



MILTON

The Corporation of the Town of Milton

FINANCIAL REPORT

Town of Milton, Ontario, Canada

For the Fiscal Year Ended December 31, 2017

2017

2017 THE CORPORATION OF THE TOWN OF MILTON
FINANCIAL REPORT

For the fiscal year ending December 31, 2017

The Corporation of the Town of Milton, Ontario, Canada

This report was prepared by:

The Finance Division of the Corporation of the Town of Milton

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About Milton

The Town's Vision

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

The Town's Mission

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

The Town's Strategic Action Plan for 2015-2018

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

Destiny Milton 3 - Goals

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

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



About Milton



Goal 1 - Vibrant and Connected Community

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

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



Goal 2 - Economic Growth

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

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



Goal 3 - Financial Sustainability

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

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



Goal 4 - Enhanced Communication

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

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



Goal 5 - Organizational Effectiveness

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

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

About Milton

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

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

Our Place in the GTA



Quick Facts



365 sq. km
Land Area



117,700
Population
(2017 estimate)



322.04
Population density
per sq. km



274%
Population growth (2001-2017)
From 31,500 to 117,700

228k

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

The Town has had record breaking growth from 2006-2017 of 112% and a total population forecast for 2031 of 228,000 - a further increase of 110,500 or 94%



35,252
Number of households



\$126,186
*2017 estimate of average household
income. GTA average at \$123,416

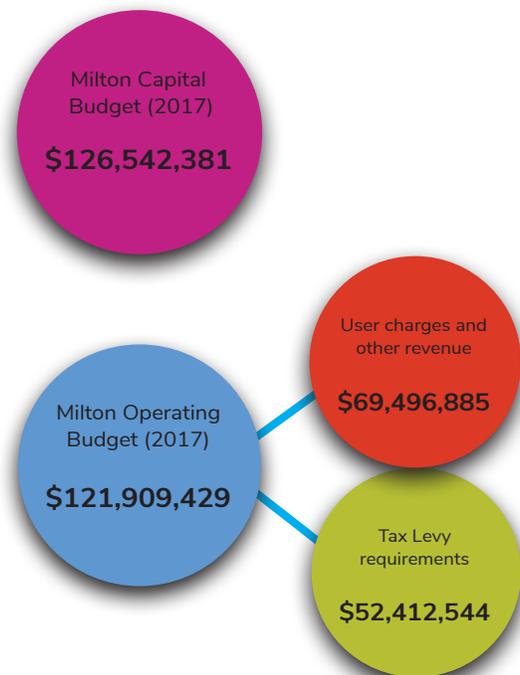
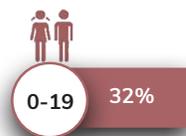


\$475,466
*2017 average value
of dwelling



2.7%
*Property Taxes as a % of household
income. Lowest in GTA which has an
average of 3.9%

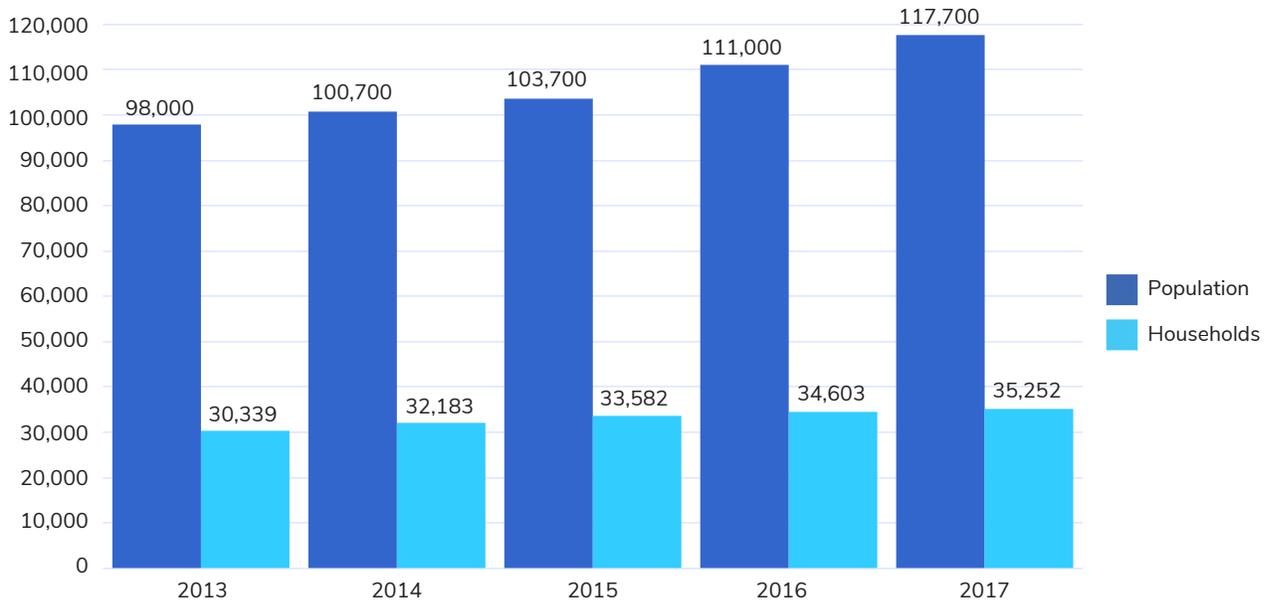
*Age of population (by age groups)



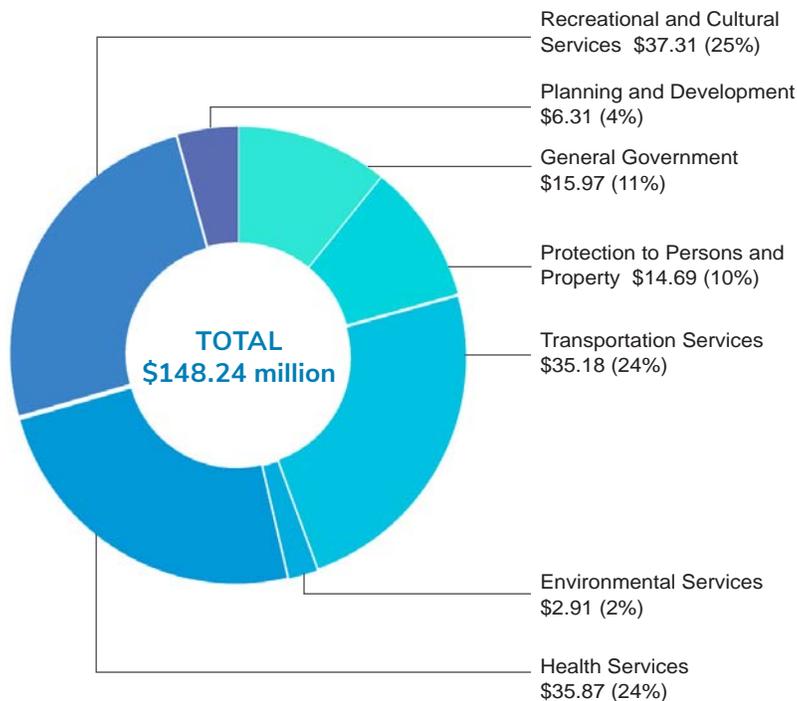
*Source: BMA Management Consulting Inc. Municipal Study 2017

Highlights

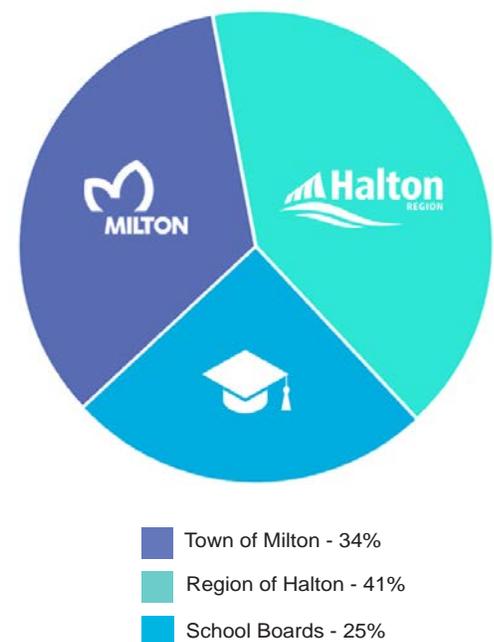
Population Growth and Household Increase (over the last 5 years)



2017 Expenses (Actuals) (in million dollars)



2017 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. Evaluate and approve policies and programs of the municipality.
3. Determine which services the municipality provides.
4. Ensure that administrative and controllership policies, practices and procedures are in place to implement the decisions of Council.
5. Maintain the financial integrity of the municipality.



Mayor
Gordon Krantz

Town Council is the governing body that is responsible for representing the public and considering the well-being and interests of the municipality.



Mike Cluett
Local and Regional
Councillor
Wards 1, 6, 7 & 8



Colin Best
Local and Regional
Councillor
Wards 2, 3, 4 & 5



Robert Duvall
Local Councillor
Ward 1



Mike Boughton
Local Councillor
Ward 2



Cindy Lunau
Local Councillor
Ward 3



Rick Malboeuf
Local Councillor
Ward 4



Arnold Huffman
Local Councillor
Ward 5



John Pollard
Local Councillor
Ward 6



Rick Di Lorenzo
Local Councillor
Ward 7



Zeeshan Hamid
Local Councillor
Ward 8

Organizational Structure

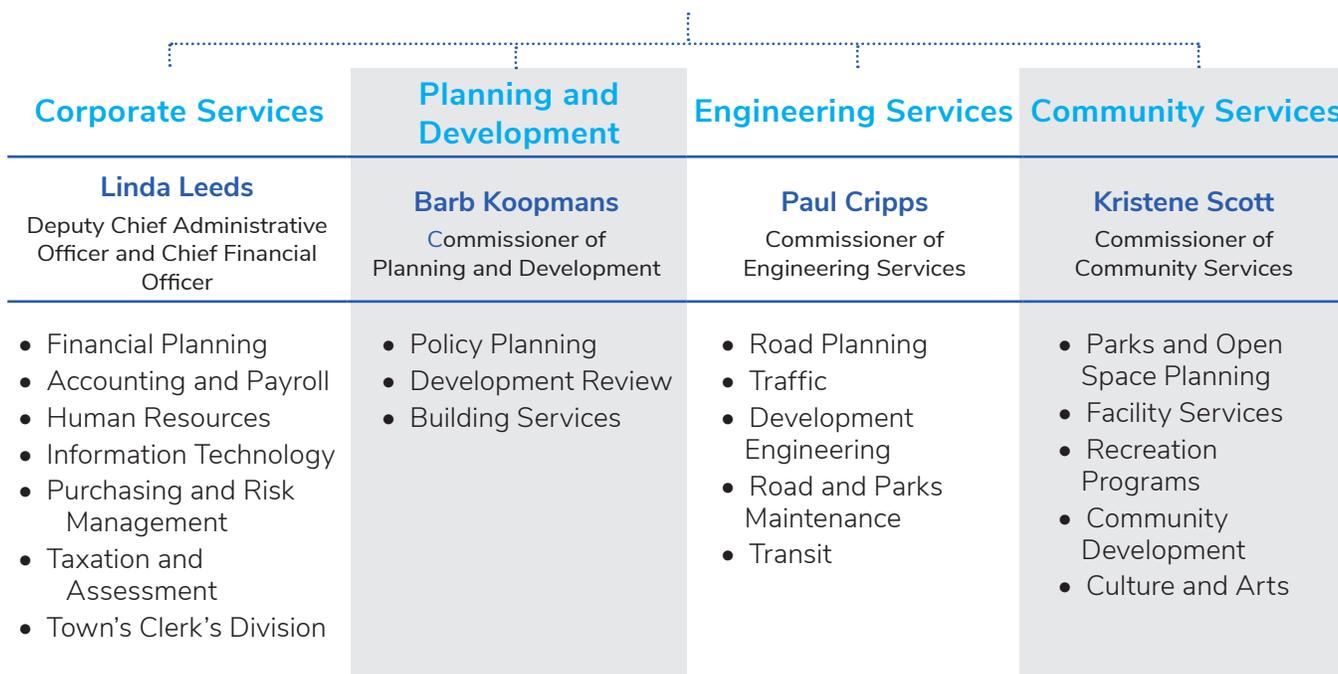
Through service aligned departments, staff are responsible for administering the Town's programs and services.

Executive Services

Bill Mann

Chief Administrative Officer (CAO)

- Offices of the Mayor and CAO
- Communications and Government Relations
- Economic Development
- Fire Services



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



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, 2016

Christopher P. Morill

Executive Director/CEO

Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Town of Milton for the fiscal year ended December 31, 2016.

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 2017 award program.

Message from the Treasurer



Linda Leeds, CPA, CGA

Deputy Chief Administrative Officer /
Chief Financial Officer

The 2017 financial results are indicative of the pace of growth that the Town has continued to experience, including the expansion of the infrastructure base that supports the delivery of the services that are essential to a complete community.

The Town of Milton is proud to present its annual Financial Report, which details the Town's financial performance and highlights key accomplishments through 2017. The financial statements have been prepared in accordance with the Municipal Act, 2001, and are based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Corporate goals and priorities for the Town are outlined in Destiny Milton 3, the Town's strategic planning document, which guides the Town's decision-making towards building a complete community. Destiny Milton 3 recognizes the importance of ensuring financial sustainability in the provision of programs and services. This is especially important as the Town continues to experience exceptional growth, rising service and infrastructure demands, legislative changes and limited levels of staff growth and funding options.

Managing growth continues to be a priority for the Town. With respect to infrastructure, the widening of Louis St. Laurent Avenue from Regional Road 25 to Vickerman Way and the development of the new phase of Milton Community Park highlight projects delivered in 2017. The tender was also awarded and construction initiated for the Sherwood Community Centre and Library that will open to the public in 2019. Planning for growth took important steps forward in 2017 with the finalization of the Land Base Analysis and a Fiscal Impact Assessment for the Sustainable Halton Lands, as well as the reinitiation of the Secondary Planning Process for the Milton Education Village.

The Town completed the latest iteration of its consolidated Asset Management Plan in 2017, adding the Sports Fields and Streetlight categories to the existing service inventory. The study estimated that the existing infrastructure deficit amounts to \$33 million annually, and identified several potential mitigation strategies for further evaluation and consideration. Investments in existing assets that were made in 2017 include the rehabilitation of the Town's facility located at 555 Industrial Drive along with road rehabilitation at various locations.

Finally, with the expansion of the Milton District Hospital achieving substantial completion in 2017, the Town made a \$35 million contribution towards the local share of the cost.

The accomplishments of 2017 are reflective of the collaborative and forward thinking approach that continues to shape a vibrant and connected community within Milton. The Town of Milton looks forward to further building on this foundation in the years to come.

Financial Statements Discussion and Analysis

The accompanying financial statements are prepared in accordance with the Canadian public sector accounting standards published by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The Financial Report is published to provide the Town's Council, staff, citizens and other readers with detailed information concerning the financial position and activities of the Corporation of the Town of Milton (the "Town") for the fiscal year ended December 31, 2017.

There are four required financial statements:

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

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

Town of Milton Mandate

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

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

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

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

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

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

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

Financial Statements Discussion and Analysis

Management Responsibility

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

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

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

The consolidated financial statements have been audited by KPMG LLP, an independent external auditor appointed by the Town. The Independent Auditor's Report, which is included in the statements, provides an unqualified "clean" opinion on the Town's consolidated financial statements for the year ended December 31, 2017. 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 and public meetings.

Financial Statements Discussion and Analysis

Risk Management and Significant Financial Management Policies

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

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

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

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

The Town's key financial policies establish guidelines for debt, revenue sources and utilization of reserves and reserve funds, budget variance reporting and include the procurement by-law 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.

Financial Statements Discussion and Analysis

2017 Economic Update

Employment Growth

In 2017 the average Canadian unemployment rate was 6.3%, with the Ontario rate at 6.0%*. Halton Region performed even better than national and provincial rates, with an average regional unemployment rate of 4.0%**. A balance of residential and non-residential growth helps ensure a financially healthy community while providing employment opportunities to support growing and highly educated population.



Inflation

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

For the 2017 budget, the MPI for the Town of Milton was calculated at 2.74%.

Interest Rates/Borrowing

Due to the strengthening Canadian and global economies, the Bank of Canada increased the overnight rate by 25 basis points in July and September 2017*** bringing the overnight rate to 1.00% at the end of 2017. These were the first interest rate hikes by the Bank of Canada in seven years; however, interest rates are still low by historical standards. This affects the Town in two key ways:

1. Low interest rates reduce borrowing costs for debt-financed projects, freeing up more funding for capital projects
2. Low interest rates reduce the amount of investment income generated by surplus cash and investments.

*Ontario.ca. Labour market report, December 2017. <https://www.ontario.ca/page/labour-market-report-december-2017>. Accessed April 9, 2018

**Halton Region. LPS29-18 - Economic Development - Economic Review 2017. <http://sirepub.halton.ca/cache/2/q5b0znr3dl0wxyw2k5jw-k5imy/21836404092018084724620.PDF>. Accessed April 9, 2018.

***Bank of Canada. Policy Interest Rate. <http://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>. Accessed April 9, 2018.

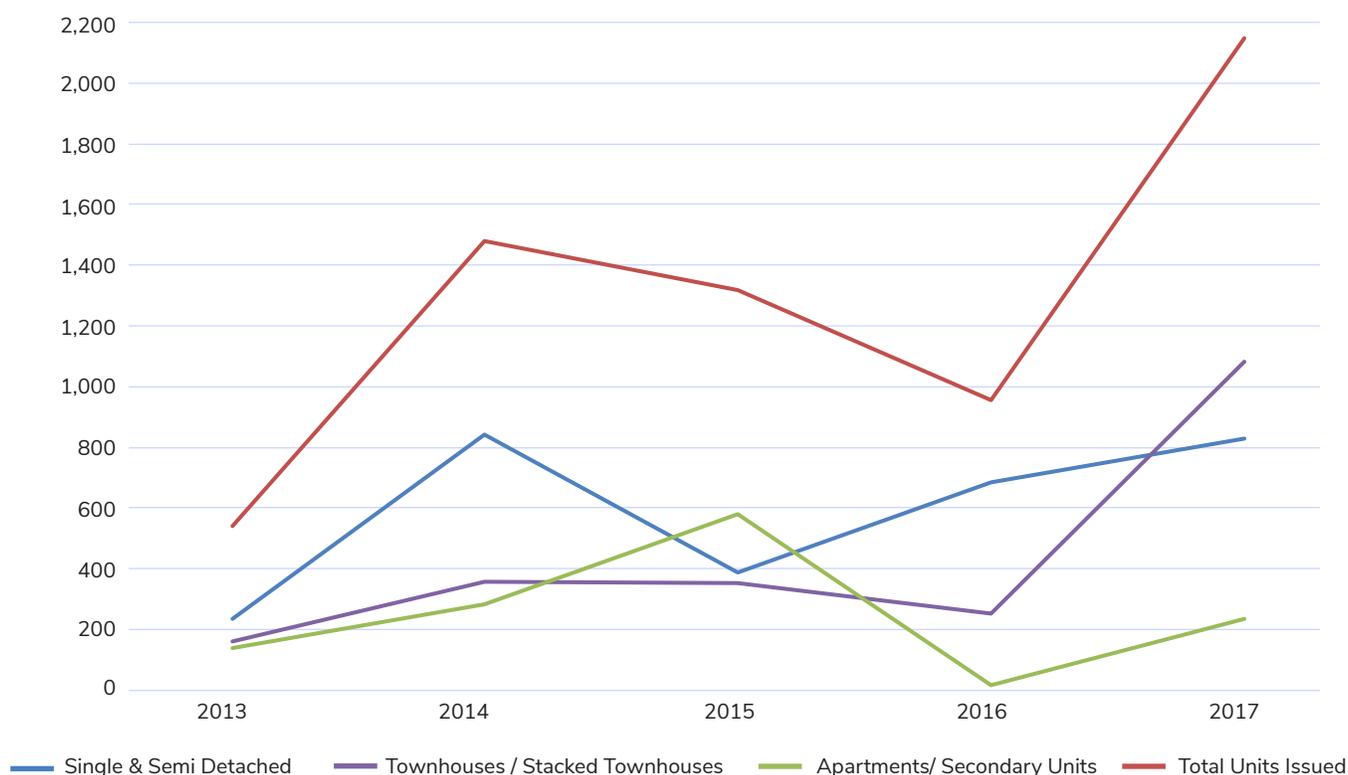
Financial Statements Discussion and Analysis

2017 Significant Events Affecting Financial Statements

Growth and Building Activity

Housing construction activity was strong in 2017 resulting in an increase of 124.5% in the number of residential dwelling units from last year. The demand for new homes is expected to remain strong in 2018. The Region of Halton is currently planning for the next allocation program for water and wastewater servicing that will be required for growth to allow for the build out of the Halton Urban Structure Plan (“HUSP”) lands and the initiation of growth in the sustainable Halton lands.

**Residential Development
(in units)**

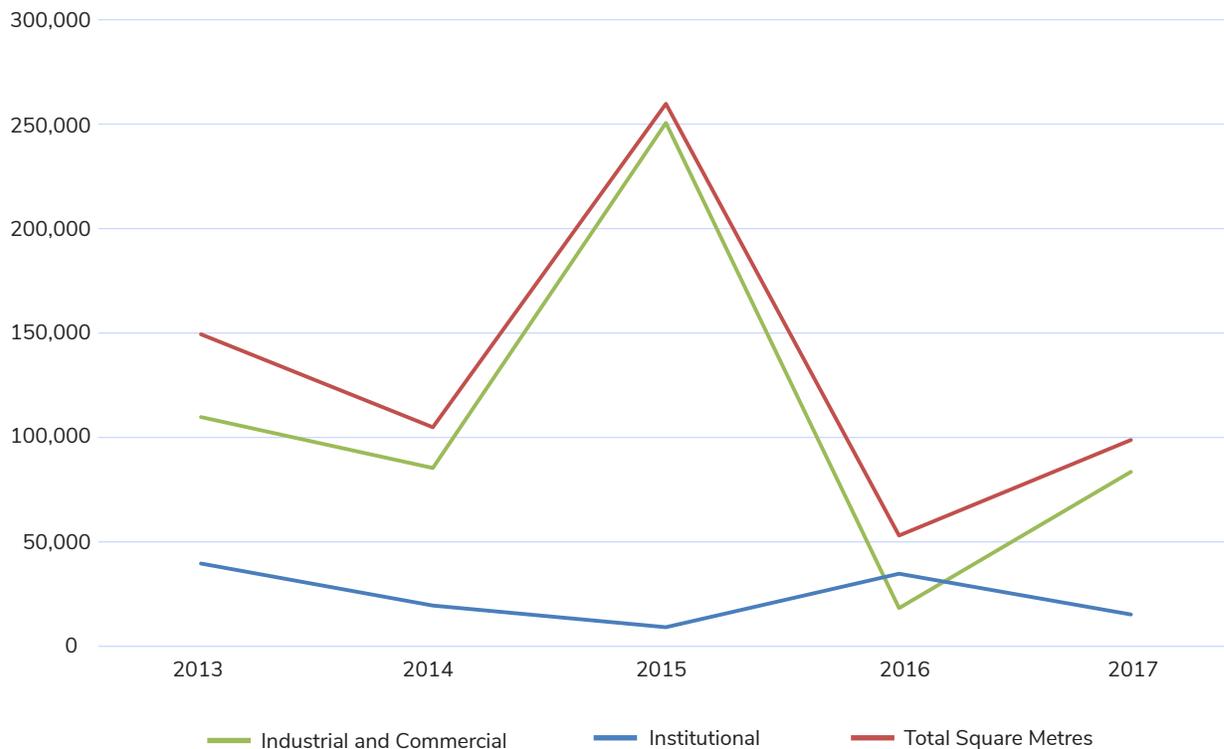


	2013	2014	2015	2016	2017
Single and Semi Detached	237	841	386	685	831
Townhouses / Stacked Townhouses	162	356	352	253	1,082
Apartments / Secondary Units	141	284	578	18	233
Total Units Issued	540	1,481	1,316	956	2,146

Financial Statements Discussion and Analysis

Industrial, Commercial and Institutional (“ICI”) development has increased in 2017. Permits were issued for 98,692 square metres of newly constructed floor space, an increase of 87.6% from 2016 and closer to the levels previously reached. Main contributors include a new elementary school located in the Boyne Secondary Planning Area and the Sherwood Community Centre and Library. Non-residential construction activity is expected to rise in 2018 with development proceeding in the Derry Green Secondary Planning Area.

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



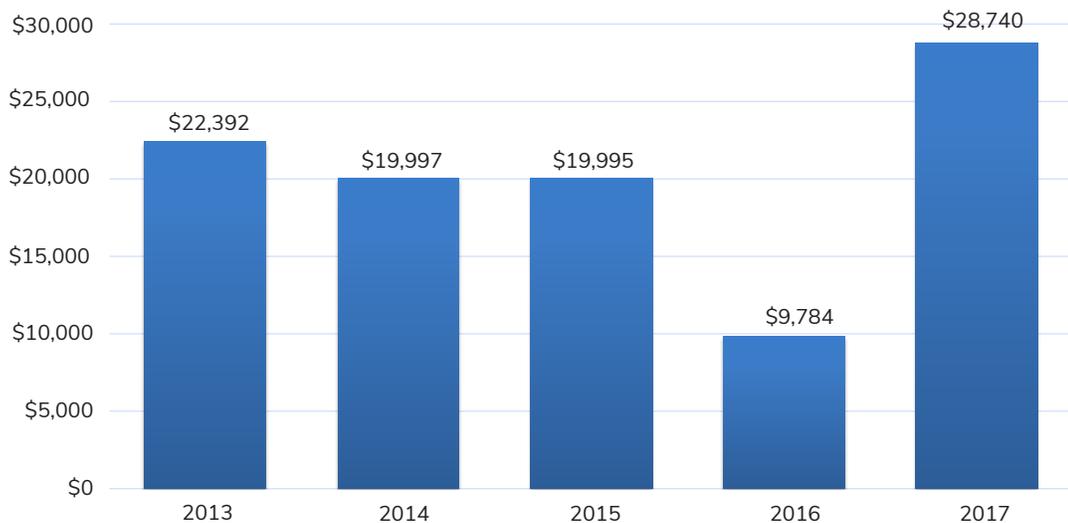
	2013	2014	2015	2016	2017
Industrial and Commercial	109,888	85,334	250,193	17,883	83,526
Institutional	39,609	19,219	9,144	34,740	15,166
Total Square Metres	149,497	104,554	259,337	52,623	98,692

Financial Statements Discussion and Analysis

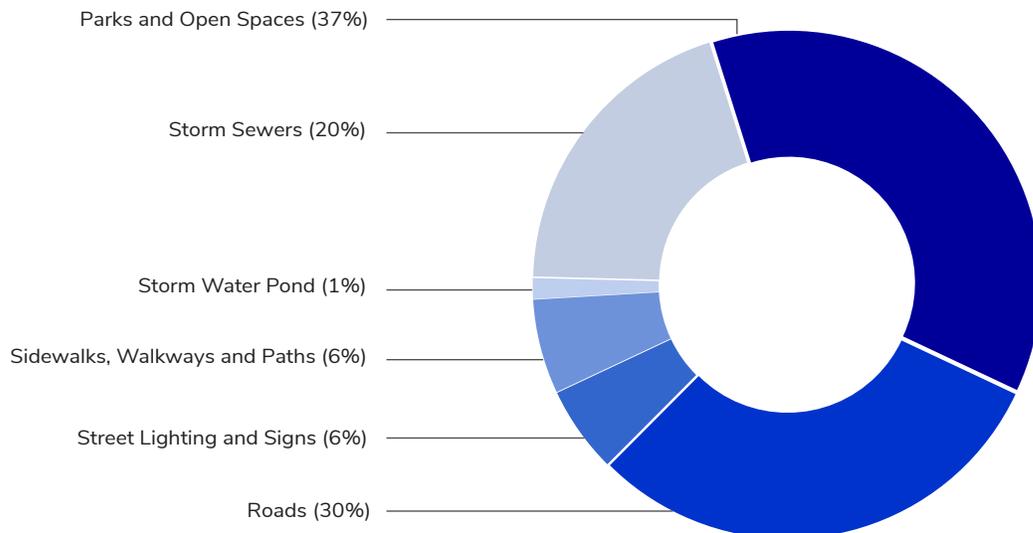
Developer Contributed Assets

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

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



Breakdown of Contributed Assets - 2017



Financial Statements Discussion and Analysis

Major Construction Projects in 2017

Sherwood Community Centre and Library

Groundbreaking for the construction of the Sherwood Community Centre and Library occurred in the fall of 2017. Construction is anticipated to continue through 2019 on the new recreation facility that features a multi-use design to accommodate a wide range of activities as well as multi-generational spaces and activities that will be accessible to people of all ages and backgrounds. The facility will include a twin pad arena, an aquatic centre with a 25 metre pool and leisure/therapeutic pool, a branch library, older adult activity area, active living studio and multi-purpose space. The estimated cost for the construction is \$50.6 million.



Louis St Laurent from Regional Road 25 to Vickerman Way

Louis St Laurent is a mid-block arterial roadway that provides east-west connection from Tremaine Road and James Snow Parkway. During 2017, construction began on the widening of Louis St Laurent Avenue between Regional Road 25 and Vickerman Way to 4 lanes to accommodate traffic from new growth development. The project includes the expansion of the Sixteen Mile Creek bridge and will include a roundabout at Yates Drive.

Construction on this segment is anticipated to be completed during 2018 with total project costs, once complete, estimated at \$7.6 million.

Financial Statements Discussion and Analysis

Community Park

Construction continued through 2017 on the Milton Community Park located within the Sherwood Survey Secondary Plan area. This final phase of construction will be completed and opened in 2018. The vision for this final phase is to provide a significant multi-purpose outdoor civic gathering space for community use, including permitted special events and public gatherings. Other features within this phase include picnic areas, a natural amphitheatre, seating areas and pathways along with various landscape amenities, including formal plantings, naturalized and nature interpretation areas.

Four phases of construction were completed prior to 2017 which included two (2) major hardball diamonds, two (2) major natural turf soccer fields, a park building, a major accessible playground, a spray pad, entrance features, beach volleyball courts, a skate park, various multi-use courts, pedestrian walkways, entrance features, parking and various site furnishings and plantings. This collection of park features and amenities will make the park a popular destination for families, youth and adults participating in outdoor recreational activities.

Milton District Hospital Expansion

In 2013, the Town committed to providing a maximum of \$35 million to Halton Healthcare Services (HHS) for the redevelopment of the Milton District Hospital. The expansion added 330,000 square feet of patient centered space with 50% more inpatient beds to the existing 125,000 square foot hospital, increasing overall capacity from 63 to 129 inpatient beds. The redevelopment project focused on a healthy indoor environment, reduced greenhouse gas emissions and efficient use of energy, water and other resources. Substantial completion of the hospital expansion was achieved in early 2017, at which time, the Town provided payment of \$35 million under the local share agreement with HHS.



Financial Statements Discussion and Analysis

2017 Financial Highlights

As previously illustrated in more detail, development activity within the Town was strong in 2017 with permits issued to build 2,146 residential dwelling units (versus 956 in 2016) and 98,692 square meters of Industrial, Commercial and Institutional space (versus 52,623 square meters in 2016).

Investments in the infrastructure that supports this continued growth in the community were made in 2017, the most notable being:

- construction of the Sherwood Community Centre and Library, which began in 2017 and will continue through 2019;
- the widening of Louis St Laurent Avenue between Regional Road 25 and Vickerman Way to four lanes, which was completed in 2017; and
- construction of Milton Community Park, which continued in 2017.

Total revenue for 2017 is \$158.4 million compared to total expenses of \$148.2 million resulting in net revenue of \$10.2 million. This differential can be largely attributed to the developer contributed assets and development charges earned during the year, of which each results in growth in the Town's tangible capital asset base as well as future operating cost.

The audited financial statements indicate that the Town's net financial position at December 31, 2017, as represented by the accumulated surplus, equals \$1,080.2 million. This amount has grown by 1% relative to 2016 year end. The large majority of the accumulated surplus, as well as the growth in it, is related to non-financial assets such as the Town's infrastructure, which is used to support service delivery. Growth in this asset base, much of which is initially constructed and/or funded by developers, will require sufficient annual funding in order to provide for the eventual rehabilitation and replacement of many of these assets if existing service levels are to be sustained.

The Town finished 2017 with debt principal outstanding of \$49.2 million, a large portion of which relates to the Town's local contribution towards the hospital expansion. The Town's debt capacity ratio of 8.62% is well within the guidelines set by both the Province and Town Council. Reserve balances decreased from \$88.2 million to \$68.7 million, due in large part to the Town's \$35.0 million contribution to the Milton District Hospital expansion.

Financial Statements Discussion and Analysis

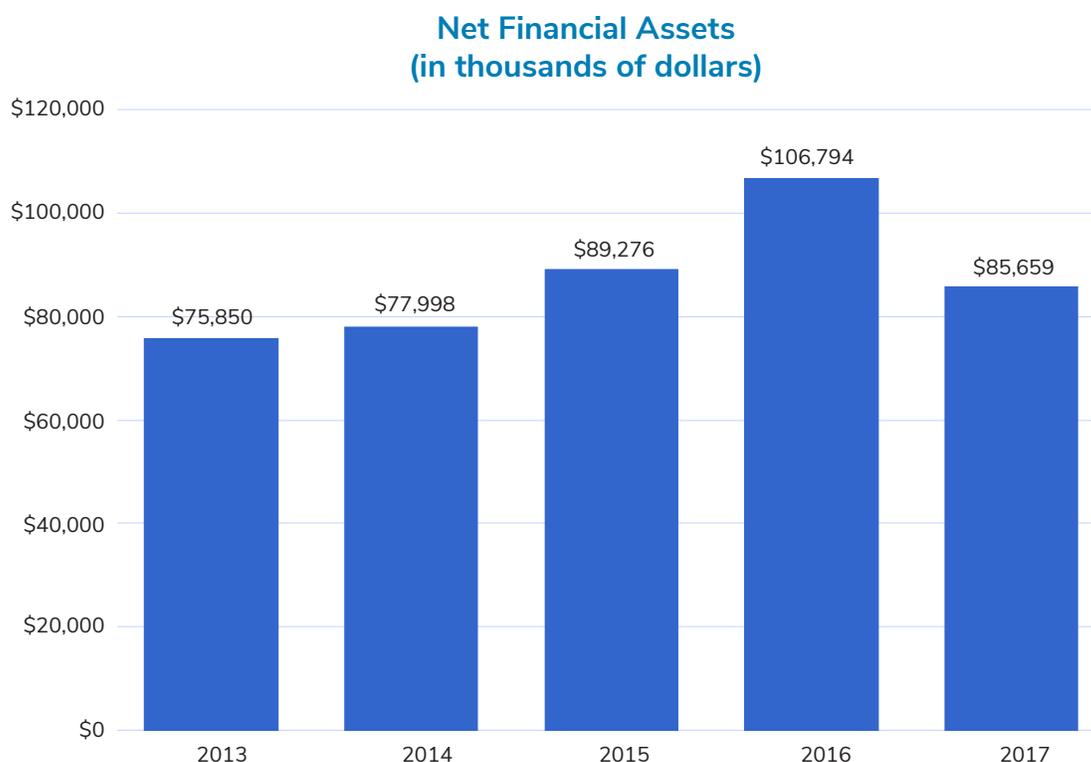
Consolidated Statement of Financial Position

Net Financial Assets

(in thousands of dollars)

	2017	2016	Variance	% Change
Financial assets	\$ 254,064	\$ 244,943	\$ 9,121	3.7%
Financial liabilities	168,405	138,149	30,256	21.9%
Net financial assets	\$ 85,659	\$ 106,794	\$ (21,135)	(24.7)%

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$85.7 million, a 24.7% decrease of \$21.1 million from the prior year. The increase in financial assets of \$9.1 million was offset by an increase in financial liabilities of \$30.3 million. The following chart illustrates the five year trend in net financial assets.



Financial Assets

In 2017, the Town's financial assets increased by \$9.1 million, mostly due to a \$37.1 million increase in investments offset by a \$29.4 million decrease in cash and cash equivalents as described in the following sections.

Financial Statements Discussion and Analysis

Cash and Short-Term Investments

At the end of 2017 the year end cash and cash equivalents balance was \$57.2 million. The \$29.4 million decrease over the 2016 year-end balance of \$86.6 million was due to the Town completing the \$35.0 million contribution for the local share of the Milton District Hospital Expansion along with transitioning some of the cash into higher yielding short term investments. The average yield on cash balances for 2017 was 1.23%, generating \$1.1 million in interest income.

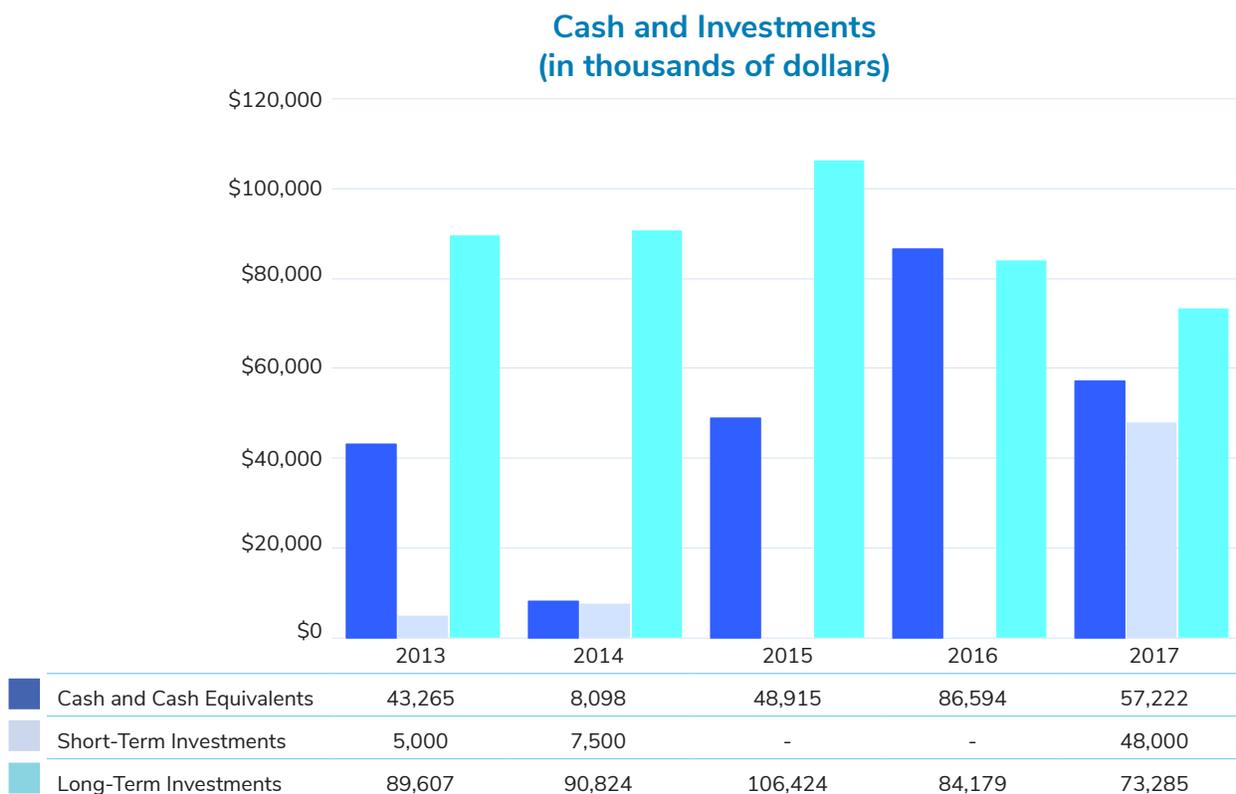
During 2017 short term investments, securities with a holding period of one year or less, were purchased as the yields were favourable to savings and high interest accounts and comparable to yields on five year provincial bonds while still providing liquidity options if the funds were required. The average yield on short term investments for 2017 was 1.92%, generating \$0.4 million in investment earnings. At the end of 2017 the Town held \$48.0 million in short term securities.

Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$73.3 million, a decrease of \$10.9 million from last year. The decrease in 2017 was related to the maturities of long term investments that were re-invested in short term investments or held in savings accounts which, due to market conditions, were offering similar yields to longer term investments but had the advantage of greater liquidity.

In 2017 the long term investment average rate of return was 2.52%, generating \$1.8 million in investment income compared to an average return of 2.21% and \$2.11 million in investment income in 2016.

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



Financial Statements Discussion and Analysis

Financial Liabilities

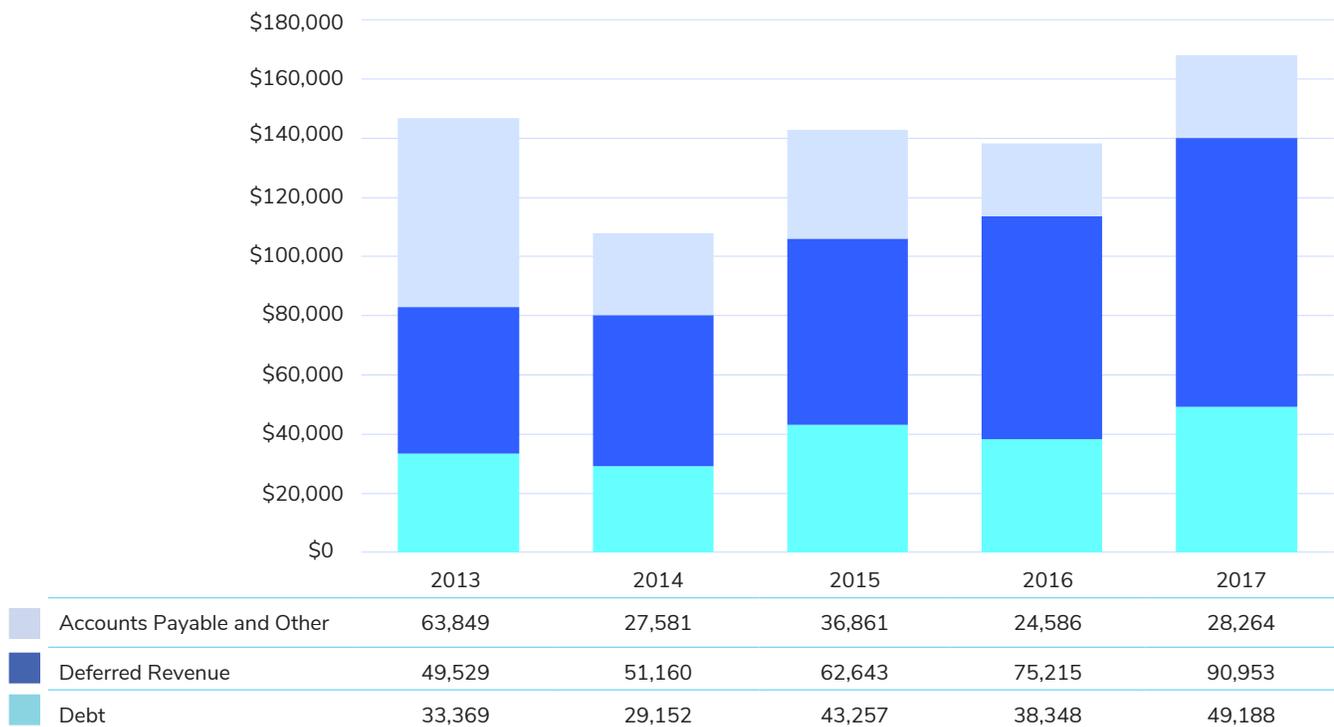
The major contributors to the increase of \$30.3 million in financial liabilities are increased deferred revenue, long term debt, accounts payable and other current liabilities.

The increase in deferred revenue is primarily attributable to the timing difference between the collection and utilization of \$12.4 million in development charges and \$3.0 million in Cash in Lieu of Parkland.

The increase in long term debt is mainly due to debentures for various capital projects offsetted by scheduled principal payments. See debt section below for more details.

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

Financial Liabilities
(in thousands of dollars)



Debt

The 2017 long term debenture balance has increased to \$49.2 million, from \$38.3 million last year as \$18 million of previously approved debentures for various capital projects including \$15.3 million to support the Town's local share contribution to the Hospital was issued. Offsetting a portion of the increase was \$7.1 million of scheduled principal payments.

Guidelines established through Ontario Regulation 403/02 allow for a maximum debt payment ratio of 25% of own source revenues, which in 2017 equaled \$25.1 million. Through Corporate Policy No. 22 Budget – Capital, Milton 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 8.62% is well within the guidelines set by both the Province and Town Council.

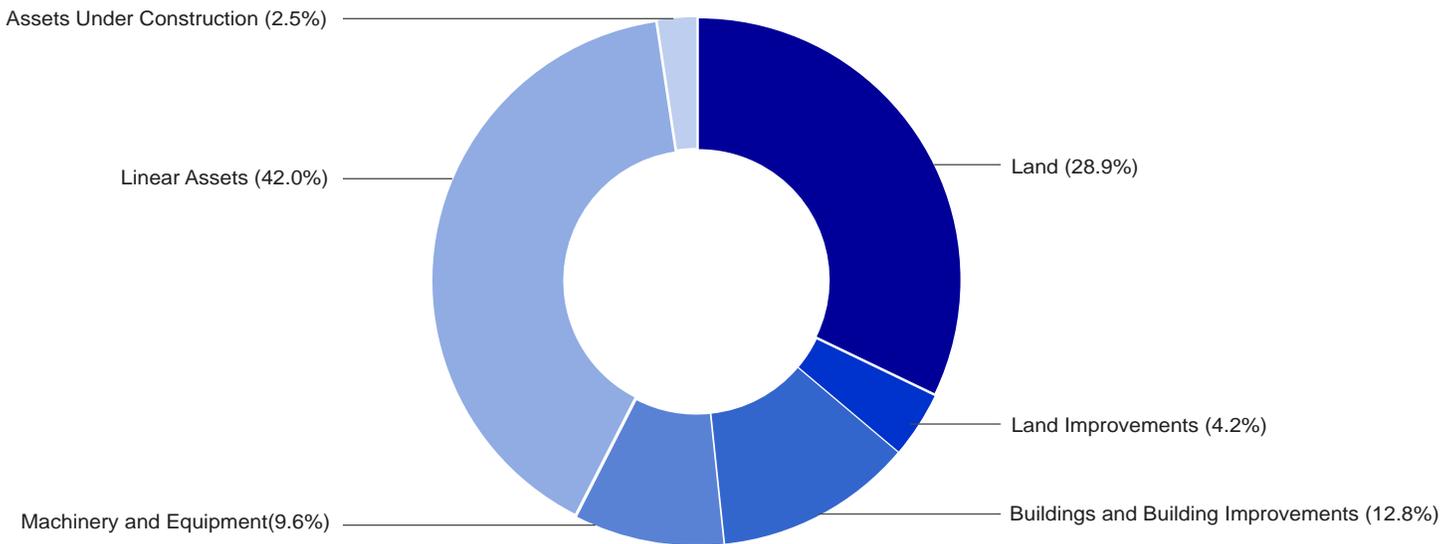
Financial Statements Discussion and Analysis

Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The increase of \$31.2 million reflects the Town's investment in new capital infrastructure and the value of new assets that were built by developers and assumed by the Town. This growth in the Town's asset inventory is outpacing the annual amortization costs.

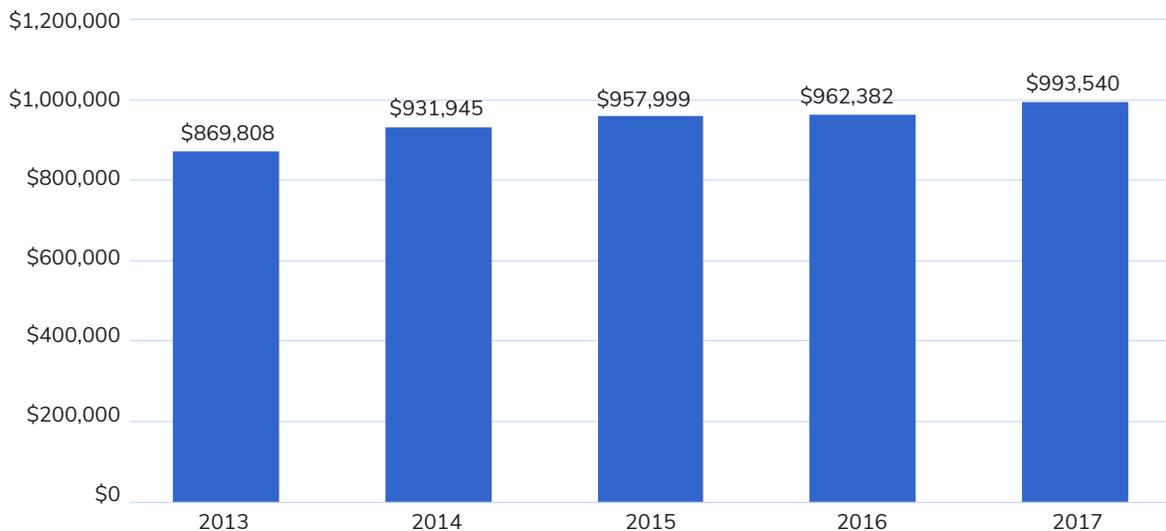
The pie chart below provides the breakdown of tangible capital assets by the function they support.

2017 Tangible Capital Assets Breakdown At Net Book Value



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

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



Financial Statements Discussion and Analysis

Tangible Capital Assets Comparative Summary

(in thousands of dollars)

Asset Type	2017	%	2016	%	Change	% Change
Land	\$ 286,806	28.9%	\$ 275,091	28.6%	\$ 11,715	1.2%
Land improvements	41,956	4.2%	41,578	4.3%	378	0.0%
Buildings and building improvements	126,746	12.8%	129,502	13.5%	(2,756)	-0.3%
Machinery and equipment	95,672	9.6%	96,927	10.1%	(1,255)	-0.1%
Linear assets	417,687	42.0%	405,569	42.1%	12,118	1.3%
Assets under construction	24,673	2.5%	13,715	1.4%	10,958	1.1%
Total	\$ 993,540	100.0%	\$ 962,382	100.0%	\$ 31,158	3.2%

Accumulated Surplus

Overall, the Town has an accumulated surplus totaling \$1,080.2 million, an increase of 1% from the prior year balance of \$1,070.0 million. The change in the accumulated surplus arises from the annual excess of revenues over expenses for the year, representing \$10.2 million. This includes an increase in the net book value of the tangible capital 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 11 “accumulated surplus” of the Consolidated Financial Statements. Summary information is included in the table below:

Accumulated Surplus Comparative Summary

(in thousands of dollars)

	2017	2016	Change
Reserves	\$ 50,977	\$ 48,968	\$ 2,009
Reserve funds	17,695	39,263	(21,568)
Investment in tangible capital assets	993,540	962,382	31,158
Unexpended capital	13,394	4,440	8,954
Investment in Milton Hydro	57,221	55,906	1,315
Town surplus	102	102	-
Library surplus	51	48	3
Unfunded liabilities	(52,815)	(41,118)	(11,697)
Total accumulated surplus	\$ 1,080,165	\$ 1,069,991	\$ 10,174

Financial Statements Discussion and Analysis

The reserve balances have experienced an increase of \$2.0 million as contributions for future needs exceeded current year withdrawals. The main driver of the increase is a \$1.2 million increase in the Equipment Replacement reserve in order to cover future life-cycle replacement costs.

The discretionary reserve funds have decreased by \$21.6 million. The main driver is a \$16.3 million decrease in the Milton District Hospital reserve due to the Town's contribution for the Hospital along with Hospital debt servicing charges. In addition, \$2.0 million was utilized from the Ontario Lottery Corporation Proceeds to fund a portion of the hospital contribution and the Property Transactions reserve fund decreased by \$1.9 million due to infrastructure renewal investments in Town owned properties and debenture principal repayments.

The unfunded liabilities balance is comprised of the principal 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 \$11.7 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 15 of the financial statements.

Financial Statements Discussion and Analysis

Revenues

2017 Budget to Actual Comparative Analysis

(in thousands of dollars)

Revenues	Budget	Actual	Variance	% Variance
Taxation	\$ 55,092	\$ 55,164	\$ 72	0.1%
User charges	17,648	18,130	482	2.7%
Government transfers:				
Federal	3,883	4,170	287	7.4%
Provincial	3,034	3,202	168	5.5%
Other municipalities	4,008	4,304	296	7.4%
Investment income	3,223	3,761	538	16.7%
Penalties and interest	2,372	2,248	(124)	-5.2%
Developer contributions	65,481	21,117	(44,364)	-67.8%
Developer contributed assets	-	28,740	28,740	100.0%
Proceeds from Ontario Lottery Corporation	5,850	6,182	332	5.7%
Licences, permits, rents etc.	8,408	6,298	(2,110)	-25.1%
Equity in income of Milton Hydro	1,500	2,815	1,315	87.7%
Donations	449	1,197	748	166.5%
Other recoveries	31	263	232	100.0%
Miscellaneous	729	822	93	12.8%
Total revenues	\$ 171,708	\$ 158,413	\$ (13,296)	-7.7%

The variations in the budget and actual columns are primarily related to differences in assumptions used. Council-approved budgets are prepared in a manner that determines the annual cash levy requirements. The actuals reported on the audited financial statements are following PSAB requirements, and are predominantly fully accrued transactions. These differences in reporting methodologies will always generate significant variances when compared to each other. One example of a significant difference is the unbudgeted tangible capital asset activity such as developer contributed assets, which gave a positive variance of \$28.7 million.

Another contributing factor is the timing of capital expenses and revenues being incurred in a different year from the budget year. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and does not include approved funding from the obligatory reserve funds for outstanding work. This caused an unfavourable fluctuation in developer contributions revenue of \$44.4 million.

Financial Statements Discussion and Analysis

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

Year Over Year Comparative Analysis

(in thousands of dollars)

Revenues	2017	2016	Change	% Change
Taxation	\$ 55,164	\$ 51,710	\$ 3,454	6.7%
User charges	18,130	16,961	1,169	6.9%
Government transfers:				
Federal	4,170	3,030	1,140	37.6%
Provincial	3,202	1,696	1,506	88.8%
Other municipalities	4,304	3,288	1,016	30.9%
Investment income	3,761	3,368	393	11.7%
Penalties and interest	2,248	2,306	(58)	-2.5%
Developer contributions	21,117	14,039	7,078	50.4%
Developer contributed assets	28,740	9,784	18,956	193.7%
Proceeds from Ontario Lottery Corporation	6,182	5,863	319	5.4%
Licences, permits, rents etc.	6,298	6,149	149	2.4%
Equity in income of Milton Hydro	2,815	2,979	(164)	-5.5%
Donations	1,197	1,124	73	6.5%
Other recoveries	263	483	(220)	-45.6%
Miscellaneous	822	6,520	(5,698)	-87.4%
Total revenues	\$ 158,413	\$ 129,300	\$ 29,113	22.5%

Total revenue reported for the year 2017 was \$158.4 million, an increase of \$29.1 million from last year’s amount of \$129.3 million.

One of the contributing factors to the higher revenues was a \$19.0 million increase in developer contributed assets due to an increase in the number of subdivision assumptions. The Town receives assets from developers as part of their obligation under subdivision agreements, which are deemed to be donated assets because no cash changed hands. These assets are transferred into the ownership of the Town and must be recorded on the Town’s Statement of Financial Position as part of the tangible capital asset pool. At the same time, the value of the assets contributed must be recognized as revenue received by the Town on the Statement of Operations.

Financial Statements Discussion and Analysis

Another main driver of the increased revenue is developer contributions increasing by \$7.1 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 increase in this revenue source was related to more capital work activity being completed and funded through development charges.

Expenses

2017 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	\$ 14,718	\$ 15,970	\$ (1,252)	\$ 2,390	\$ 1,138	\$ 439	\$ 1,577
Protection services	13,943	14,686	(743)	1,466	723	(70)	652
Transportation services	19,282	35,182	(15,900)	13,207	(2,692)	2,666	(26)
Environmental services	650	2,910	(2,260)	2,036	(224)	124	(100)
Health Services	656	35,866	(35,210)	-	(35,210)	35,114	(96)
Recreational and cultural services	25,896	37,312	(11,417)	8,986	(2,431)	672	(1,758)
Planning and development	5,947	6,313	(367)	4	(363)	703	340
Total expenses	\$ 81,092	\$ 148,239	\$ (67,147)	\$ 28,088	\$ (39,059)	\$ 39,648	\$ 589

The 2017 financial position of the Town results in actual expenditures of \$148.2 million. The variance between the budget and actual columns is primarily related to tangible capital asset activity, such as amortization and gains or losses on disposal which were not included in the budget column. The main drivers of the variance include the Town's \$35.0 million contribution for the Hospital and \$28.1 million in amortization and loss on disposal of tangible capital assets.

In addition, \$4.6 million of expenses are included in capital budgets and cannot be capitalized, and therefore need to be expensed on the Statement of Operations contributed to the variance. These expenses would include, for example, studies or work undertaken on behalf of others which may lend themselves better to the capital budget for transparency, funding or project administration purposes. Once the methodology differences related to tangible capital amounts are accounted for, the remaining variance equals \$589 thousand.

Financial Statements Discussion and Analysis

Year Over Year Comparative Analysis

(in thousands of dollars)

Expenses	2017	2016	Change	% Change
General government	\$ 15,970	\$ 15,578	391	2.5%
Protection services	14,686	15,278	(592)	-3.9%
Transportation services	35,182	33,313	1,869	5.6%
Environmental services	2,910	2,609	301	11.5%
Health Services	35,866	479	35,387	7387.7%
Recreational and cultural services	37,312	34,128	3,184	9.3%
Planning and development	6,313	6,452	(139)	-2.2%
Total expenses	\$ 148,239	\$ 107,837	\$ 40,401	37.5%

The 2017 financial position of the Town results in a \$40.4 million increase in expenses over 2016. Adjusting for the Town's one-time \$35.0 million local share contribution to fund the Hospital expansion within Health Services would result in a \$5.4 million or 5.0% increase over 2016.

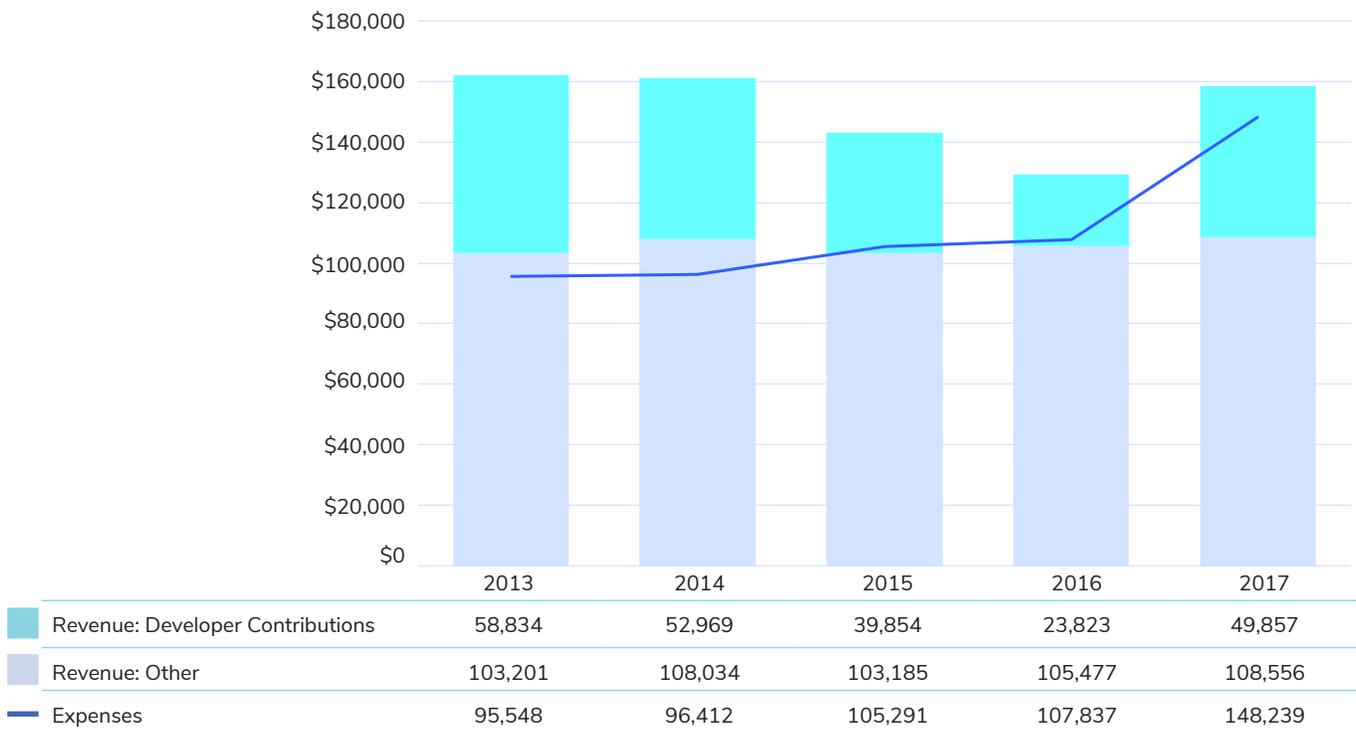
Recreational and Cultural Services costs increased by \$3.2 million, primarily due to \$1.4 million disposition of land. Other contributing factors included \$0.7 million related to the annual inflation and \$0.4 mil in new costs related to the passive weed control program. Another \$0.4 million increase was related to the capital projects that cannot be capitalized and need to be expensed on the Statement of Operations.

Transportation services experienced an increase of \$1.9 million in expenses compared to last year. This is primarily due to higher 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 various road reconstruction projects for which the Town receives full compensation. Additional Transit service enhancements including routes to Boyne and 401 Industrial areas along with extended evening service contributed to the increase.

Financial Statements Discussion and Analysis

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

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



Financial Statements Discussion and Analysis

Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to assist financial statement users in fully understanding the nature of the Town's financial activities in the period. The statement backs out all the non-financial activity from the statement of operations (e.g. amortization, gains/losses, purchases and sale of assets). Thus, the financial impact on the surplus attributable to change in financial assets is a decrease of \$21.1 million, compared to last year's increase of \$17.5 million. This is primarily attributable to increases in deferred revenue and debt balances.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows explains how the Town financed its activities and met its cash requirements. It also details items not involving cash such as annual amortization and developer contributed assets. This schedule reconciles the change in cash and cash equivalents from one year to another. The consolidated cash position of the municipality decreased by \$29.4 million to \$57.2 million.

Factors contributing to the decreased cash position were \$37.1 million cash outflow related to purchases of short-term investments and \$32.8 million cash outflow due to the acquisition of tangible capital assets.

This was offset by \$18.0 million cash inflow from assumption of new debt, including a \$15.3 million debenture to fund the Milton District Hospital expansion and \$15.8 million increase in deferred revenue, \$12.4 million of which were development charges collected.

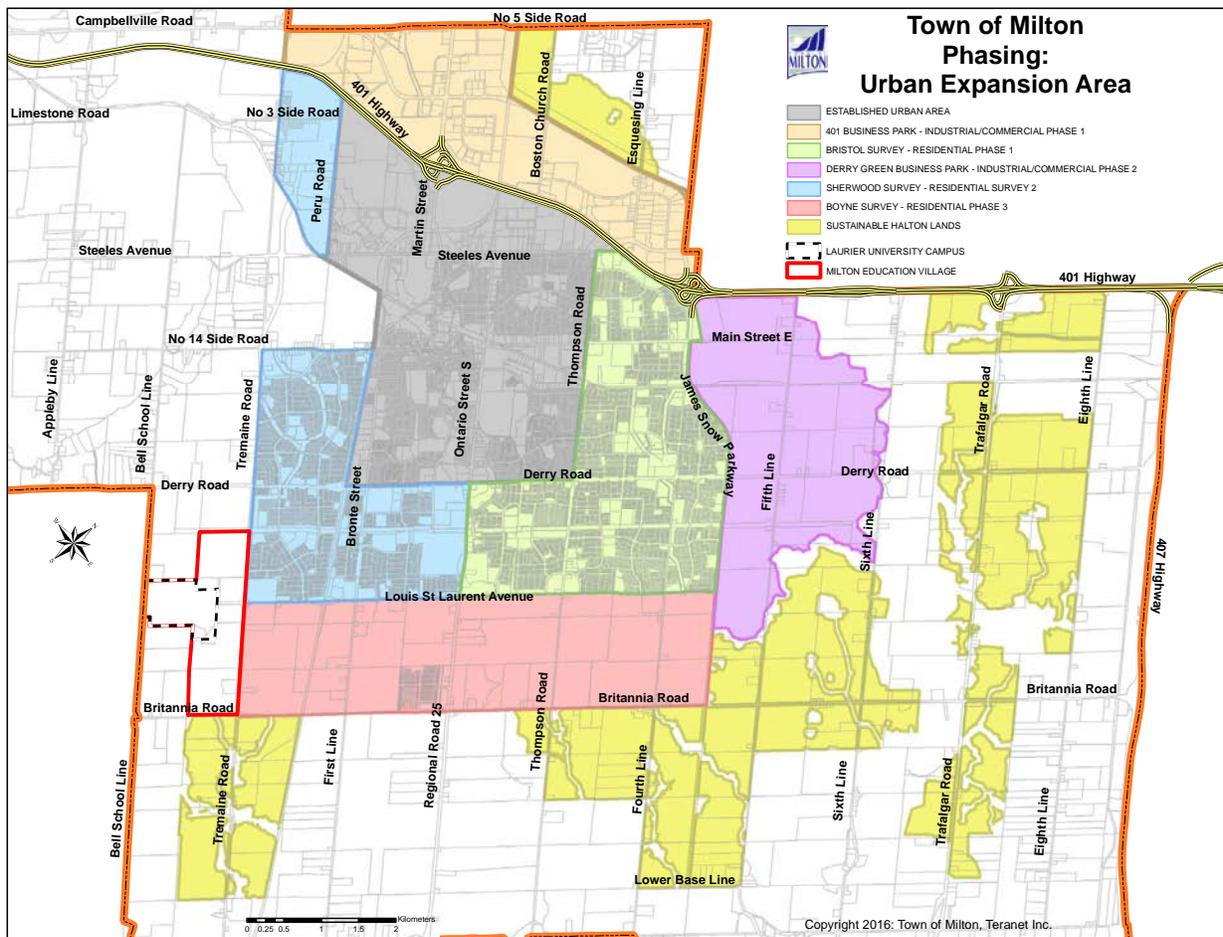
All financial information contained within the 2017 Financial Report has been reviewed and approved by the Treasurer, with final approval of Council.

Looking Forward

The 2016 Census data confirmed that Milton continues to be one of the fastest growing communities. With a projected population of 238,000 by 2031, the Town of Milton has to strategically manage its growth in a fiscally responsible manner.

With the Bristol Survey and Sherwood Survey residential areas nearing build-out, the current phase of residential growth and development is focused within the Boyne Survey Secondary Plan. From a non-residential growth perspective, Business Park II, located within the Derry Green Secondary Plan, has been approved as the next phase to accommodate non-residential growth. As these areas approach build out, growth in the next urban expansion area, known as Sustainable Halton will commence.

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

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

Sustainable Halton

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

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

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

A Land Base Analysis (LBA) was undertaken for these lands and approved by Council in 2017. This study provided a high-level community/neighbourhood area structure plan, as well as criteria for prioritizing the sequencing of each secondary plan area. A Subwatershed Study has also been initiated, with a targeted completion in the Fall of 2018.

It is expected that the Agerton/Trafalgar Corridor Secondary Plan Areas will need to be planned to achieve higher densities that support higher order transit (i.e. more apartments, less grade-related housing). The Britannia East/West Secondary Plan Area may be planned to achieve lower densities, which would be more comparable to the character and scale of development seen in other areas of Milton, such as the Boyne Secondary Plan Area.

Secondary Planning for the Agerton/Trafalgar Corridor Secondary Plan Areas was initiated in 2018 and will proceed in advance of the Britannia East/West Secondary Plan Area. These Secondary Plans will establish a planning framework and related policies that will result in complete, healthy and sustainable communities.

Looking Forward

Milton Education Village

The Town of Milton, in partnership with Wilfrid Laurier University, continues to be actively engaged in initiatives to advance the Milton Education Village (MEV). The MEV is Milton's vision for a comprehensively-planned neighbourhood, integrating post-secondary education, residential, commercial and recreational uses into a 400 acre area alongside the Niagara Escarpment. The secondary planning for the area was reinitiated by Town Council in 2017, and a draft is expected by the Fall of 2018.

On April 18, 2018, Ontario's Ministry of Advanced Education and Skills Development announced \$90 million in funding that will establish an innovative academic centre of excellence in Milton. Laurier, in partnership with Conestoga College Institute of Technology and Advanced Learning, will create a new university-led post-secondary site in Milton focused on science, technology, engineering, arts and mathematics (STEAM). Classes will begin in 2019 at the Town's MEV Innovation Centre, with Laurier's new facility expected for the 2021-2022 school year.

GO Transit Station Redevelopment – Mobility Hub

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

In 2018, Council awarded a Major Transit Station Area/Mobility Hub study that will consider future vision and planning, conceptual transportation plans, and functional design for proposed infrastructure along with implementation plans. Also included in the study will be a high level financial feasibility study of the development alternatives and the recommended planning framework. This will provide a preliminary estimate of the capital and operating cost and revenue implications related to the servicing infrastructure for the Town.

Providing for Growth

Fiscal Impact Study

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

Based on the Town's existing service levels, a capital investment over the period 2017 to 2036 of \$2.0 billion was projected, along with gross operating costs that were expected to grow to \$418 million per year. These capital and operating estimates are expected to translate to average tax increases of 5.26% annually to 2036, and pressure the Town's debt capacity limit. Further increases may also be required should non-residential growth not materialize as quickly as projected, or to incorporate any strategies to address the Town's existing infrastructure deficit.

Several strategies to help mitigate the financial pressures were identified, and included focusing on non-

Looking Forward

residential growth, supporting mixed-use growth in the Agerton Employment Area, reviewing service levels, managing the pace of residential growth and capital investment, reviewing the service delivery model for transit, as well as continuing partnerships with other levels of government and the private sector.

Asset Management Planning

The Town's Asset Management Plan (AMP) was updated in 2017 in order to consolidate the existing AMPs for Roads, Bridges, Culverts, Transit and Facilities and add new asset categories for Parks, Sports fields and Streetlights. A lifecycle funding analysis that leveraged the Town's Public Sector Accounting Board (PSAB) data was undertaken and suggested that the Town has an annual infrastructure funding deficit of \$33.2 million. A capital funding strategy was introduced through the 2018 budget that including an additional \$1.0 million investment in infrastructure renewal to begin to address infrastructure funding deficit. Even with further additional incremental \$1.0 million investments over a 20 year period, a significant annual deficit is projected to remain. As such a variety of strategies, including service level review, identification of additional funding sources, as well as opportunities to extend the useful lives or reduce the costs of assets, will need to be explored and considered.

The Infrastructure for Jobs and Prosperity Act, 2015 was proclaimed in May 2016 with the intent of establishing mechanisms for strategic long-term infrastructure planning and improving municipal asset management planning practices in Ontario. Regulation 588/17 was subsequently approved in December 2017 in order to articulate the requirements that will be rolled out in three phases through 2022. These requirements will increase the amount of analysis, planning and reporting required as part of the asset management planning processes.

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

Annual Budget Process

The Town's 2018 budget and forecast provide for the infrastructure required to support the build-out of the HUSP areas as approved by Council through the Town's Development Charges Background Study. The Budget also provides for renewal and replacement of aging infrastructure as assets reach the end of their useful life.

In 2018 specifically the capital budget includes 135 projects worth \$73.5 million with a significant focus on roads and public facilities, such as the Sherwood Community Centre and Library, Fire Station #1 and Fire Station #5. Of the total program, \$53 million is required for projects related to growth in the community, \$19 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.

Following approval of the secondary planning processes, which will include more detailed updates to the fiscal impact assessment, as well an update to the Town's Development Charges Study, the infrastructure, costs and revenues associated with the Sustainable Halton lands will also be introduced within the budgeted forecast period.



2017 Town of Milton Financial Report

Consolidated Financial Statements

For the year ended December 31, 2017

Management Report

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

All financial information contained within the 2017 Financial Report has been reviewed and approved by the Treasurer, with final approval of Council.

Independent Auditors' Report



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada

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, 2017, 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, 2017, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 18, 2018

The Corporation of the Town of Milton

Consolidated Statement of Financial Position

As at December 31, 2017 with comparative information for 2016
(in thousands of dollars)

	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 57,222	\$ 86,594
Accounts receivable (note 2)		
Taxes receivable	6,412	5,922
Grants receivable	60	1,054
Other	11,294	10,436
Investments (note 3)	121,285	84,179
Investment in Milton Hydro Holdings Inc. (note 4)	57,221	55,906
Other assets	570	852
Total financial assets	254,064	244,943
Liabilities:		
Accounts payable and accrued liabilities	18,860	17,123
Other liabilities	5,231	4,189
Deferred revenue (note 5)	90,953	75,215
Long-term debentures (note 6)	49,188	38,348
Developer obligations (note 7)	1,760	924
WSIB, employee benefits and other liabilities (note 8)	2,413	2,350
Total liabilities	168,405	138,149
Net financial assets	85,659	106,794
Non-financial assets:		
Tangible capital assets (note 10)	993,540	962,382
Inventories of supplies	456	572
Prepaid expenses	510	243
Total non-financial assets	994,506	963,197
Contingent liabilities and guarantees (note 17)		
Accumulated surplus (note 11)	\$ 1,080,165	\$ 1,069,991

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

The Corporation of the Town of Milton

Consolidated Statement of Operations

Year ended December 31, 2017 with comparative information for 2016
(in thousands of dollars)

	Budget (Note 15)	2017	2016
Revenue:			
Taxation (note 12)	\$ 55,092	\$ 55,164	\$ 51,710
User charges	17,648	18,130	16,961
Government transfers:			
Federal (note 13)	3,883	4,170	3,030
Provincial (note 13)	3,034	3,202	1,696
Other municipalities	4,008	4,304	3,288
Investment income	3,223	3,761	3,368
Penalties and interest	2,372	2,248	2,306
Developer contributions	65,481	21,117	14,039
Developer contributed assets	-	28,740	9,784
Proceeds from Ontario Lottery Corporation	5,850	6,182	5,863
Licences, permits and rents	8,408	6,298	6,149
Equity in income of Milton Hydro Holding Inc. (note 4)	1,500	2,815	2,979
Donations	449	1,197	1,124
Other recoveries	31	263	483
Miscellaneous	729	822	6,520
Total revenue	171,708	158,413	129,300
Expenses:			
General government	14,718	15,970	15,578
Protection services	13,943	14,686	15,278
Transportation services	19,282	35,182	33,313
Environmental services	650	2,910	2,609
Health services	656	35,866	479
Recreation and cultural services	25,896	37,312	34,128
Planning and development	5,947	6,313	6,452
Total expenses	81,092	148,239	107,837
Annual surplus	90,616	10,174	21,463
Accumulated surplus, beginning of year	1,069,991	1,069,991	1,048,528
Accumulated surplus , end of year (note 11)	\$ 1,160,607	\$ 1,080,165	\$ 1,069,991

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

The Corporation of the Town of Milton

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2017 with comparative information for 2016
(in thousands of dollars)

	Budget (Note 15)	2017	2016
Annual surplus	\$ 90,616	\$ 10,174	\$ 21,463
Acquisition of tangible capital assets	(126,542)	(61,576)	(33,665)
Amortization	-	28,088	27,418
Loss (Gain) on disposal of tangible capital assets	-	1,706	(5,626)
Proceeds on sale of tangible capital assets	-	624	7,490
	(35,926)	(20,984)	17,080
Change in inventories of supplies	-	116	158
Change in prepaid expenses	-	(267)	280
Change in net financial assets	(35,926)	(21,135)	17,518
Net financial assets, beginning of year	106,794	106,794	89,276
Net financial assets, end of year	\$ 70,868	\$ 85,659	\$ 106,794

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

The Corporation of the Town of Milton Consolidated Statement of Cash Flows

Year ended December 31, 2017 with comparative information for 2016
(in thousands of dollars)

	2017	2016
Operating Activities:		
Annual surplus	\$ 10,174	\$ 21,463
Items not involving cash:		
Amortization	28,088	27,418
Loss (Gain) on disposal of tangible capital assets	1,706	(5,626)
Developer contributions of tangible capital assets	(28,740)	(9,784)
Change in employee benefits and other liabilities	63	897
Equity in income of Milton Hydro Holdings Inc.	(2,815)	(2,979)
Change in non-cash assets and liabilities:		
Accounts receivable	(354)	4,021
Other assets	282	(14)
Accounts payable and accrued liabilities	1,737	(9,022)
Other liabilities	1,042	(3,740)
Deferred revenue	15,738	12,572
Developer obligations	836	(410)
Inventories of supplies	116	158
Prepaid expenses	(267)	280
Net change in cash from operating activities	27,606	35,234
Capital Activities:		
Proceeds on sale of tangible capital assets	624	7,490
Cash used to acquire tangible capital assets	(32,836)	(23,881)
Net change in cash from capital activities	(32,212)	(16,391)
Investing Activities:		
Investments	(37,106)	22,245
Dividends from Milton Hydro Holdings Inc.	1,500	1,500
Net change in cash from investing activities	(35,606)	23,745
Financing Activities		
Debt issued and assumed	17,967	-
Debt principal repayment	(7,127)	(4,909)
Net change in cash from financing activities	10,840	(4,909)
Net change in cash	(29,372)	37,679
Cash and cash equivalents, beginning of year	86,594	48,915
Cash and cash equivalents, end of year	\$ 57,222	\$ 86,594
Cash paid for interest on long-term debt	(1,426)	(1,392)
Cash received from interest on investments	\$ 3,939	\$ 3,134

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

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The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

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

1. Significant accounting policies:

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

Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

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

These reporting entities include:

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

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

(ii) Investment in Milton Hydro Holdings Inc.:

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Accounting for Region and School Board transactions:

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

(b) Basis of accounting:

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

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Government transfers:

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

(e) Deferred revenue:

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

1. Significant accounting policies (continued):

(f) Investments:

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

(g) Investment income:

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

(h) Taxation revenue:

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

(i) Cash and cash equivalents:

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

(j) Employee future benefits:

(i) Future period funding:

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

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

1. Significant accounting policies (continued):

(j) Employee future benefits (continued):

(ii) Compensated vacation:

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

(k) Pension agreements:

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

(l) Non-financial assets:

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

(i) Tangible capital assets:

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

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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

(ii) Contributions of tangible capital assets:

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

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

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

(iv) Inventories of supplies:

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

(m) Use of estimates:

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

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

2. Accounts receivable:

Taxes receivable of \$6,412 (2016 - \$5,922) reported on the Consolidated Statement of Financial Position include supplementary taxes of \$279 (2016 - \$807) recorded in 2017 as earned, but not due until 2018. Other accounts receivable are reported net of a valuation allowance of \$9 (2016 - \$169).

3. Investments:

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

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

	2016	
	Cost	Market Value
Municipal bonds	\$ 15,179	\$ 15,708
Financial institutions	69,000	69,164
Total investments, year end	\$ 84,179	\$ 84,872

4. Investment in Milton Hydro Holdings Inc.:

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017

(in thousands of dollars)

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

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

	2017	2016
Financial Position:		
Assets:		
Current	\$ 34,611	\$ 35,433
Capital	103,627	94,632
Other non-current assets	3,599	2,955
Regulatory balances	5,521	5,010
Total assets	147,358	138,030
Liabilities:		
Current	25,670	21,878
Long term debt	41,421	39,198
Long term note payable to Town of Milton	14,934	14,934
Other non-current liabilities	21,140	17,158
Regulatory balances	1,906	3,890
Total liabilities	105,071	97,058
Equity:		
Share capital	17,549	17,549
Retained earnings	24,738	23,423
Total equity	42,287	40,972
Total liabilities and equity	147,358	138,030
Operations:		
Revenue (including other comprehensive income)	119,866	133,829
Expenses (including income tax provision)	119,547	130,927
Income net of taxes	319	2,902
Net movement in regulatory balances, net of tax	2,495	78
Total comprehensive income	2,814	2,980
Dividend paid to Town of Milton	(1,500)	(1,500)
Change in equity	1,314	1,480
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	24,738	23,423
Total investment in Milton Hydro	\$ 57,221	\$ 55,906

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017

(in thousands of dollars)

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

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

Gross revenue earned by Milton Hydro from the Town was \$3,873 (2016 - \$3,643). Property taxes paid to the Town by Milton Hydro was \$190 (2016 - \$174).

Promissory note receivable from Milton Hydro to the Town bears interest at 7.25% payable in quarterly installments of \$271, with no fixed principal repayment date. Interest expense on the note payable recorded by Milton Hydro for the year was \$1,083 (2016 - \$1,083).

5. Deferred revenue:

(a) Deferred revenue continuity:

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

	2017	2016
Obligatory reserve funds (note 5.b)	\$ 72,016	\$ 56,244
Subdivision agreement fees	3,087	2,630
Property taxes prepaid	5,239	4,825
Development fees	1,233	2,070
Investment in the Arts Campaign naming rights	1,158	1,295
Naming Opportunities Deferred	6,537	6,541
Prepaid facility rentals and program registrations	930	832
Other	753	778
Total deferred revenue	\$ 90,953	\$ 75,215

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017

(in thousands of dollars)

5. Deferred revenue (continued):

(a) Deferred revenue continuity (continued):

	2017	2016
Balance, beginning of year:		
Obligatory reserve funds (note 5.b)	\$ 56,244	\$ 45,124
Subdivision agreement fees	2,630	2,178
Property taxes prepaid	4,825	4,333
Development fees	2,070	1,663
Investment in the Arts Campaign naming rights	1,295	1,432
Naming opportunities	6,541	6,391
Prepaid facility rentals and program registrations	832	886
Other	778	636
Total beginning balance	75,215	62,643
Receipts:		
Obligatory reserve funds	36,249	24,975
Interest earned on obligatory reserve funds	949	621
Subdivision agreement fees	1,880	2,092
Property taxes prepaid	5,239	4,825
Development fees	501	913
Naming opportunities	532	653
Prepaid facility rentals and program registrations	930	832
Other	700	732
Total receipts	46,980	35,643
Transfers to revenue:		
Obligatory reserve funds	(21,426)	(14,476)
Subdivision agreement fees	(1,423)	(1,640)
Property taxes prepaid	(4,825)	(4,333)
Development fees	(1,338)	(506)
Investment in the Arts Campaign naming rights	(137)	(137)
Naming opportunities	(536)	(503)
Prepaid facility rentals and program registrations	(832)	(886)
Other	(725)	(590)
Total transfers to revenue	(31,242)	(23,071)
Balance, end of year	\$ 90,953	\$ 75,215

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

5. Deferred revenue (continued):

(b) Deferred revenue - obligatory reserve funds:

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

	2017	2016	Net Change
Building stabilization	\$ 4,201	\$ 3,391	\$ 810
Cash in lieu of parking	309	125	184
Cash in lieu of parkland	7,000	3,957	3,043
Federal gas tax	4,565	5,127	(562)
Ontario community infrastructure fund	2	-	2
Provincial gas tax	482	548	(66)
Development charges	55,457	43,096	12,361
	\$ 72,016	\$ 56,244	\$ 15,772

6. Long-term debentures:

(a) Long-term debentures continuity:

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

	2017	2016
Serial debentures issued by Region of Halton, beginning of year	\$ 23,660	\$ 28,257
Less: Principal repayment	(6,805)	(4,597)
Add: New debt issued	17,967	-
Total serial debentures	34,822	23,660
Sinking fund debenture, beginning of year	15,000	15,000
Less: Sinking fund assets	(634)	(312)
Total sinking fund debenture	14,366	14,688
Net long-term debentures, end of year	\$ 49,188	\$ 38,348

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

6. Long-term debentures (continued):

(b) Future principal payments:

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

	Operating	Development Charges	Obligatory Reserve Funds	Discretionary Reserve Funds	Total
2018	\$ 2,909	\$ 1,288	\$ 240	\$ 2,009	\$ 6,446
2019	2,288	1,335	-	2,027	5,650
2020	1,833	1,385	-	2,034	5,252
2021	1,467	797	-	1,801	4,065
2022	1,434	196	-	1,829	3,459
2023 - 2027	3,416	-	-	9,561	12,977
2028 - onward	-	-	-	11,339	11,339
	\$ 13,347	\$ 5,001	\$ 240	\$ 30,600	\$ 49,188

(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 \$1,526 in 2017 (2016 - \$1,371). The long-term liabilities bear interest at rates ranging from 1.95% to 4.67%.

7. Developer obligations:

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

	2017	2016
Subdivision agreements - parks	\$ 189	\$ 17
Sustainable Halton Studies	1,571	907
Developer obligations, end of year	\$ 1,760	\$ 924

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.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

7. Developer obligations (continued):

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

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

8. WSIB, employee benefits and other liabilities:

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

	2017	2016
Future payments to WSIB	\$ 1,459	\$ 1,435
Retiree benefits	408	412
Vacation pay and banked overtime	546	503
Total	\$ 2,413	\$ 2,350

(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 December 31, 2017

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

Interest (discounted rate)	4.25% per annum
Administration costs	38.00% of compensation
Compensation costs (including loss of earning benefits, health care costs and non-economic loss awards)	0.50% - 6.00% per annum

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

8. WSIB, 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:

	2017	2016
Accrued WSIB obligation, beginning of year	\$ 1,415	\$ 522
Benefit costs	102	955
Interest	59	23
Benefit payments	(140)	(85)
	1,436	1,415
Net unamortized actuarial gain	23	20
Accrued WSIB liability, end of year	\$ 1,459	\$ 1,435

The Town has established a WSIB reserve to mitigate the future impact of the WSIB obligations in the amount of \$813 (2016 - \$423).

In the current year, amortization of net actuarial gain of \$3 (2016 - \$2) 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, 2015. An actuarial update was prepared for three consecutive years.

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

Interest (discount rate)	3.50% per annum
Dental benefits escalation	same as health benefits
Health benefits escalation	5% per annum decreasing by 0.33% per year to 4.0% in 2019 and 4.00% per annum thereafter

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

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

(b) Retiree benefits (continued):

	2017	2016
Accrued benefits obligation, beginning of year	\$ 429	\$ 576
Current benefit cost	8	7
Actuarial gain	-	(119)
Interest	14	15
Benefits paid	(45)	(50)
	406	429
Unamortized actuarial loss (gain)	2	(17)
Accrued benefits liability, end of year	\$ 408	\$ 412

In the current year amortization of the actuarial loss of \$19 (2016 - \$28) has been included in benefit expense on the statement of operations.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

9. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of 472 (2016 – 445) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$55.3 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The Town’s contribution to OMERS for 2017 was \$3,350 (2016 - \$3,125) for current service and is included as an expense on the consolidated statement of operations. Employees’ contribution to OMERS in 2017 was \$3,350 (2016 - \$3,125).

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 \$5.4 billion as of December 31, 2017 (2016 - \$5.7 billion).

There was no change in contribution rates in 2017. OMERS expects these contribution and policy changes to return the plan to a fully funded position by 2025, if not sooner.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

10. Tangible Capital Assets:

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

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

Net book value	December 31, 2016	December 31, 2017
Land	\$ 275,091	\$ 286,806
Land improvements	41,578	41,956
Buildings and building improvements	129,502	126,747
Machinery and equipment	96,927	95,672
Linear assets	405,569	417,686
Assets under construction	13,715	24,673
Total	\$ 962,382	\$ 993,540

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

10. Tangible Capital Assets (continued):

Cost	Balance at, December 31, 2015	Additions	Disposals	Balance at, December 31, 2016
Land	\$ 276,381	\$ 82	\$ (1,372)	\$ 275,091
Land Improvements	56,686	1,554	(138)	58,102
Building and building improvements	154,725	229	(47)	154,907
Machinery and equipment	144,297	7,631	(870)	151,058
Linear assets	671,753	15,716	(3,249)	684,220
Assets under construction	5,262	8,453	-	13,715
Total	\$ 1,309,104	\$ 33,665	\$ (5,676)	\$ 1,337,093

Accumulated amortization	Balance at, December 31, 2015	Amortization expense	Disposals	Balance at, December 31, 2016
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	14,235	2,486	(197)	16,524
Buildings and building improvements	21,781	3,662	(38)	25,405
Machinery and equipment	45,502	9,365	(736)	54,131
Linear assets	269,587	11,905	(2,841)	278,651
Assets under construction	-	-	-	-
Total	\$ 351,105	\$ 27,418	\$ (3,812)	\$ 374,711

(a) Assets under construction:

Assets under construction, having a value of \$24,673 (2016 - \$13,715), 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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

10. Tangible Capital Assets (continued):

(b) Contributed tangible capital assets (continued):

contributed assets received during the year is \$28,740 (2016 - \$9,784) and is comprised of land and land improvements in the amount of \$10,628 (2016 - \$16) and linear assets in the amount of \$18,112 (2016 - \$9,768).

(c) Tangible capital assets recognized at nominal value:

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

(d) Works of art and historical assets:

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

(e) Contingent transactions:

The Town is party to a Memorandum of Understanding ("MOU") that may require it to transfer a certain parcel of land to a post-secondary institution. This transfer is contingent upon the post-secondary institution meeting certain conditions. The net book value of the applicable parcel of land is approximately \$7,700 and is included in tangible capital assets at December 31, 2017.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

11. Accumulated surplus:

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

	2017	2016
Reserves set aside by Council:		
Aggregate permit fees	\$ 1,043	\$ 1,003
Capital provision / growth	14,727	14,328
Capital works	5,124	8,409
Computer replacement	782	643
Downtown Business Improvement Area	70	62
Election	254	184
Equipment replacement	6,980	5,750
Growth related resources	2,084	1,613
Infrastructure renewal	913	579
Insurance	1,055	834
Legal action	800	557
Library services	1,698	1,203
Library capital	769	857
Municipal building component	6,089	4,587
Municipal building replacement	208	1,181
Per unit development processing fee	1,723	1,495
Seniors fundraising	78	87
Tax rate stabilization	2,048	2,103
Training	299	270
Transit and transportation	1,247	760
Winter control	1,109	976
Working funds	1,064	1,064
WSIB	813	423
Total reserves	50,977	48,968

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

11. Accumulated surplus (continued):

	2017	2016
Reserve funds set aside for specific purpose by Council:		
Cash in lieu of storm management	45	143
Investment in the Arts Campaign	1,709	1,856
Mayors legacy	87	85
Milton District Hospital	502	16,824
Ontario Lottery Corporation proceeds	7,814	10,915
Perpetual maintenance	485	472
Property transactions	6,930	8,856
Sports field development	123	112
Total reserve funds	17,695	39,263
Surplus:		
Invested in tangible capital assets	993,540	962,382
Unexpended Capital	13,394	4,440
Operating Surplus - Town	102	102
Operating Surplus - Library	51	48
Investment in Milton Hydro Holdings Inc.	57,221	55,906
Unfunded:		
Long term debentures	(49,188)	(38,348)
Employee Future Benefits	(1,867)	(1,846)
Developer obligations	(1,760)	(924)
Total surplus	1,011,493	981,760
Total accumulated surplus	\$ 1,080,165	\$ 1,069,991

12. Taxation:

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

	2017	2016
Municipal and school property taxes	\$ 176,667	\$ 169,734
Payments-in-lieu of property and business taxes	1,455	1,531
Balance, end of year	178,122	171,265
Payments to Region and school boards	(122,958)	(119,555)
Net property taxes and payments in-lieu available for municipal purposes	\$ 55,164	\$ 51,710

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

13. Government transfers:

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

	2017	2016
Ontario grants:		
Ontario's After School Program	\$ 48	\$ 52
Elderly Persons Centres Program	57	52
Gas Tax Program	953	582
Public Library Pay Equity Grant	3	3
Ministry of Transportation - fire calls on King's highways	92	90
MetroLinx - Transit Procurement Initiative	-	3
Ontario Arts Council Programs	23	25
Ontario Community Infrastructure Fund	1,385	720
Ontario Libraries Capacity Fund	93	49
Ontario 150 Partnership Fund - Youth 360- A Voice for Youth project	36	-
Ontario 150 Community Capital Program	419	-
Ontario Sport and Recreation Communities Fund	(17)	16
Public Library Operating Grant	52	52
TO2015 Sport Legacy Fund	56	52
Clean Water and Wastewater Fund (Ontario)	2	-
Subtotal Provincial grants	3,202	1,696
Federal grants:		
Clean Water and Wastewater Fund	4	-
Gas Tax Fund	3,279	2,370
Public Transit Infrastructure Fund	54	-
National Research Council of Canada	73	166
Seniors for Seniors: Employment and Social Development Canada	13	-
Canada Summer Jobs	6	5
TO2015 Sport Legacy Fund	744	684
TO2015 Sports Canada	(3)	(220)
Veterans Affairs Canada	-	25
Subtotal Federal grants	4,170	3,030
Total transfers	\$ 7,372	\$ 4,726

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

13. Government transfers (continued):

During the year, the Town settled the outstanding commitment to Halton Healthcare Services for \$35,000 with respect to the Town's share of the expansion of the Milton District Hospital (the "Hospital"). The transfer was authorized by Town Council in 2013, however the commitment was contingent upon the Hospital reaching substantial completion, which occurred in April, 2017.

14. Segmented information:

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

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

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

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

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

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

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

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

A dedicated tax levy has been implemented as a component of the financial plan.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

14. Segmented information (continued):

(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.

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

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

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

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

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

The Corporation of the Town of Milton Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

14. Segmented information (continued):

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

The Corporation of the Town of Milton Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

14. Segmented information (continued):

	2016							Total
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	
Revenues:								
Taxation	\$ 8,554	\$ 8,067	\$ 12,235	\$ 366	\$ 329	\$ 18,446	\$ 3,713	\$ 51,710
User charges	940	102	1,609	23	-	11,885	2,402	16,961
Government transfers								
Federal	-	-	2,094	203	-	564	169	3,030
Provincial	-	90	1,305	-	-	301	-	1,696
Other municipalities	-	378	2,711	35	-	164	-	3,288
Investment income	3,348	-	-	-	9	11	-	3,368
Penalties and interest	1,221	-	983	-	-	102	-	2,306
Developer contributions	688	466	4,317	373	-	4,908	3,287	14,039
Developer contributed assets	-	-	6,832	2,952	-	-	-	9,784
Proceeds from Ontario Lottery Corporation	5,863	-	-	-	-	-	-	5,863
Licences, permits and rents	886	4,827	41	-	-	326	69	6,149
Equity in income of Milton Hydro Holding Inc.	2,979	-	-	-	-	-	-	2,979
Donations	-	-	37	-	-	1,017	70	1,124
Other recoveries	(2)	-	(16)	1	-	500	-	483
Miscellaneous	73	84	293	-	-	6,070	-	6,520
Total revenues	24,550	14,014	32,441	3,953	338	44,294	9,710	129,300
Expenses:								
Salaries, wages and employee benefits	9,049	12,443	4,363	153	-	14,712	4,190	44,910
Purchased goods	2,193	595	3,651	40	-	4,949	394	11,822
Purchased services	1,650	677	11,576	450	6	4,400	1,846	20,605
Financial expenses / (recovery)	403	76	864	9	473	990	15	2,830
Transfers to others	-	9	-	-	-	243	-	252
Amortization expense	2,283	1,478	12,859	1,957	-	8,834	7	27,418
Total expenses	15,578	15,278	33,313	2,609	479	34,128	6,452	107,837
Annual surplus / (deficit)	\$ 8,972	\$ (1,264)	\$ (872)	\$ 1,344	\$ (141)	\$ 10,166	\$ 3,258	\$ 21,463

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2017 budget approved by Council on December 12, 2016. Amortization was not incorporated in the development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating budget	\$ 119,096
Capital budget	126,542
Less:	
Interfund transfers	(41,387)
New debt financing	(23,354)
Debt principal payment	(5,865)
Reallocated revenues	(3,174)
Contribution from surplus	(150)
Total revenue	171,708
Expenses:	
Operating budget	119,344
Capital budget	126,542
Less:	
Acquisition of tangible capital assets	(126,542)
Interfund transfers	(28,103)
Reallocated expenses	(4,284)
Debt principal payments	(5,865)
Total expenses	81,092
Annual surplus	\$ 90,616

16. Commitments:

The Town has outstanding contractual obligations of approximately \$55,151 (2016 - \$11,359) for capital works and operating activities, out of which \$35,626 relates to Sherwood Community Centre capital project. The Town Council has authorized financing of these obligations.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

17. Contingent liabilities and guarantees

The Town has guaranteed debt of its wholly owned subsidiaries Milton Hydro Holdings Inc. and Milton Energy and Generation Solutions Inc. in the amount of \$5,100 (2016 - NIL). The debt is in a current position and no claim has been made under the guarantee.

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2017 Town of Milton Financial Report

Milton Public Library Board

For the year ended December 31, 2017

Independent Auditors' Report



KPMG LLP
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Canada

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Fax (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, 2017, 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 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 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 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, 2017, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 18, 2018

Milton Public Library Board

Statement of Financial Position

As at December 31, 2017 with comparative information for 2016

	2017	2016
Financial assets:		
Due from the Town of Milton	\$ 2,858,260	\$ 2,312,277
Liabilities:		
Accounts payable and accrued liabilities	121,127	110,734
Deferred revenue	16,899	33,269
Net financial assets	2,720,234	2,168,274
Non-financial assets:		
Tangible capital assets (note 3)	2,657,866	2,735,549
Prepaid expenses	66,076	86,000
	2,723,942	2,821,549
Accumulated surplus (note 4)	\$ 5,444,176	\$ 4,989,823

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

Milton Public Library Board

Statement of Operations

Year ended December 31, 2017 with comparative information for 2016

	Budget (Note 7)	2017	2016
Revenue:			
Transfer from the Town of Milton	\$ 4,594,670	\$ 4,594,670	\$ 4,522,699
Statutory revenue	119,000	120,028	117,450
User charges	22,100	28,605	32,171
Federal government transfers:			
Summer career placement grant	1,850	2,394	1,577
Seniors for seniors: building technology skills	-	13,150	-
Provincial government transfers:			
Library pay equity program	3,275	3,275	3,275
Public library operating grant program	52,429	52,429	52,429
Ontario Arts Council programs	-	2,035	-
Ontario libraries capacity fund	75,125	93,369	49,325
Municipal government transfers	-	46,579	-
Milton contributions - development charges	-	38,128	-
Miscellaneous	7,300	10,857	25,259
Total revenue	4,875,749	5,005,519	4,804,185
Expenses:			
Salaries, wages and employee benefits	3,077,306	3,028,750	2,887,416
Administrative	29,225	25,439	31,011
Financial	3,049	3,342	2,783
Purchased goods	159,290	158,224	122,487
Purchased services	841,230	780,657	880,525
Amortization	-	554,754	532,856
Total expenses	4,110,100	4,551,166	4,457,078
Annual surplus	765,649	454,353	347,107
Accumulated surplus, beginning of year	4,989,823	4,989,823	4,642,716
Accumulated surplus (note 4), end of year	\$5,755,472	\$5,444,176	\$4,989,823

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

Milton Public Library Board

Statement of Change in Net Financial Assets

Year ended December 31, 2017 with comparative information for 2016

	Budget (Note 7)	2017	2016
Annual surplus	\$ 765,649	\$ 454,353	\$ 347,107
Acquisition of tangible capital assets	(1,414,844)	(477,071)	(403,590)
Amortization of tangible capital assets	-	554,754	532,856
	(649,195)	532,036	476,373
Change in prepaid expenses	-	19,924	66,896
Change in net financial assets	(649,195)	551,960	543,269
Net financial assets, beginning of year	2,168,274	2,168,274	1,625,005
Net financial assets, end of year	\$ 1,519,079	\$ 2,720,234	\$ 2,168,274

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

Milton Public Library Board

Statement of Change in Due from the Town of Milton

Year ended December 31, 2017 with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 454,353	\$ 347,107
Items not involving cash:		
Amortization	554,754	532,856
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	10,393	(24,970)
Deferred revenue	(16,370)	33,269
Prepaid expenses	19,924	66,896
Net change in due from the Town of Milton from operating activities	1,023,054	955,158
Capital Activities:		
Cash used to acquire tangible capital assets	(477,071)	(403,590)
Net change in due from the Town of Milton	545,983	551,568
Due from the Town of Milton, beginning of year	2,312,277	1,760,709
Due from the Town of Milton, end of year	\$ 2,858,260	\$ 2,312,277

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

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

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

Significant accounting policies adopted by the Library are as follows:

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Development charges:

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

(e) Deferred revenue

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

(f) Non-financial assets:

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

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(f) 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:

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

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

(ii) Contributions of tangible capital assets:

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

(g) Use estimates:

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

Actual results could differ from these estimates.

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

2. Deferred revenue:

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

	2017	2016
Deferred grant revenue	\$ 16,899	\$ 33,269

	2017	2016
Balance, beginning of year:		
Deferred grant revenue	\$ 33,269	\$ -
Receipts:		
Grant revenue for future projects	16,899	33,269
Transfers:		
Grant revenue earned	(33,269)	-
Balance, end of year	\$ 16,899	\$ 33,269

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

3. Tangible capital assets:

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

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

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

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

3. Tangible capital assets (continued):

Cost	Balance at, December 31, 2015	Additions	Disposals	Balance at, December 31, 2016
IT equipment	\$ 320,970	\$ 69,415	\$ -	\$ 390,385
Office equipment	817,928	3,751	-	821,679
Collections	3,708,811	326,635	-	4,035,446
Assets under construction	-	3,789	-	3,789
Total	\$ 4,847,709	\$ 403,590	\$ -	\$ 5,251,299

Accumulated amortization	Balance at, December 31, 2015	Amortization expense	Disposals	Balance at, December 31, 2016
IT equipment	\$ 120,220	\$ 71,561	\$ -	\$ 191,781
Office equipment	235,292	40,215	-	275,507
Collections	1,627,382	421,080	-	2,048,462
Assets under construction	-	-	-	-
Total	\$ 1,982,894	\$ 532,856	\$ -	\$ 2,515,750

The Library received no contributed assets in 2017 or 2016.

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

4. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 2,657,866	\$ 2,735,549
General	51,260	48,000
Total surplus	2,709,126	2,783,549
Reserves set aside by Library Board:		
Library Capital	1,037,243	1,002,858
Library Services	1,697,807	1,203,416
Total reserves	2,735,050	2,206,274
Accumulated surplus	\$ 5,444,176	\$ 4,989,823

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.

5. Commitments:

The Library entered into a lease agreement with the Town in 2016 and is committed to minimum annual lease payments for program space as follows:

2018	\$ 256,732
2019	263,766
2020	270,994
2021	278,419
2022	286,048
2023 and thereafter	1,065,389
	\$ 2,421,348

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

6. Development charges:

The Town of Milton (the "Town") manages a development charge obligatory reserve fund for library services in the amount of \$9,066,222 (2016 - \$8,052,389) 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.

7. Budget data:

The budget data presented in these financial statements is based upon the 2017 operating and capital budgets approved by Council on December 12, 2016. 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
Revenue:	
Operating budget	\$ 4,932,449
Capital budget	1,414,844
Less:	
Contribution from surplus	(48,000)
Interfund transfers	(1,414,844)
Other transfers	(8,700)
Total revenue	4,875,749
Expenses:	
Operating budget	4,932,449
Capital budget	1,414,844
Less:	
Interfund transfers	(813,649)
Other transfers	(8,700)
Acquisition of tangible capital assets	(1,414,844)
Total expenses	4,110,100
Annual surplus	\$ 765,649

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2017

8. Comparative information

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



2017 Town of Milton Financial Report

Board of Management of the Milton Downtown Business Improvement Area

For the year ended December 31, 2017

Independent Auditors' Report



KPMG LLP
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Canada

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

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, 2017, 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 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 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 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, 2017, 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.

A handwritten signature in black ink that reads "KPMG LLP" with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 18, 2018

Milton Downtown Business Improvement Area Statement of Financial Position

As at December 31, 2017 with comparative information for 2016

	2017	2016
Financial assets:		
Due from the Town of Milton	\$ 75,182	\$ 67,210
Liabilities:		
Accounts payable and accrued liabilities	6,192	5,522
Net financial assets	68,990	61,688
Non-financial assets:		
Tangible capital assets (note 2)	16,117	14,700
Prepaid expenses	1,247	-
	17,364	14,700
Accumulated surplus (note 3)	\$ 86,354	\$ 76,388

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

Milton Downtown Business Improvement Area

Statement of Operations

Year ended December 31, 2017 with comparative information for 2016

	Budget (Note 6)	2017	2016
Revenue:			
Taxation levied by Town	\$ 205,468	\$ 203,493	\$ 210,466
User charges	19,000	22,346	14,958
Federal government transfers (note 4)	-	4,104	3,013
Miscellaneous	15,000	14,021	10,134
Total revenue	239,468	243,964	238,571
Expenses:			
Beautification and planters	51,000	40,765	35,904
General administration	57,400	62,680	51,376
Salaries and benefits	89,600	85,544	80,015
Trade promotion and special events	52,000	41,379	38,549
Amortization	-	3,630	6,502
Total expenses	250,000	233,998	212,346
Annual surplus / (deficit)	(10,532)	9,966	26,225
Accumulated surplus, beginning of year	76,388	76,388	50,163
Accumulated surplus (note 3), end of year	\$ 65,856	\$ 86,354	\$ 76,388

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

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

Year ended December 31, 2017 with comparative information for 2016

	Budget (Note 6)	2017	2016
Annual surplus / (deficit)	\$ (10,532)	\$ 9,966	\$ 26,225
Acquisition of tangible capital assets	-	(5,047)	(4,715)
Amortization of tangible capital assets	-	3,630	6,502
	(10,532)	8,549	28,012
Change in prepaid expenses	-	(1,247)	941
Change in net financial assets	(10,532)	7,302	28,953
Net financial assets, beginning of year	61,688	61,688	32,735
Net financial assets, end of year	\$ 51,156	\$ 68,990	\$ 61,688

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

Milton Downtown Business Improvement Area

Statement of Change in Due from the Town of Milton

Year ended December 31, 2017 with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 9,966	\$ 26,225
Items not involving cash:		
Amortization	3,630	6,502
Change in non-cash assets and other liabilities:		
Accounts payable and accrued liabilities	670	(596)
Prepaid expenses	(1,247)	941
Net change in cash from operating activities	13,019	33,072
Capital Activities:		
Cash used to acquire tangible capital assets	(5,047)	(4,715)
Net change in due from the Town of Milton	7,972	28,357
Due from the Town of Milton, beginning of year	67,210	38,853
Due from the Town of Milton, end of year	\$ 75,182	\$ 67,210

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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

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

Significant accounting policies adopted by the DBIA are as follows:

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Non-financial assets:

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

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

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

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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

begins in the month of acquisition.

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

(e) Use of estimates:

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

2. Tangible capital assets:

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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2017

2. Tangible capital assets (continued):

	2016		
	Office Equipment	Other Equipment	Total
Cost			
Balance, beginning of year	\$ 6,553	\$ 66,604	\$ 73,157
Additions	-	4,715	4,715
Disposals	-	-	-
Balance, end of year	6,553	71,319	77,872
Accumulated amortization			
Balance, beginning of year	5,227	51,443	56,670
Disposals	-	-	-
Amortization expense	784	5,718	6,502
Balance, end of year	6,011	57,161	63,172
Net book value, end of year	\$ 542	\$ 14,158	\$ 14,700

3. Accumulated surplus:

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

	2017	2016
Surplus		
Invested in tangible capital assets	\$ 16,117	\$ 14,700
Reserves		
Downtown Business Improvement Area	70,237	61,688
Accumulated surplus	\$ 86,354	\$ 76,388

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2017

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:

	2017	2016
Annual surplus	\$ 9,966	\$ 26,225
Less: Current year tangible capital assets additions	(5,047)	(4,715)
Add: Amortization expense	3,630	6,502
	8,549	28,012
Fund balance at beginning of year	61,688	33,676
Fund balance, end of year	\$ 70,237	\$ 61,688

4. Government transfers:

The Federal Government transfer reported on the Statement of Operations is Summer Career Placement Grant in the amount of \$4,104 (2016 - \$3,013).

5. Commitments:

The Board of Management of the Milton Downtown Business Improvement Area has entered into a lease agreement with a minimum amount of lease payments in 2018 \$ 8,775.

6. Budget data:

The budget data presented in these financial statements is based upon the 2017 budget approved by Council on December 12, 2016. Amortization and acquisition of tangible capital assets were not considered in the development of the budget. For this reason, budget figures have been excluded on the statement of change in net financial assets.



2017 Town of Milton Financial Report

Multi-Year Comparison of Financial Statements

For the Fiscal Year Ended December 31, 2017

Consolidated Statement of Financial Position

(in thousands of dollars)

	2017	2016	2015	2014	2013
Cash and cash equivalents	\$ 57,222	\$ 86,594	\$ 48,915	\$ 8,098	\$ 43,265
Accounts receivable					
Taxes receivable	6,412	5,922	5,319	7,099	5,646
Grants receivable	60	1,054	5,402	4,520	13,810
Other	11,294	10,436	10,712	13,855	13,036
Investments	121,285	84,179	106,424	98,324	94,606
Investment in Milton Hydro Holdings Inc.	57,221	55,906	54,427	53,045	51,505
Other Assets	570	852	838	950	726
Total financial assets	254,064	244,943	232,037	185,891	\$ 222,597
Non-financial assets	994,506	963,197	959,252	932,782	870,339
Total assets	1,248,570	1,208,140	1,191,289	1,118,673	1,092,936
Accounts payable and accrued liabilities	18,860	17,123	26,145	18,980	50,095
Other liabilities	5,231	4,189	7,929	7,131	11,269
Deferred revenue	90,953	75,215	62,643	51,160	49,529
Long-term debentures	49,188	38,348	43,257	29,152	33,369
Developer obligations	1,760	924	1,334	166	1,221
Employee benefits and other liabilities	2,413	2,350	1,453	1,304	1,264
Total liabilities	168,405	138,149	142,761	107,893	146,747
Accumulated surplus	\$ 1,080,165	\$ 1,069,991	\$ 1,048,528	\$ 1,010,780	\$ 946,189

Consolidated Statement of Operations

(in thousands of dollars)

	2017	2016	2015	2014	2013
Sources of revenue:					
Taxation	\$ 55,164	\$ 51,710	\$ 48,059	\$ 45,576	\$ 41,653
User charges	18,130	16,961	15,977	13,943	13,487
Government transfers:					
Federal	4,170	3,030	5,862	18,140	17,012
Provincial	3,202	1,696	1,781	2,733	764
Other municipalities	4,304	3,288	5,137	4,270	4,450
Investment income	3,761	3,368	3,439	3,752	3,902
Penalties and interest	2,248	2,306	2,415	2,052	1,953
Developer contributions	21,117	14,039	19,859	32,972	36,442
Developer contributed assets	28,740	9,784	19,995	19,997	22,392
Proceeds from Ontario Lottery Corporation	6,182	5,863	5,685	5,588	5,817
License, permits, rents etc.	6,298	6,149	5,595	5,217	5,698
Equity in income of Milton Hydro	2,815	2,979	2,882	3,040	3,245
Donations	1,197	1,124	1,504	1,722	2,418
Other Recoveries	263	483	898	1,108	1,847
Miscellaneous	822	6,520	3,951	894	955
Total revenue	158,413	129,300	143,039	161,003	162,035
Expenses by function:					
General government	15,970	15,578	14,366	14,525	13,799
Protection to persons and property	14,686	15,278	13,532	12,690	12,549
Transportation services	35,182	33,313	36,143	33,500	32,478
Environmental services	2,910	2,609	2,371	2,042	2,037
Health Services	35,866	479	505	-	-
Recreational and cultural services	37,312	34,128	32,882	28,663	28,943
Planning and development	6,313	6,452	5,997	4,992	5,742
Total expenses	148,239	107,837	105,291	96,412	95,548
Annual surplus	10,174	21,463	37,748	64,591	66,487
Accumulated surplus, beginning of year	1,069,991	1,048,528	1,010,780	946,189	879,702
Accumulated surplus, end of year	\$ 1,080,165	\$ 1,069,991	\$ 1,048,528	\$ 1,010,780	\$ 946,189

Consolidated Statement of Change in Net Financial Asset

(in thousands of dollars)

	2017	2016	2015	2014	2013
Annual surplus	\$ 10,174	\$ 21,463	\$ 37,748	\$ 64,591	\$ 66,487
Acquisition of tangible capital assets	(61,576)	(33,665)	(55,018)	(85,525)	(89,825)
Amortization of tangible capital assets	28,088	27,418	25,591	22,462	20,669
Loss on disposal of tangible capital assets	1,706	(5,626)	(1,060)	749	137
Proceeds on sale of tangible capital assets	624	7,490	4,433	177	345
	(20,984)	17,080	11,694	2,454	(2,187)
Change in supplies of inventory	116	158	(171)	(302)	36
Change in prepaid expenses	(267)	280	(245)	(4)	(62)
Change in net financial assets	(21,135)	17,518	11,278	2,148	(2,213)
Net financial assets, beginning of year	106,794	89,276	77,998	75,850	78,063
Net financial assets, end of year	\$ 85,659	\$ 106,794	\$ 89,276	\$ 77,998	\$ 75,850

Analysis of Expenses by Object

(in thousands of dollars)

	2017	2016	2015	2014	2013
Salaries, wages and employee benefits	\$ 46,272	\$ 44,910	\$ 41,203	\$ 38,946	\$ 37,378
Purchased goods	10,257	11,822	11,355	11,035	9,579
Purchased services	23,564	20,605	22,750	20,636	25,822
Financial expenses	4,735	2,830	4,065	2,975	1,725
External transfers	35,322	252	327	358	375
Amortization expense	28,089	27,418	25,591	22,462	20,669
Total expenses	\$ 148,239	\$ 107,837	\$ 105,291	\$ 96,412	\$ 95,548

Net Book Value of Tangible Capital Assets

(in thousands of dollars)

	2017	2016	2015	2014	2013
Land	\$ 286,806	\$ 275,091	\$ 276,381	\$ 272,401	\$ 262,349
Land improvements	41,956	41,578	42,451	39,573	33,907
Buildings and building improvements	126,747	129,502	132,944	101,723	93,617
Machinery and equipment	95,672	96,927	98,795	80,360	74,947
Linear assets	417,686	405,569	402,166	338,157	324,281
Assets under construction	24,673	13,715	5,262	99,731	80,707
Total assets	\$ 993,540	\$ 962,382	\$ 957,999	\$ 931,945	\$ 869,808

Accumulated Surplus

(in thousands of dollars)

	2017	2016	2015	2014	2013
Reserves set aside by Council:					
Aggregate permit fees	\$ 1,043	\$ 1,003	\$ 958	\$ 638	\$ 388
Capital provision/growth	14,727	14,328	12,196	10,104	8,233
Capital works	5,124	8,409	8,642	7,687	8,611
Computer replacement	782	643	1,191	1,098	1,024
Downtown Business Improvement Area	70	62	34	14	19
Election	254	184	91	-	136
Equipment replacement	6,980	5,750	4,245	3,353	3,384
Growth related resources	2,084	1,613	1,235	970	1,302
Infrastructure renewal reserve	913	579	305	201	100
Insurance	1,055	834	723	663	649
Legal action	800	557	317	58	130
Library services	1,698	1,203	721	434	325
Library capital	769	857	804	548	359
Municipal building component	6,089	4,587	3,717	2,401	1,885
Municipal building replacement	208	1,181	916	789	532
Per unit development processing fee	1,723	1,495	1,227	1,303	1,319
Seniors fundraising	78	87	103	112	126
Tax rate stabilization	2,048	2,103	2,636	2,291	2,130
Training	299	270	265	229	216
Transit and transportation	1,247	760	798	683	1,169
Winter control	1,109	976	848	16	365
Working funds	1,064	1,064	1,064	1,064	1,064
WSIB	813	423	870	403	487
Total reserves	\$ 50,977	\$ 48,968	\$ 43,908	\$ 35,766	\$ 33,953

Accumulated Surplus (Continued)

(in thousands of dollars)

	2017	2016	2015	2014	2013
Reserve funds set aside for specific purpose by Council:					
Cash in lieu of storm water management	\$ 45	\$ 143	\$ 141	\$ 138	\$ 135
Investment in the Arts Campaign	1,709	1,856	(913)	(754)	(596)
Mayor's legacy	87	85	83	82	80
Milton District Hospital	502	16,824	17,856	2,426	1,719
Ontario Lottery Corporation proceeds	7,814	10,915	11,386	10,572	10,687
Perpetual maintenance	485	472	463	454	426
Property transactions	6,930	8,856	3,928	2,048	2,997
Sports field development	123	112	101	90	80
Total reserve funds	\$ 17,695	\$ 39,263	\$ 33,045	\$ 15,056	\$ 15,528

	2017	2016	2015	2014	2013
Surplus:					
Invested in tangible capital assets	\$ 993,540	\$ 962,382	\$ 957,999	\$ 931,945	\$ 869,808
Unexpended capital	13,394	4,440	4,545	5,084	10,757
Operating surplus - Town	102	102	102	34	-
Operating surplus - Library	51	48	45	43	41
Investment in Milton Hydro	57,221	55,906	54,427	53,045	51,505
Unfunded:					
Long term debentures	(49,188)	(38,348)	(43,257)	(29,152)	(33,369)
Employee future benefits	(1,867)	(1,846)	(952)	(875)	(813)
Developer obligations	(1,760)	(924)	(1,334)	(166)	(1,221)
Total surplus	1,011,493	981,760	971,575	959,958	896,708
Total accumulated surplus	\$ 1,080,165	\$ 1,069,991	\$ 1,048,528	\$ 1,010,780	\$ 946,189

Five-Year Financial Statistics

Property Taxation

	2017	2016	2015	2014	2013
Weighted assessment by property class					
Residential	\$ 16,288,907,316	\$ 14,963,918,236	\$ 13,854,910,617	\$ 12,708,066,078	\$ 11,705,085,852
Multi-residential	301,377,550	359,689,638	344,721,794	318,308,551	291,661,069
Farmland	71,916,100	68,464,860	62,094,855	56,465,131	50,226,891
Managed forests	7,476,881	6,537,050	6,000,395	5,414,476	4,954,094
Commercial	3,431,244,938	3,314,501,634	3,068,713,715	2,870,833,043	2,594,974,184
Industrial	1,346,475,183	1,228,583,605	1,223,745,647	1,167,745,674	1,183,062,929
Pipelines	82,078,434	79,065,861	77,121,121	74,961,470	71,953,798
Total weighted assessment	\$ 21,529,476,402	\$ 20,020,760,884	\$ 18,628,308,144	\$ 17,201,794,423	\$ 15,901,918,817
Commercial and industrial as % of total weighted assessment	22%	23%	23%	23%	24%
Total tax levied and collected					
Property tax levied	\$ 55,995,314	\$ 51,477,113	\$ 47,707,256	\$ 45,183,990	\$ 42,261,125
Taxes billed on behalf of Region of Halton	67,200,344	63,807,261	61,466,532	59,050,446	56,835,985
Taxes billed on behalf of school boards	60,251,235	57,647,928	55,707,819	54,524,472	52,991,030
Total tax levied	\$ 183,446,893	\$ 172,932,302	\$ 164,881,607	\$ 158,758,908	\$ 152,088,140
Total tax collected	\$ 182,956,470	\$ 172,329,872	\$ 166,661,078	\$ 157,308,661	\$ 152,968,787
Taxes Receivable as % of tax levied	3.50%	3.42%	3.23%	4.47%	3.72%

Five-Year Financial Statistics

Property Taxation

	2017	2016	2015	2014	2013
Taxation rates by property class – General and Urban Surcharge					
Residential					
Town of Milton	0.243461%	0.246050%	0.244207%	0.247538%	0.251540%
Region of Halton	0.299581%	0.310847%	0.318257%	0.327023%	0.341064%
School boards	0.179000%	0.188000%	0.195000%	0.203000%	0.212000%
	0.722042%	0.744897%	0.757464%	0.777561%	0.804604%
Multi-residential					
Town of Milton	0.486922%	0.556541%	0.552371%	0.559907%	0.568958%
Region of Halton	0.599162%	0.703103%	0.719865%	0.739693%	0.771452%
School boards	0.179000%	0.188000%	0.195000%	0.203000%	0.212000%
	1.265084%	1.447644%	1.467236%	1.502600%	1.552410%
Farmlands					
Town of Milton	0.048693%	0.049210%	0.048842%	0.049508%	0.050308%
Region of Halton	0.059917%	0.062169%	0.063652%	0.065404%	0.068213%
School boards	0.044750%	0.047000%	0.048750%	0.050750%	0.053000%
	0.153360%	0.158379%	0.161244%	0.165662%	0.171521%
Managed forests					
Town of Milton	0.060865%	0.061513%	0.061051%	0.061885%	0.062884%
Region of Halton	0.074896%	0.077711%	0.079565%	0.081755%	0.085266%
School boards	0.044750%	0.047000%	0.048750%	0.050750%	0.053000%
	0.180511%	0.186224%	0.189366%	0.194390%	0.201150%
Commercial					
Town of Milton	0.354601%	0.358373%	0.355387%	0.360540%	0.366367%
Region of Halton	0.436339%	0.452747%	0.463541%	0.476308%	0.496758%
School boards	0.860141%	0.869565%	0.882785%	0.923215%	0.969644%
	1.651081%	1.680685%	1.702013%	1.760063%	1.832769%
Commercial - vacant units/excess land					
Percentage of full rate	70%	70%	70%	70%	70%

Five-Year Financial Statistics

Property Taxation

	2017	2016	2015	2014	2013
Industrial					
Town of Milton	0.574544%	0.580653%	0.576304%	0.584166%	0.593609%
Region of Halton	0.706983%	0.733566%	0.751054%	0.771740%	0.804877%
School boards	1.335379%	1.433184%	1.474565%	1.520618%	1.571345%
	2.616906%	2.747403%	2.801923%	2.876524%	2.969831%
Industrial - vacant land/excess land					
Percentage of full rate	65%	65%	65%	65%	65%
Pipeline					
Town of Milton	0.258482%	0.261231%	0.259274%	0.262812%	0.267060%
Region of Halton	0.318066%	0.330025%	0.337893%	0.347200%	0.362107%
School boards	1.140000%	1.159033%	1.159033%	1.181050%	1.203959%
	1.716548%	1.750289%	1.756200%	1.791062%	1.833126%
* The Urban Surcharge was removed in 2017.					
Taxation rates by property class - General					
Residential					
Town of Milton	0.243461%	0.231579%	0.215969%	0.218773%	0.217554%
Region of Halton	0.299581%	0.309117%	0.316402%	0.325159%	0.338872%
School Boards	0.179000%	0.188000%	0.195000%	0.203000%	0.212000%
	0.722042%	0.728696%	0.727371%	0.746932%	0.768426%
Multi-residential					
Town of Milton	0.486922%	0.523808%	0.488500%	0.494843%	0.492086%
Region of Halton	0.599162%	0.699191%	0.715670%	0.735477%	0.766494%
School boards	0.179000%	0.188000%	0.195000%	0.203000%	0.212000%
	1.265084%	1.410999%	1.399170%	1.433320%	1.470580%
Farmlands					
Town of Milton	0.048693%	0.046316%	0.043194%	0.043755%	0.043511%
Region of Halton	0.059917%	0.061823%	0.063281%	0.065031%	0.067775%
School boards	0.044750%	0.047000%	0.048750%	0.050750%	0.053000%
	0.153360%	0.155139%	0.155225%	0.159536%	0.164286%

Five-Year Financial Statistics

Property Taxation

	2017	2016	2015	2014	2013
Managed Forests					
Town of Milton	0.060865%	0.057895%	0.053992%	0.054694%	0.054388%
Region of Halton	0.074896%	0.077279%	0.079101%	0.081289%	0.084718%
School boards	0.044750%	0.047000%	0.048750%	0.050750%	0.053000%
	0.180511%	0.182174%	0.181843%	0.186733%	0.192106%
Commercial					
Town of Milton	0.354601%	0.337295%	0.314558%	0.318643%	0.316867%
Region of Halton	0.436339%	0.450228%	0.460840%	0.473593%	0.493566%
School boards	0.860141%	0.869565%	0.882785%	0.923215%	0.969644%
	1.651081%	1.657088%	1.658183%	1.715451%	1.780077%
Commercial - vacant units/excess land					
Percentage of full rate	70%	70%	70%	70%	70%
Industrial					
Town of Milton	0.574544%	0.546502%	0.509665%	0.516283%	0.513406%
Region of Halton	0.706983%	0.729484%	0.746677%	0.767342%	0.799704%
School boards	1.335379%	1.433184%	1.474565%	1.520618%	1.571345%
	2.616906%	2.709170%	2.730907%	2.804243%	2.884455%
Industrial - vacant land/excess land					
Percentage of full rate	65%	65%	65%	65%	65%
Pipeline					
Town of Milton	0.258482%	0.245867%	0.229294%	0.232272%	0.230977%
Region of Halton	0.318066%	0.328189%	0.335924%	0.345221%	0.359780%
School boards	1.140000%	1.159033%	1.159033%	1.181050%	1.203959%
	1.716548%	1.733089%	1.724251%	1.758543%	1.794716%

Five-Year Financial Statistics

Long-Term Debt and Other Statistics

	2017	2016	2015	2014	2013
Transfers from other levels of government					
Federal	\$ 4,170,416	\$ 3,029,827	\$ 5,862,470	\$ 18,140,096	\$ 17,012,047
Provincial	3,201,679	1,695,799	1,780,105	2,733,441	764,030
Total transfers	\$ 7,372,095	\$ 4,725,625	\$ 7,642,575	\$ 19,666,387	\$ 17,776,077
Long-term debt:					
Debt supported by property taxes	13,346,672	14,381,885	17,291,121	\$ 16,556,969	\$ 18,727,283
Debt supported by development charges	5,001,513	6,244,655	7,446,026	8,608,393	10,064,778
Debt supported by reserves and reserve funds	30,839,578	17,721,587	18,519,738	3,986,256	4,434,552
Debt supported by user fees	-	-	-	-	142,234
Total long-term debt	\$ 49,187,763	\$ 38,348,126	\$ 43,256,885	\$ 29,151,618	\$ 33,368,847
Long-term debt by function:					
General government	\$ 3,261,134	\$ 4,916,526	\$ 6,004,117	\$ 7,050,321	\$ 8,371,769
Fire	1,676,245	2,035,739	2,384,369	2,722,630	3,050,963
Roadways	7,856,238	8,752,049	10,223,425	9,990,434	10,626,430
Parks	1,802,763	1,721,049	2,119,490	1,228,355	1,530,365
Storm water	456,938	509,879	561,965	-	-
Health services	29,695,766	14,688,578	15,000,000	-	-
Recreation facilities	3,577,468	4,589,572	5,565,271	6,507,104	7,890,100
Cultural services	806,887	1,055,074	1,294,408	1,525,850	1,750,261
Library	54,325	79,660	103,840	126,924	148,959
Total long-term debt	\$ 49,187,763	\$ 38,348,126	\$ 43,256,885	\$ 29,151,618	\$ 33,368,847
Total long-term debt per capita	418.03	345.48	417.13	289.49	361.92
Total long-term debt per household	1,395.32	1,108.23	1,288.10	905.81	1,163.49
Annual debt repayment limit*	25,086,769	23,456,559	22,680,285	21,515,877	20,269,498
Actual annual debt repayment	8,653,978	6,271,223	5,739,238	6,329,798	5,661,569
Actual debt repayment as % of own source revenues	8.62%	6.68%	6.33%	8.45%	6.98%

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

Five-Year Financial Statistics

Municipal Statistics

	2017	2016	2015	2014	2013
Population	117,667	111,000	103,700	100,700	98,000
Area	36,538	36,538	36,538	36,538	36,538
Households	35,252	34,603	33,582	32,183	30,339
Halton Region unemployment rate*	5.5%	5.5%	5.3%	4.4%	4.7%
Town of Milton budgeted labour force:					
Full time funded positions	408	381	365	364	348
Part time funded positions	744	695	668	649	643
Seasonal funded positions	274	282	270	254	250
Total funded positions	1,426	1,358	1,303	1,267	1,241
Infrastructure					
Lane kilometres of paved roads	1,175	1,136	1,106	1,080	1,055
Total kilometres of stormwater (urban and rural)	928	897	850	848	844
Recreation					
Total kilometres of trails	35	35	31	29	22
Total hours of recreations programs	8,585,564	8,389,239	9,026,015	4,398,293	4,120,044

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

Five-Year Financial Statistics

Municipal Statistics

	2017	2016	2015	2014	2013
New construction procurement:					
Number of new construction contracts awarded	29	30	15	8	19
Total value of new construction contracts awarded	\$ 56,294,609	\$ 17,688,557	\$ 10,328,793	\$ 14,251,042	\$ 14,286,199
Square metres of new construction:					
Residential properties	373,569	148,815	81,619	173,026	55,959
Multi-residential properties	17,746	39,257	106,793	844,466	28,888
All other property classes	75,175	40,128	249,965	84,085	103,386
Total square metres	466,490	228,200	438,377	1,101,577	188,233
Residential units:					
Single and Semi Detached	831	685	386	841	237
Townhouses/ Stacked Townhouses	1,082	253	352	356	162
Apartments	233	18	578	284	141
Total building permits issued	2,146	956	1,316	1,481	540
Value of building permits issued:					
Residential properties	\$ 696,132,013	\$ 260,309,152	\$ 72,258,461	\$ 160,752,129	\$ 71,845,441
Multi-residential properties	37,352,401	63,113,273	108,565,913	82,146,288	27,535,869
All other property classes	205,423,411	272,949,679	153,916,140	109,073,198	138,529,227
Total value of building permits issued	\$ 938,907,825	\$ 596,372,104	\$ 334,740,514	\$ 351,971,615	\$ 237,910,537

Five-Year Financial Statistics

List of 2017 Principal Corporate Tax Accounts

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

List of 2017 Principal Employers

Business Name	Industry Subsector	Number of Employees
Gordon Food Service	Food and beverage wholesale distribution	940
Karmax Heavy Stamping	Transportation equipment manufacturing	900
Lowe's Distribution Centre	Building supply wholesale distribution	542
Monaghan Mushrooms Ltd.	Crop production	396
Manheim Auto Auctions Company	Motor vehicle and parts wholesale	350
Chudleigh's Ltd.	Food production	280
Rattlesnake Point Golf Club	Golf Course and Club	225
Johnson Controls	Transportation equipment manufacturing	220
Amazon Fulfillment	Distribution Centre	213
AFIMAC	Security system services and headquarters	193



Information on the Town of Milton is available at:

www.milton.ca

Direct any inquiries regarding this document to:

The Corporation of the Town of Milton

Corporate Services Department

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