motion Program	-	31
Subtotal Provincial grants	1,781	2,733
Federal grants:		
Enabling Accessibility Fund	50	-
Gas Tax Fund	874	380
Toronto 2015 Pan& Parapan American Games Community Celebrations Fund	65	-
Invest Canada - Community Initiative	30	-
National Research Council of Canada	123	-
Summer Career Placement Grant	4	4
TO2015 Sport Legacy Fund	1,337	32
TO2015 Sports Canada	3,379	17,724
Subtotal Federal grants	5,862	18,140
Total transfers	\$ 7,643	\$ 20,873

15. 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:

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

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

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

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

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

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

(d) Health Services – Transfer to Halton Healthcare Services:

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.

(e) Environmental Services – Storm Water Management:

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

(f) Recreation and Cultural Services – Community Services, Library:

The Community Services Department is responsible for the development, provision and maintenance of facilities, parks and recreation and cultural programs and services. The Milton Public Library provides the community with materials, programs and services to support and encourage informal life-long learning.



15. Segmented information (continued):

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

The Planning and Development Department provides direction to Council and the community through land use policy formulation and implementation. The Economic Development 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.

15. Segmented information (continued):

	General Government	Protection to Persons and Property	
Revenues:			
Taxation	\$ 12,366	\$ 9,074	
User charges	885	71	
Government transfers			
Federal	-	-	
Provincial	12	52	
Other municipalities	-	364	
Investment income	3,425	-	
Penalties and interest	1,226	-	
Developer contributions	873	475	
Developer contributed assets	-	-	
Proceeds from Ontario Lottery Corporation	5,685	-	
Licenses, permits, rents, etc.	74	4,496	
Equity in income of Milton Hydro Holding Inc.	2,882	-	
Donations	101	-	
Other recoveries	-	-	
Miscellaneous	614	699	
Total revenues	28,143	15,231	
Expenses:			
Salaries, wages and employee benefits	8,228	10,876	
Purchased goods	2,113	538	
Purchased services	1,441	551	
Financial expenses / (recovery)	445	86	
Transfers to others	-	10	
Amortization expense	2,139	1,471	
Total expenses	14,366	13,532	
Annual surplus	\$ 13,777	\$ 1,699	



TOWN OF MILTON 2015 FINANCIAL REPORT

Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
\$ 12,617	\$ 343	\$ 321	\$ 12,119	\$ 1,219	\$ 48,059
1,301	14	-	11,190	2,516	15,977
		-			
1,029	14	-	4,664	155	5,862
1,356	-	-	361	-	1,781
4,535	55	-	183	-	5,137
-	-	-	14	-	3,439
1,081	-	-	108	-	2,415
11,256	276	-	3,798	3,181	19,859
11,667	7,578	-	750	-	19,995
-	-	-	-	-	5,685
11	-	-	999	15	5,595
-	-	-	-	-	2,882
61	-	-	584	758	1,504
848	-	-	50	-	898
540	1,303	-	639	156	3,951
46,302	9,583	321	35,459	8,000	143,039
4,044	130	-	13,984	3,941	41,203
3,607	28	-	4,754	315	11,355
15,083	223	-	3,732	1,720	22,750
1,816	237	505	962	14	4,065
-	-	-	317	-	327
11,593	1,753	-	8,628	7	25,591
36,143	2,371	505	32,377	5,997	105,291
\$ 10,159	\$ 7,212	\$ (184)	\$ 3,082	\$ 2,003	\$ 37,748

15. Segmented information (continued):

	General Government	Protection to Persons and Property	
Revenues:			
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	
Total revenues	27,115	13,753	
Expenses:			
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	
Total expenses	14,525	12,690	
Annual surplus	\$ 12,590	\$ 1,063	



TOWN OF MILTON 2015 FINANCIAL REPORT
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
47,926	5,339	312	58,662	7,896	161,003
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
33,500	2,042	-	28,663	4,992	96,412
\$ 14,426	\$ 3,297	\$ 312	\$ 29,999	\$ 2,904	\$ 64,591

Year ended December 31, 2015 (in thousands of dollars)

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2015 budget approved by Council on January 26, 2015. 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.

	Budget Amount
Revenue:	
Operating budget	\$ 101,235
Capital budget	31,631
Less:	
Interfund transfers	(15,069)
New debt financing	(3,113)
Debt principal payment	(3,199)
Reallocated revenues	(3,311)
Contribution from surplus	(145)
Total revenue	108,029
Expenses:	
Operating budget	101,237
Capital budget	31,631
Less:	
Acquisition of tangible capital assets	(31,631)
Interfund transfers	(24,109)
Reallocated expenses	(3,314)
Debt principal payments	(3,199)
Total expenses	70,615
Annual surplus	\$ 37,414

17. Commitments:

The Town has outstanding contractual obligations of approximately \$4,663 (2014 - \$12,476) 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.





2015 Town of Milton Financial Report

Milton Public Library Board

For the year ended December 31, 2015



KPMG LLP Box 976 21 King Street West Suite 700 Hamilton ON L8N 3R1

Telephone (905) 523-8200 Telefax (905) 523-2222 www.kpmg.ca

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, 2015, 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, 2015, 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.



VPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 30, 2016 Hamilton, Canada

December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	2015	2014
Financial assets:		
Due from the Town of Milton	\$ 1,760,709	\$ 1,424,479
Liabilities:		
Accounts payable and accrued liabilities	135,704	108,571
Net financial assets	1,625,005	1,315,908
Non-financial assets:		
Tangible capital assets (note 2)	2,864,815	2,903,737
Prepaid expenses	152,896	49,986
	3,017,711	2,953,723
Accumulated surplus (note 3)	\$ 4,642,716	\$ 4,269,631

Year Ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	Budget	2015	2014
	(Note 4)		
Revenue:			
Transfer from the Town of Milton	\$ 4,330,692	\$ 4,330,692	\$ 4,038,367
Statutory revenue	112,250	122,262	120,01
User charges	12,800	21,962	15,68
Federal government transfers:			
Summer career placement grant	1,850	1,980	1,98
Provincial government transfers:			
Library pay equity program	3,275	3,275	3,27
Public library operating grant program	52,429	52,429	52,42
Development charges earned	-	658	8,74
Miscellaneous	11,850	51,982	20,02
Total revenue	4,525,146	4,585,240	4,260,51
Expenses:	2.056.405	0.004.007	0 74740
Salaries, wages and employee benefits	2,956,105	2,824,627	2,747,13
Administrative	25,820	23,843	20,98
Financial	2,806	2,454	2,75
Purchased goods	124,420	124,384	107,77
Purchased services	674,121	731,686	704,19
Amortization	-	505,161	568,69
Total expenses	3,783,272	4,212,155	4,151,54
	741,874	373,085	108,96
Annual surplus / (deficit)	/41,0/4		,
Annual surplus / (deficit) Accumulated surplus, beginning of year	4,269,631	4,269,631	4,160,66



Year Ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	Budget	2015	2014
	(Note 4)		
Annual surplus	\$ 741,874	\$ 373,085	\$ 108,969
Acquisition of tangible capital assets	(399,345)	(466,239)	(329,878)
Amortization of tangible capital assets	-	505,161	568,699
	342,529	412,007	347,790
Change in prepaid expenses	-	(102,910)	(14,957)
Change in net financial assets	342,529	309,097	332,833
Net financial assets, beginning of year	1,315,908	1,315,908	983,075
Net financial assets, end of year	\$ 1,658,437	\$ 1,625,005	\$ 1,315,908

Statement of Change in Due from the Town of Milton

Year Ended December 31, 2015 with comparative information for 2014 (in thousands of dollars)

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 373,085	\$ 108,969
Items not involving cash:		
Amortization	505,161	568,699
Change in non-cash assets and other liabilities:		
Accounts payable and accrued liabilities	27,133	(41,025)
Prepaid expenses	(102,910)	(14,957)
Net change in cash from operating activities	802,469	621,686
Capital activities:		
Cash used to acquire tangible capital assets	(466,239)	(329,878)
Net change in Due from the Town of Milton	336,230	291,808
Due from the Town of Milton, beginning of year	1,424,479	1,132,671
Due from the Town of Milton, end of year	\$ 1,760,709	\$ 1,424,479



1. Significant accounting policies:

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

Significant accounting policies adopted by the Library are as follows:

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Development charges:

The Town of Milton (the "Town") manages a development charge obligatory reserve fund for library services in the amount of \$7,382,151 (2014 - \$6,654,715) 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 that 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.

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.



2. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
IT equipment	\$ 170,445	\$ 150,525	-	\$ 320,970
Office equipment	806,612	11,316		817,928
Collections	3,404,413	304,398		3,708,811
Assets under construction	-	-	-	-
Total	\$ 4,381,470	\$ 466,239		\$ 4,847,709

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization Expense	Balance at December 31, 2015
IT equipment	\$ 56,872	-	\$ 63,348	\$ 120,220
Office equipment	196,206	-	39,086	235,292
Collections	1,224,655	-	402,727	1,627,382
Assets under construction	-	-	-	-
Total	\$ 1,477,733	-	\$ 505,161	\$ 1,982,894

	Net book value December 31, 2015	Net book value December 31, 2014
IT equipment	\$ 200,750	\$ 113,573
Office equipment	582,636	610,406
Collections	2,081,429	2,179,758
Assets under construction	-	-
Total	\$ 2,864,815	\$ 2,903,737

2. Tangible capital assets (continued):

Cost	Balance at December 31, 2013	Additions	Disposals	Balance at 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	-	-	-	-
Total	\$ 4,579,526	\$ 329,878	\$ (527,934)	\$ 4,381,470

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization Expense	Balance at 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	-	-	-	-
Total	\$ 1,436,968	\$ (527,934)	\$ 568,699	\$ 1,477,733



3. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 2,864,815	\$ 2,903,737
General	44,578	43,467
Total surplus	2,909,393	2,947,204
Reserves set aside by Library Board:		
Library capital	1,011,825	888,590
Library services	721,498	433,837
Total reserves	1,733,323	1,322,427
Total accumulated surplus	\$ 4,642,716	\$ 4,269,631

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

4. Budget data:

The budget data presented in these financial statements is based upon the 2015 operating and capital budgets approved by Council on January 26, 2015. 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
Revenues:	
Operating budget	\$ 4,574,613
Capital budget	399,345
Less:	
Contributed from surplus	(43,467)
Interfund transfers	(399,345)
Other transfer	(6,000)
Total revenue	4,525,146
Expenses:	
Operating budget	4,574,613
Capital budget	399,345
Less:	
Interfund transfers	(785,341)
Other transfer	(6,000)
Capital expenses	(399,345)
Total expenses	3,783,272
Annual surplus	\$ 741,874





2015 Town of Milton Financial Report

Board of Management of the Milton Downtown Business Improvement Area

For the year ended December 31, 2015

Independent Auditors' Report



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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, 2015, 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, 2015, 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.

KPMG LLP



Chartered Professional Accountants, Licensed Public Accountants

May 30, 2016 Hamilton, Canada

December 31, 2015 with comparative information for 2014

	2015	2014
Financial assets:		
Due from the Town of Milton	\$ 38,853	\$ 16,522
Liabilities:		
Accounts payable and accrued liabilities	6,118	4,060
Net financial assets	32,735	12,462
Non-financial assets:		
Tangible capital assets (note 2)	16,487	21,056
Prepaid expenses	941	1,148
	17,428	22,204
Accumulated surplus (note 3)	\$ 50,163	\$ 34,666

Statement of Operations

Year Ended December 31, 2015 with comparative information for 2014

	Budget		2015	2014
	(Note 6)			
Revenue:				
Taxation levied by Town	\$ 192,592	\$ 1	92,705	\$ 193,569
User charges	20,328		17,175	8,285
Federal government transfers (note 4)	-		2,640	1,980
Miscellaneous	-		8,424	8,924
Total revenue	212,920	22	20,944	212,758
Expenses:				
Beautification and planters	40,000	;	33,070	34,798
General administration	41,150	4	40,568	38,981
Salaries and benefits	96,000	į	84,645	76,457
Trade promotion and special events	40,500		40,119	53,801
Amortization	-		7,045	7,106
Total expenses	217,650	2	05,447	 211,143
Annual surplus/(deficit)	(4,730)		15,497	1,615
	,			
Accumulated surplus, beginning of year	34,666		34,666	33,051
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Accumulated surplus (note 3), end of year	\$ 29,936	\$	50,163	\$ 34,666



Year Ended December 31, 2015 with comparative information for 2014

	Budget	2015	2014
	(Note 6)		
Annual surplus/(deficit)	\$ (4,730)	\$ 15,497	\$ 1,615
Acquisition of tangible capital assets	-	(2,476)	(14,478)
Amortization of tangible capital assets	-	7,045	7,106
	(4,730)	20,066	(5,757)
Change in prepaid expenses	-	207	(258)
Change in net financial assets	(4,730)	20,273	(6,015)
Net financial assets, beginning of year	12,462	12,462	18,477
Net financial assets, end of year	\$ 7,732	\$ 32,735	\$ 12,462

Statement of Change in Due from the Town of Milton

Year Ended December 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating Activities:		
Annual surplus/(deficit)	\$ 15,497	\$ 1,615
Items not involving cash:		
Amortization	7,045	7,106
Change in non-cash assets and other liabilities:		
Accounts payable and accrued liabilities	2,058	(11,918)
Prepaid expenses	207	(258)
Net change in due from the Town of Milton from operating activities	24,807	(3,455)
Capital Activities:		
Cash used to acquire tangible capital assets	(2,476)	(14,478)
Net change in due from the Town of Milton	22,331	(17,933)
Due from the Town of Milton, beginning of year	16,522	34,455
Due from the Town of Milton, end of year	\$ 38,853	\$ 16,522



1. Significant accounting policies:

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

Significant accounting policies adopted by the DBIA are as follows:

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) 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

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:

2015			
	Office Other Equipment Equipment		Total
Cost			
Balance, beginning of year	\$ 6,553	\$ 64,128	\$ 70,681
Additions	-	2,476	2,476
Disposals	-	-	-
Balance, end of year	6,553	66,604	73,157
Accumulated amortization:			
Balance, beginning of year	4,443	45,182	49,625
Disposals	-	-	-
Amortization expense	784	6,261	7,045
Balance, end of year	5,227	51,443	56,670
Net book value, end of year	\$ 1,326	\$ 15,161	\$ 16,487



2. Tangible capital assets (continued):

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
Net book value, end of year	\$ 2,110	\$ 18,946	\$ 21,056

3. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 16,487	\$ 21,056
Reserves:		
Downtown Business Improvement Area	33,676	13,610
Accumulated surplus	\$ 50,163	\$ 34,666

3. Accumulated surplus (continued):

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

The change in the reserve fund balance is as follows:

	2015	2014
Annual surplus	\$ 15,497	\$ 1,615
Less: Current year tangible capital asset additions	(2,476)	(14,478)
Add: Amortization expense	7,045	7,106
	20,066	(5,757)
Fund balance, beginning of the year	13,610	19,367
Fund balance, end of year	\$ 33,676	\$ 13,610

4. Government transfers:

The Federal Government transfer reported on the Statement of Operations is Summer Career Placement Grant in the amount of \$2,640 (2014 - \$1,980).

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 three years of \$31,425 (2014 - \$42,300).

6. Budget data:

The budget data presented in these financial statements is based upon the 2015 budget approved by Council on January 26, 2015. Amortization was not contemplated on development of the budget and, as such, has not been included.





2015 Town of Milton Financial Report

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

For the year ended December 31, 2015

	2015	2014	2013	2012	2011
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Cash and cash equivalents	\$ 48,915	\$ 8,098	\$ 43,265	\$ 91,514	\$ 45,666
Accounts receivable					
Taxes receivable	5,319	7,099	5,646	6,529	10,578
Grants receivable	5,402	4,520	13,810	196	229
Other	10,712	13,855	13.036	9,533	8,174
Investments	106,424	98,324	94,606	73,428	83,023
Investment in Milton Hydro Holdings Inc.	54,427	53,.045	51,505	49,760	48,927
Other Assets	838	950	726	560	552
Total financial assets	232,037	185,891	\$ 222,597	\$ 231,520	\$ 197,149
Non-financial assets	959,252	932,782	870,339	801,639	728,618
Total assets	1,191,289	1,118,673	1,092,936	1,033,159	925,767
Accounts payable and accrued liabilities	26,145	18,980	50,095	35,877	22,021
Other liabilities	7,929	7,131	11,269	9,397	6,980
Deferred revenue	62,643	51,160	49,529	73,892	57,622
Long-term debentures	43,257	29,152	33,369	31,300	33,282
Developer obligations	1,334	166	1,221	1,808	1,988
Employee benefits and other liabilities	1,453	1,304	1,264	1,183	1,118
Total liabilities	142,761	107,893	146,747	153,457	123,011
Accumulated surplus	\$ 1,048,528	\$ 1,010,780	\$ 946,189	\$ 879,702	\$ 802,756



	2015	2014	2013	2012	2011
Sources of revenue:					
Taxation	\$ 48,059	\$ 45,576	\$ 41,653	\$ 38,589	\$ 35,229
User charges	15,977	13,943	13,487	12,314	10,355
Government transfers:					
Federal	5,862	18,142	17,012	2,210	7,192
Provincial	1,781	2,731	764	687	6,206
Other municipalities	5,137	4,270	4,450	6,583	5,052
Investment income	3,439	3,752	3,902	3,873	3,860
Penalties and interest	2,415	2,052	1,953	2,380	1,764
Developer contributions	19,859	32,972	36,442	28,082	38,089
Developer contributed assets	19,995	19,997	22,392	48,010	24,121
Proceeds from Ontario Lottery Corporation	5,685	5,588	5,817	5,505	5,450
License, permits, rents etc.	5,595	5,217	5,698	5,717	5,335
Equity in income of Milton Hydro	2,882	3,040	3,245	2,333	2,415
Boundary realignment			-	-	-
Donations	1,504	1,722	2,418	2,818	390
Other Recoveries	898	1,108	1,847	2,677	181
Miscellaneous	3,951	894	955	1,415	743
Total revenue	143,039	161,003	162,035	163,193	146,382
Expenses by function:					
General government	14,366	14,525	13,799	13,136	12,688
Protection to persons and property	13,532	12,690	12,549	11,756	10,755
Transportation services	36,143	33,500	32,478	29,583	31,390
Environmental services	2,371	2,042	2,037	1,832	1,638
Health Services	505	-	-	-	-
Recreational and cultural services	32,882	28,663	28,943	24,687	20,578
Planning and development	5,997	4,992	5,742	5,253	4,614
Total expenses	105,291	96,412	95,548	86,247	81,663
Annual surplus	37,748	64,591	66,487	76,946	64,719
Accumulated surplus, beginning of year	1,010,780	946,189	879,702	802,756	738,037
Accumulated surplus, end of year	\$ 1,048,528	\$ 1,010,780	\$ 946,189	\$ 879,702	\$ 802,756

	2015	2014	2013	2012	2011
Annual surplus	\$ 37,748	\$ 64,591	\$ 66,487	\$ 76,946	\$ 64,719
Acquisition of tangible capital assets	(55,018)	(85,525)	(89,825)	(94,126)	(86,335)
Amortization of tangible capital assets	25,591	22,462	20,669	20,321	24,605
Loss on disposal of tangible capital assets	(1,060)	749	137	(71)	353
Proceeds on sale of tangible capital assets	4,433	177	345	780	70
	11,694	2,454	(2,187)	3,850	3,412
Change in supplies of inventory	(171)	(302)	36	137	(71)
Change in prepaid expenses	(245)	(4)	(62)	(62)	(73)
Change in net financial assets	11,278	2,148	(2,213)	3,925	3,268
Net financial assets, beginning of year	77,998	75,850	78,063	74,138	70,870
Net financial assets, end of year	\$ 89,276	\$ 77,998	\$ 75,850	\$ 78,063	\$ 74,138

Analysis of Expenses by Object

	2015	2014	2013	2012	2011
Salaries, wages and employee benefits	\$ 41,203	\$ 38,946	\$ 37,378	\$ 34,449	\$ 31,265
Purchased goods	11,355	11,035	9,579	7,730	7,675
Purchased services	22,750	20,636	25,822	20,593	15,579
Financial expenses	4,065	2,975	1,725	2,574	1,941
External transfers	327	358	375	580	597
Amortization expense	25,591	22,462	20,669	20,321	24,606
Total expenses	\$ 105,291	\$ 96,412	\$ 95,548	\$ 86,247	\$ 81,663



	2015	2014	2013	2012	2011
Land	\$ 276,381	\$ 272,401	\$ 262,349	\$ 257,793	\$ 234,645
Land improvements	42,451	39,573	33,907	30,097	25,855
Buildings and building improvements	132,944	101,723	93,617	92,294	90,826
Machinery and equipment	98,795	80,360	74,947	69,788	68,107
Linear assets	402,166	338,157	324,281	307,834	283,019
Assets under construction	5,262	99,731	80,707	43,328	25,586
Total assets	\$ 957,999	\$ 931,945	\$ 869,808	\$ 801,134	\$ 728,038

Accumulated Surplus

(in thousands of dollars)

	2015	2014	2013	2012	2011
Reserves set aside by Council:				,	
Aggregate permit fees	\$ 958	\$ 638	\$ 388	\$ 244	\$ 154
Capital provision/growth	12,196	10,104	8,233	8,461	4,020
Capital works	8,642	7,687	8,611	9,996	10,619
Computer replacement	1,191	1,098	1,024	693	475
Downtown Business Improvement Area	34	14	19	24	26
Election	91	-	136	90	45
Equipment replacement	4,245	3,353	3,384	2,343	2,208
Growth related resources	1,235	970	1,302	1,901	2,089
Infrastructure renewal reserve	305	201	100	-	-
Insurance	723	663	649	703	694
Legal action	317	58	130	465	560
Library services	721	434	325	320	203
Library capital	804	548	359	301	272
Municipal building component	3,717	2,401	1,885	1,382	992
Municipal building replacement	916	789	532	361	46
Per unit development processing fee	1,227	1,303	1,319	1,574	1,224
Seniors fundraising	103	112	126	122	113
Tax rate stabilization	2,636	2,291	2,130	2,917	3,918
Training	265	229	216	201	185
Transit and transportation	798	683	1,169	741	195
Winter control	848	16	365	1,136	1,026
Working funds	1,064	1,064	1,064	1,064	1,064
WSIB	870	403	487	524	540
Total reserves	\$ 43,908	\$ 35,766	\$ 33,953	\$ 35,563	\$ 30,668



TOWN OF MILTON 2015 FINANCIAL REPORT

	2015	2014	2013	2012	2011
Reserve funds set aside for specific purpose by Council:					
Cash in lieu of storm water management	\$ 141	\$ 138	\$ 135	\$ 132	\$ 129
Investment in the Arts Campaign	(913)	(754)	(596)	(330)	37
Mayor's legacy	83	82	80	78	77
Milton District Hospital	17,856	2,426	1,719	1,192	780
Ontario Lottery Corporation proceeds	11,386	10,572	10,687	8,762	8,599
Perpetual maintenance	463	454	426	417	389
Property transactions	3,928	2,048	2,997	2,759	2,363
Sports field development	101	90	80	70	61
WSIB settlement	-	-	-	5	9
Total reserve funds	\$ 33,045	\$ 15,056	\$ 15,528	\$ 13,085	\$ 12,444

	2015	2014	2013	2012	2011
Surplus:					
Invested in tangible capital assets	\$ 957,999	\$ 931,945	\$ 869,808	\$ 801,134	\$ 728,038
Unexpended capital	4,545	5,084	10,757	13,837	18,500
Operating surplus - Town	102	34	-	150	150
Operating surplus - Library	45	43	41	38	38
Investment in Milton Hydro	54,427	53,045	51,505	49,760	48,927
Unfunded:					
Long term debentures	(43,257)	(29,152)	(33,369)	(31,300)	(33,282)
Employee future benefits	(952)	(875)	(813)	(757)	(739)
Developer obligations	(1,334)	(166)	(1,221)	(1,808)	(1,988)
Total surplus	971,575	959,958	896,708	831,054	759,644
Total accumulated surplus	\$ 1,048,528	\$ 1,010,780	\$ 946,189	\$ 879,702	\$ 802,756

	2015	2014	2013	2012	2011
Weighted assessm by property class	ent				
Residential	\$ 13,854,910,617	\$ 12,708,066,078	\$ 11,705,085,852	\$ 10,632,801,134	\$ 9,668,060,350
Multi-residential	344,721,794	318,308,551	291,661,069	254,482,343	247,708,604
Farmland	62,094,855	56,465,131	50,226,891	43,711,292	40,507,095
Managed forests	6,000,395	5,414,476	4,954,094	4,470,705	3,867,960
Commercial	3,068,713,715	2,870,833,043	2,594,974,184	2,359,985,122	2,130,798,316
Industrial	1,223,745,647	1,167,745,674	1,183,062,929	1,165,356,098	1,114,079,712
Pipelines	77,121,121	74,961,470	71,953,798	70,792,033	68,483,351
Total weighted assessment	\$ 18,628,308,144	\$ 17,201,794,423	\$ 15,901,918,817	\$ 14,531,598,727	\$ 13,273,505,388
Commercial and industrial as % of total weighted assessment	23%	23%	24%	24%	24%
Total tax levied and collected					
Property tax levied	\$ 47,707,256	\$ 45,183,990	\$ 42,261,125	\$ 38,461,854	\$ 34,683,837
Taxes billed on behalf of Region of Halton	61,466,532	59,050,446	56,835,985	53,485,673	50,966,607
Taxes billed on behalf of school boards	55,707,819	54,524,472	52,991,030	49,881,259	48,866,802
Total tax levied	\$ 164,881,607	\$ 158,758,908	\$ 152,088,140	\$ 141,828,786	\$ 134,517,246
Total tax collected	\$ 166,661,078	\$ 157,308,661	\$ 152,968,787	\$ 145,452,611	\$ 131,796,280



	2015	2014	2013	2012	2011
Taxation rates by property class – Urban		,			
Residential					
Town of Milton	0.244207%	0.247538%	0.251540%	0.252354%	0.253545%
Region of Halton	0.318257%	0.327023%	0.341064%	0.354086%	0.367099%
School boards	0.195000%	0.203000%	0.212000%	0.221000%	0.231000%
	0.757464%	0.777561%	0.804604%	0.827440%	0.851644%
Multi-residential					
Town of Milton	0.552371%	0.559907%	0.568958%	0.570800%	0.573494%
Region of Halton	0.719865%	0.739693%	0.771452%	0.800905%	0.830341%
School boards	0.195000%	0.203000%	0.212000%	0.221000%	0.231000%
	1.467236%	1.502600%	1.552410%	1.592705%	1.634835%
Farmlands					
Town of Milton	0.048842%	0.049508%	0.050308%	0.050470%	0.050710%
Region of Halton	0.063652%	0.065404%	0.068213%	0.070817%	0.073421%
School boards	0.048750%	0.050750%	0.053000%	0.055250%	0.057750%
	0.161244%	0.165662%	0.171521%	0.176537%	0.181881%
Managed forests					
Town of Milton	0.061051%	0.061885%	0.062884%	0.063089%	0.063386%
Region of Halton	0.079565%	0.081755%	0.085266%	0.088521%	0.091775%
School boards	0.048750%	0.050750%	0.053000%	0.055250%	0.269982%
	0.189366%	0.194390%	0.201150%	0.206860%	0.425143%
Commercial					
Town of Milton	0.355387%	0.360540%	0.366367%	0.367554%	0.369288%
Region of Halton	0.463541%	0.476308%	0.496758%	0.515725%	0.534680%
School boards	0.882785%	0.923215%	0.969644%	1.007461%	1.079929%
	1.702013%	1.760063%	1.832769%	1.890740%	1.983897%
Commercial - vacant units/excess land					
Percentage of full rate	70%	70%	70%	70%	70%

	2015	2014	2013	2012	2011
Industrial					
Town of Milton	0.576304%	0.584166%	0.593609%	0.595532%	0.598341%
Region of Halton	0.751054%	0.771740%	0.804877%	0.835607%	0.866317%
School boards	1.474565%	1.520618%	1.571345%	1.576954%	1.660413%
	2.801923%	2.876524%	2.969831%	3.008093%	3.125071%
Industrial - vacant land/excess land					
Percentage of full rate	65%	65%	65%	65%	65%
Pipeline					
Town of Milton	0.259274%	0.262812%	0.267060%	0.267924%	0.269189%
Region of Halton	0.337893%	0.347200%	0.362107%	0.375933%	0.389749%
School boards	1.159033%	1.181050%	1.203959%	1.227780%	1.266862%
	1.756200%	1.791062%	1.833126%	1.871637%	1.925800%

Taxation rates by property class - General

Residential					
Town of Milton	0.215969%	0.218773%	0.217554%	0.217304%	0.212707%
Region of Halton	0.316402%	0.325159%	0.338872%	0.352164%	0.365036%
School Boards	0.195000%	0.203000%	0.212000%	0.221000%	0.231000%
	0.727371%	0.746932%	0.768426%	0.790467%	0.808743%
Multi-residential					
Town of Milton	0.488500%	0.494843%	0.492086%	0.491519%	0.481122%
Region of Halton	0.715670%	0.735477%	0.766494%	0.796558%	0.825675%
School boards	0.195000%	0.203000%	0.212000%	0.221000%	0.231000%
	1.399170%	1.433320%	1.470580%	1.509077%	1.537797%
Farmlands					
Town of Milton	0.043194%	0.043755%	0.043511%	0.043460%	0.042542%
Region of Halton	0.063281%	0.065031%	0.067775%	0.070433%	0.073008%
School boards	0.048750%	0.050750%	0.053000%	0.055250%	0.057750%
	0.155225%	0.159536%	0.164286%	0.169143%	0.173300%



	2015	2014	2013	2012	2011
Managed Forests					
Town of Milton	0.053992%	0.054694%	0.054388%	0.054326%	0.053176%
Region of Halton	0.079101%	0.081289%	0.084718%	0.088041%	0.091259%
School boards	0.048750%	0.050750%	0.053000%	0.055250%	0.269982%
	0.181843%	0.186733%	0.192106%	0.197617%	0.414417%
Commercial					
Town of Milton	0.314558%	0.318643%	0.316867%	0.316503%	0.309807%
Region of Halton	0.460840%	0.473593%	0.493566%	0.512926%	0.531675%
School boards	0.882785%	0.923215%	0.969644%	1.007461%	1.079929%
	1.658183%	1.715451%	1.780077%	1.836890%	1.921411%
Commercial - vacant units/excess land					
Percentage of full rate	70%	70%	70%	70%	70%
Industrial					
Town of Milton	0.509665%	0.516283%	0.513406%	0.512816%	0.501967%
Region of Halton	0.746677%	0.767342%	0.799704%	0.831071%	0.861449%
School boards	1.474565%	4 5000400/			
	1.47450570	1.520618%	1.571345%	1.576954%	1.660413%
	2.730907%	1.520618% 2.804243%	1.571345% 2.884455%	1.576954% 2.920841%	
Industrial - vacant land/excess land					1.660413%
Industrial - vacant land/excess land Percentage of full rate					1.660413%
Percentage of full rate	2.730907%	2.804243%	2.884455%	2.920841%	1.660413% 3.023829%
Percentage of full rate Pipeline	2.730907% 65%	2.804243% 65%	2.884455% 65%	2.920841% 65%	1.660413% 3.023829% 65%
Percentage of full rate	2.730907%	2.804243%	2.884455%	2.920841%	1.660413% 3.023829%
Percentage of full rate Pipeline	2.730907% 65%	2.804243% 65%	2.884455% 65%	2.920841% 65%	1.660413% 3.023829% 65%
Percentage of full rate Pipeline Town of Milton	2.730907% 65% 0.229294%	2.804243% 65% 0.232272%	2.884455% 65% 0.230977%	2.920841% 65% 0.230711%	1.660413% 3.023829% 65% 0.225831%

Long-Term Debt and Other Statistics

	2015	2014	2013	2012	2011
Transfers from other levels of government					
Federal	\$ 5,862,470	\$ 18,142,467	\$ 17,012,047	\$ 2,209,449	\$ 7,191,800
Provincial	1,780,105	1,523,920	764,030	687,443	6,205,602
Total transfers	7,642,575	19,666,387	17,776,077	2,896,892	13,397,402
Long-term debt:					
Debt supported by property taxes	17,291,121	\$ 16,556,969	\$ 18,727,283	\$ 14,683,574	\$ 16,879,757
Debt supported by development charges	7,446,026	8,608,393	10,064,778	11,472,493	10,933,828
Debt supported by reserves and reserve funds	18,519,738	3,986,256	4,434,552	4,865,643	5,060,021
Debt supported by user fees	-	-	142,234	278,136	408,098
Total long-term debt	\$ 43,256,885	\$ 29,151,618	\$ 33,368,847	\$ 31,299,846	\$ 33,281,705
Long-term debt by function:					
General government	\$ 6,004,117	\$ 7,050,321	\$ 8,371,769	\$ 6,732,358	\$ 10,909,744
Fire	2,384,369	2,722,630	3,050,963	3,369,904	1,777,690
Roadways	10,223,425	9,990,434	10,626,430	8,443,537	8,466,809
Parks	2,119,490	1,228,355	1,530,365	1,392,713	1,596,010
Storm water	561,965	-	-	-	-
Health services	15,000,000	-	-	-	-
Recreation facilities	5,565,271	6,507,104	7,890,100	9,222,691	7,948,544
Cultural services	1,294,408	1,525,850	1,750,261	1,968,651	2,392,836
Library	103,840	126,924	148,959	169,991	190,072
Total long-term debt	\$ 43,256,885	\$ 29,151,618	\$ 33,368,847	\$ 31,299,846	\$ 33,281,705
Total long-term debt per capita	417.13	289.49	361.92	339.48	378.20
Total long-term debt per household	1,288.10	905.81	1,163.49	\$1,091.35	\$1,214.22
Annual debt repayment limit*	22,680,285	21,515,877	20,269,498	20,723,283	17,302,886
Actual annual debt repayment	5,739,238	6,329,798	5,661,569	5,389,525	3,479,713
Actual debt repayment as % of own source revenues	6.33%	8.45%	6.98%	6.50%	5.03%

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



Municipal Statistics

	2015	2014	2013	2012	2011
Population	103,700	100,700	98,000	92,200	88,000
Area*	36,538	36,538	36,538	36,538	36,538
Households*	33,582	32,183	30,339	28,680	27,410
Full time funded positions	365	364	348	346	332
Part time funded positions	668	649	643	583	567
Seasonal funded positions	270	254	250	242	204
Total funded positions	1,303	1,267	1,241	1,171	1,103
Roads infrastructure					
Lane kilometres of paved roads	1,106	1,080	1,055	1,029	963
Recreation					
Total kilometres of trails	31	29.36	21.76	21.76	19.53
Total hours of recreations programs	9,026,015	4,398,293	4,120,044	4,494,229	4,377,511

Source: Financial Information Return and Municipal Performance Measurement Program * 2010-2013 data has been revised.

Municipal Statistics

	2015	2014	2013	2012	2011
New construction procurement:					
Number of new construction contracts awarded	15	8	19	16	16
Total value of new construction contracts awarded	\$ 10,328,793	\$ 14,251,042	\$ 14,286,199	\$ 21,066,613	\$ 50,460,861
Square metres of new construction:					
Residential properties	81,619	173,026	55,959	204,193	232,707
Multi-residential properties	106,793	844,466	28,888	151,999	103,341
All other property classes	249,965	84,085	103,386	255,744	325,711
Total square metres	438,377	1,101,577	188,233	611,936	661,759
Building permits issued:					
Residential properties	386	841	237	967	1,045
Multi-residential properties	930	640	303	1,258	848
All other property classes	150	161	158	131	129
Total building permits issued	1,466	1,642	698	2,356	2,022
Value of building permits issued:					
Residential properties	\$ 72,258,461	\$ 160,752,129	\$ 71,845,441	\$ 174,694,261	\$189,546,097
Multi-residential properties	108,565,913	82,146,288	27,535,869	145,488,443	83,361,716
All other property classes	153,916,140	109,073,198	138,529,227	240,890,129	53,701,000





List of 2015 Principal Corporate Tax Accounts

- Target Canada T-7300
- 857529 Ontario Incorporated
- 690346 Ontario Incorporated
- 3131 STMartin Equities Inc
- Westpen Properties Limited
- Sobeys Capital Incorporated
- Milton Industrial Centre GP Incorporated
- Manheim Auto Auctions Limited
- Milton Properties Limited
- Hoop Realty Incorporated



Information on the Town of Milton is available at

www.milton.ca

Direct any inquiries regarding this document to:

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