



The Corporation of the Town of Milton



FINANCIAL REPORT
For the Fiscal Year Ended
December 31, 2016

2016



**THE CORPORATION OF THE TOWN OF MILTON
FINANCIAL REPORT**

For the Fiscal Year Ended
December 31, 2016
Ontario, Canada

The consolidated financial statements have been prepared by:

The Corporate Services Department of the Corporation of the Town of Milton

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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 for the next three to five years.

Destiny Milton 3 - Goals

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

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

Destiny Milton 3

Together, the future is ours to innovate.





Goal 1 - Vibrant and Connected Community

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

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



Goal 2 - Economic Growth

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

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



Goal 3 - Financial Sustainability

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

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



Goal 4 - Enhanced Communication

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

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



Goal 5 - Organizational Effectiveness

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

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

Our Place in Ontario



About Milton

Milton Quick Facts

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

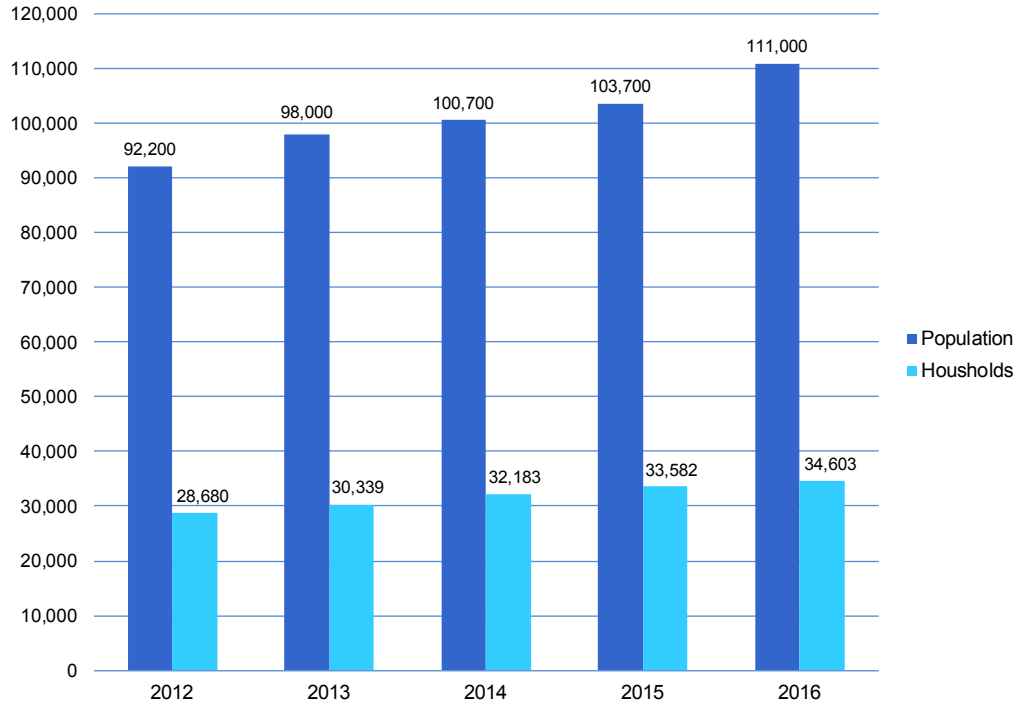
Recognized as one of the fastest growing municipalities in Canada, the Town has embraced its growth while at the same time retaining its core character and appeal. With an expansive portfolio, Milton can proudly be described as a community that has it all, making it an ideal place to live, learn, work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

Land area:	365 sq. km
Population (2016 estimate):	111,000
2016 Population density per sq. km:	303.79
Population Growth (2001-2016):	79,529, from 31,471 to 111,000 or 253%
Forecasted growth (2017-2031):	117,000 or 105% increase
Total population forecast for 2031:	228,000
Number of households:	34,603
*Age of population (by age groups):	
Age 0-19	30%
Age 20-64	62%
Age 65+	8%
*Average household income (2015 est.):	\$123,222 (compared to GTA avg of \$120,190)
*2016 average value of dwelling:	\$428,965
Milton Capital Budget (2016):	\$43,453,358
Milton Operating Budget (2016):	\$110,228,081
Tax Levy requirements:	\$48,859,360
User charges and other revenue:	\$61,428,721
*Property Taxes as a % of Household Income:	Lowest in GTA at 2.6% (compared to GTA avg of 3.5%)
Milton is the fastest growing mid-size municipality in Canada	106% growth from 2006 - 2016

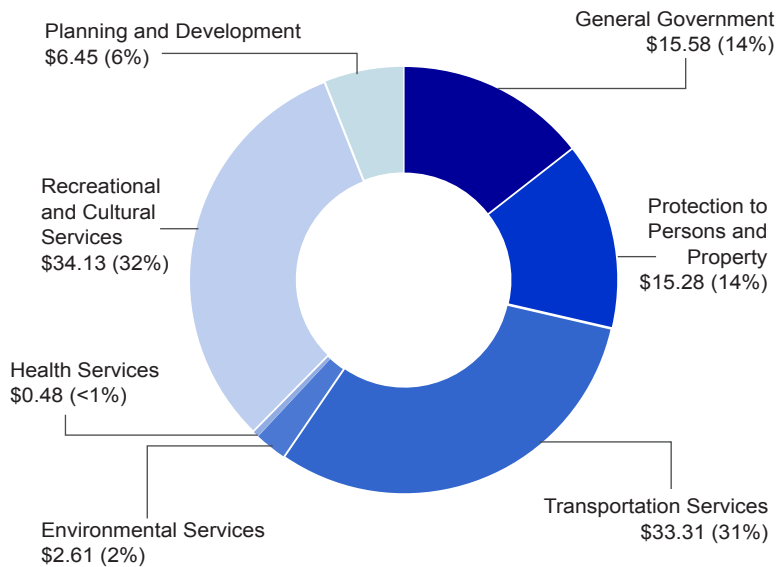
*Source: BMA Management Consulting Inc. Municipal Study 2016

2016 Highlights

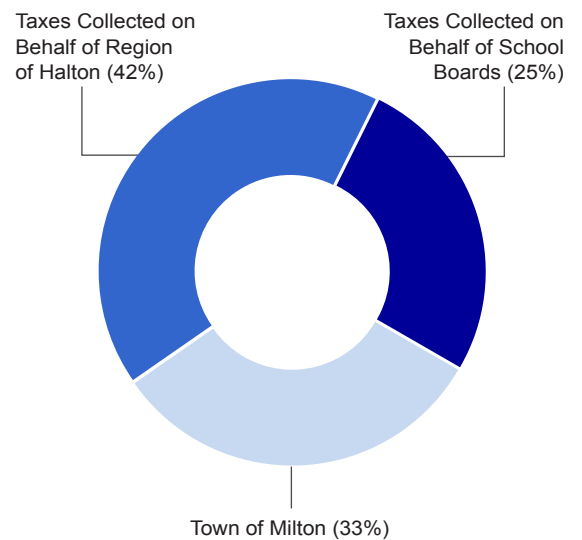
Population Growth and Household Increase
(over the last 5 years)



2016 Operating Expenditures
(in million dollars)



2016 Residential Tax Breakdown



Mayor and Council

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

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



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



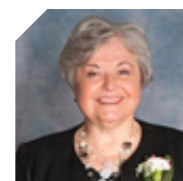
Colin Best
Local and Regional
Councillor
Wards 2, 3, 4 & 5



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 Marketing
- Economic Development
- Fire Services

Corporate Services	Planning and Development	Engineering Services	Community Services
<p>Linda Leeds Deputy Chief Administrative Officer and Chief Financial Officer</p>	<p>Barb Koopmans Commissioner of Planning and Development</p>	<p>Paul Cripps Commissioner of Engineering Services</p>	<p>Kristene Scott Commissioner of Community Services</p>
<ul style="list-style-type: none"> • Finance • Human Resources • Information Technology • Town Clerk 	<ul style="list-style-type: none"> • Planning Policy and Urban Design • Development Review • Building Services 	<ul style="list-style-type: none"> • Road Planning • Traffic • Development Engineering • Road and Parks Operations • Transit 	<ul style="list-style-type: none"> • Parks and Open Space Planning • Facility Services • Recreation Programs • Community Development • Culture & Arts

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 the SMT team 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. Department 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, 2015

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, 2015.

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 2016 award program.

Message from the Treasurer



Linda Leeds, CPA, CGA
Deputy Chief Administrative Officer /
Chief Financial Officer

The 2016 financial results continue to reflect the Town's commitment to fiscal responsibility, organizational excellence and the delivery of the services that are essential to building 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 2016. 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 staffing growth and funding options.

Managing growth continues to be a priority for the Town. With respect to infrastructure, the widening of Bronte Street from Louis St. Laurent Avenue to Britannia Road and the development of new parks and trails such as the new phase of Milton Community Park highlight projects delivered in 2016. The Town also approved new Development Charge By-laws, establishing the foundation for growth funding for the next five years.

Milton continues to invest in the maintenance and rehabilitation of existing infrastructure in accordance with principles of sound Asset Management Planning. This included the redevelopment of Victoria Park, as well as the addition of operations crew positions in order to provide the increased support needed to ensure the optimum maintenance of the Town's growing number of roads and parks.

With respect to Governance, the approval of two additional representatives from the Town of Milton on Halton Regional Council occurred in 2016. Changes to the ward structure and boundaries within the Town were also approved. Both of these changes will be effective beginning with the 2018 municipal election.

Organizationally, enhanced communication was an area of focus in 2016 with the creation of a centralized Corporate Communication and Marketing team within the Town. Milton also established new or renewed relationships for banking, auditing and insurance services. These institutions serve as strong partners in the financial stewardship of the Town's assets and resources.

The accomplishments of 2016 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 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, 2016.

There are four required financial statements:

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

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

Town of Milton Mandate

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

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

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

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

As a lower tier municipality, the citizens and businesses of Milton rely on the Region of Halton to provide a number of services which include, but are not limited to, policing, waste and recycling collection, 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 and purchasing.
- Protection to Persons and Property – fire services, by-law enforcement, parking enforcement, licensing, animal and weed control and building services.
- Transportation Services – roads construction and maintenance, transit and street lighting.
- Environmental Services – storm water management and emergency spills.
- Recreation and Cultural Services – community development, recreational programs, parks, recreational facilities, libraries and arts and cultural programs.
- Planning and Development – planning policy, zoning, development review, building inspections and economic development.

Management Responsibility

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

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

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

The consolidated financial statements have been audited by KPMG LLP, an independent external auditor appointed by the Town. The Independent Auditor's Report, which is included in the statements, provides an unqualified "clean" opinion on the Town's consolidated financial statements for the year ended December 31, 2016. 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.

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 maximize non-tax sources of revenue to sustain its level of services to its citizens. The Town charges user fees to recover costs of services where it is appropriate to do so. 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.

2016 Economic Update

Employment Growth

In 2016 the average Canadian unemployment rate was 7.0% , with the Ontario rate at 6.6%*. Halton Region performed even better than national and provincial rates, with an average regional unemployment rate of 5.5%**. 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 2016 budget, the MPI for the Town of Milton was calculated at 3.54%.

Interest Rates/Borrowing

Throughout 2016, the Bank of Canada maintained its target for the overnight rate at 0.5%***.

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

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

*Statistics Canada. CANSIM table 282-0087 Labour Force Survey Estimates. <http://www5.statcan.gc.ca/cansim/a21>. Accessed April 20, 2017.

**Halton Region. 2016 Employment Survey Results. <http://www.halton.ca/common/pages/UserFile.aspx?fileId=154018>. Accessed April 20, 2017.

***Bank of Canada. Policy Interest Rate. <http://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>. Accessed April 20, 2017.

Financial Statements Discussion and Analysis

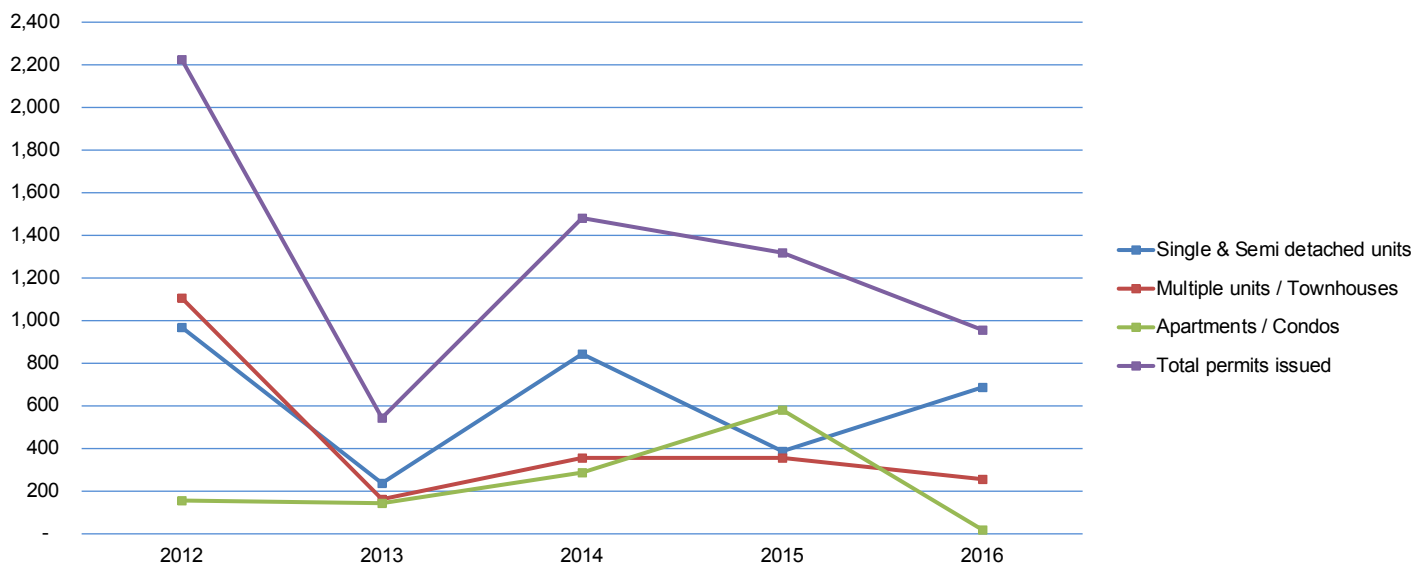
2016 Significant Events Affecting Financial Statements

Growth and Building Activity

The demand for residential construction remained high in 2016, however, the registration of plans of subdivision and site plan approvals did not meet this demand. Registration of several anticipated developments did not occur until third quarter resulting in a 27% reduction in the overall number of dwelling units compared to 2015. During the fourth quarter, building permits were issued for 76% of the 956 dwelling units.

In 2016, the Town adopted the practice of calculating construction values based on TACBOC (Toronto Area Chief Building Officials Committee) approved construction values which will ensure reporting consistency. Construction activity is expected to rise over the next couple of years as construction of new infrastructure to support residential growth is completed and servicing capacity is made available. The Region of Halton is planning for the next allocation program beyond 2018 that will continue to support development as per the Province's growth plan.

Numbers of Residential Permits



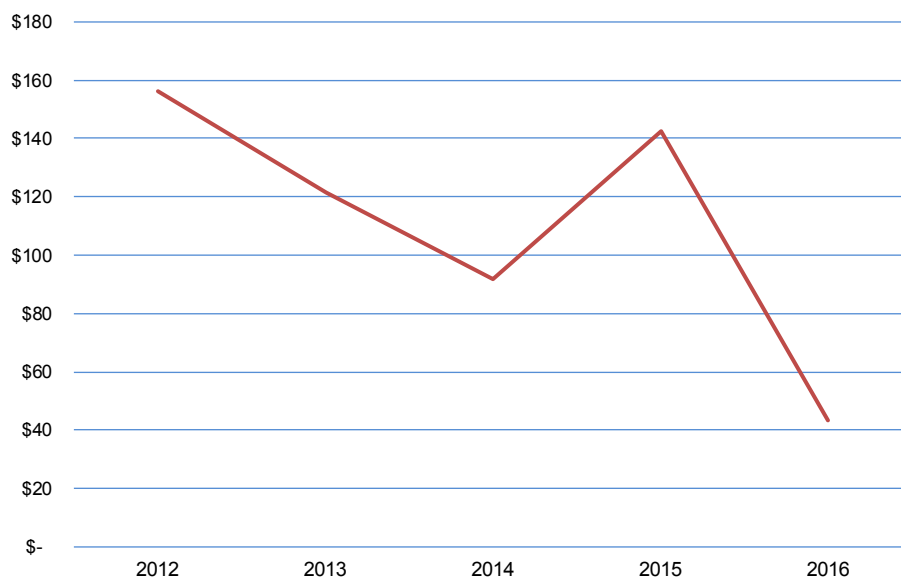
	2012	2013	2014	2015	2016
Single and semi detached units	967	237	841	386	685
Multiple units / townhouses	1,102	162	356	352	253
Apartments / condos	156	141	284	578	18
Total permits issued	2,225	540	1,481	1,316	956

Financial Statements Discussion and Analysis

Industrial and commercial building permits were issued for 5,736 square metres of floor space in 2016, with a total construction value of \$43,210,659. The Town has experienced a decline in the newly constructed building area of these types of non-residential development in 2016.

Although the overall permit activity has remained consistent, the actual building area has decreased by 98% or 235,310 square metres of construction. The delay in development proceeding in the Derry Green Secondary Planning Area has attributed to this shortfall.

Value of Industrial and Commercial Permits
(in millions of dollars)



	2012	2013	2014	2015	2016
Construction value	\$ 156,071,129	\$ 121,575,627	\$ 91,906,428	\$ 142,710,390	\$ 43,210,659
Permits	92	82	98	127	138
Square meters	223,137	85,856	77,281	241,330	5,736

Financial Statements Discussion and Analysis

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

There has been a significant increase in institutional construction activity, with the biggest contributor being the expansion to the hospital. Permitted square metres of institutional construction projects, in fact, increased from 8,976 square metres in 2015 to 34,464 square metres in 2016.

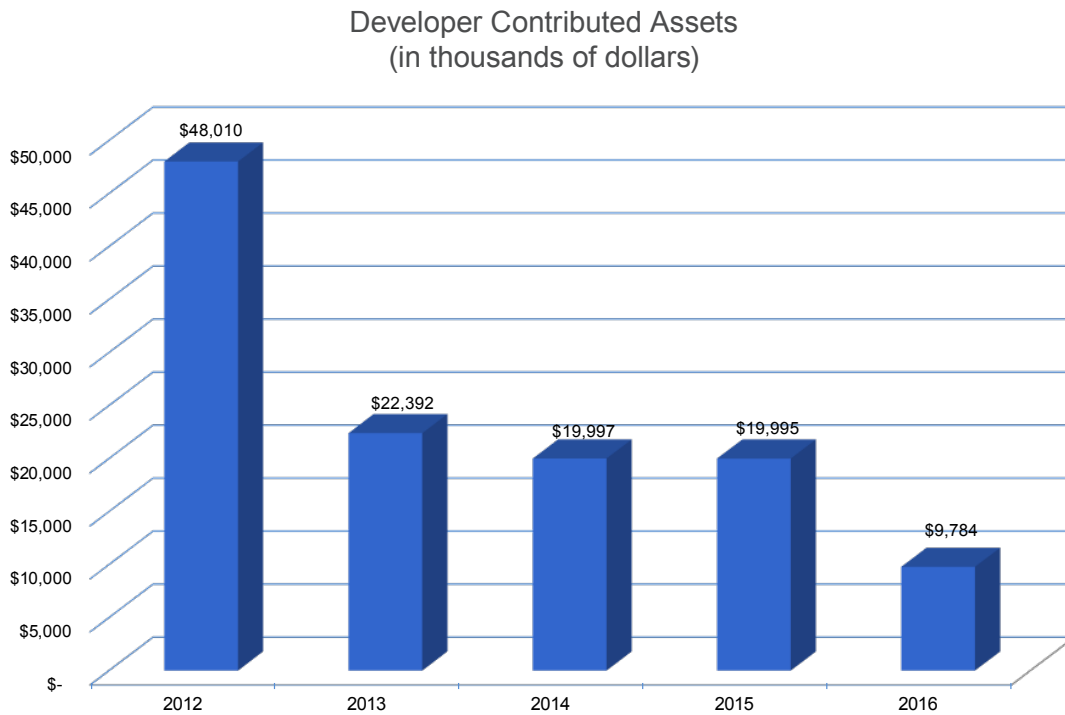
Value of Institutional Permits
(in millions of dollars)



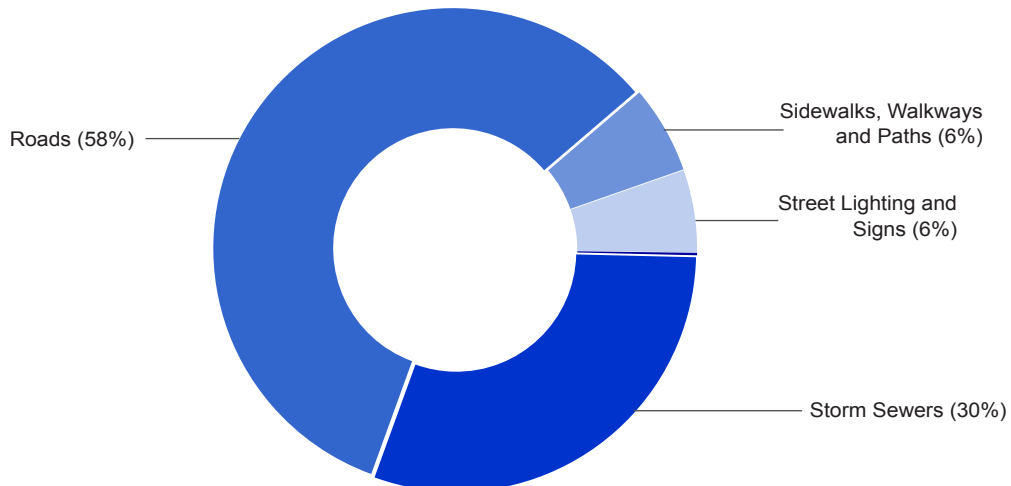
	2012	2013	2014	2015	2016
Construction value	\$ 84,819,000	\$ 16,953,600	\$ 17,166,770	\$ 11,205,750	\$ 217,808,020
Permits	39	76	63	23	42
Square meters	32,607	17,531	6,805	8,634	34,464

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.



Breakdown of Contributed Assets



Financial Statements Discussion and Analysis

The Mattamy National Cycling Centre

The Mattamy National Cycling Centre was fully operable for the entire 2016 fiscal year, after opening in 2015. The first full year of legacy operations was very strong and exceeded expectations in a number of areas.

The existing cycling community has attended programs in large numbers. Staff in cooperation with a number of partners focused on expanding the amount of people riding bikes and in particular the youth demographic. Results have been positive as Try the Track and Intro to Track Cycling programs continue to be very well attended.

Non-cycling usage of the facility has also been strong, many Milton based affiliated youth groups have made the MNCC gymnasium courts their home and both the walking track and fitness centre continue to see growing membership numbers.



Major Construction Projects in 2016

Bronte Street from Britannia Road to Louis St Laurent Avenue

Throughout 2016, Bronte Street from Louis St Laurent Avenue to Bronte Road was reconstructed to 4 lanes from its existing 2 lanes. The widening provides an essential north/south corridor that primarily services growth in the Boyne Secondary Plan development area.

This project marks a significant milestone for the Town as it was the first arterial road segment where roundabouts were construction instead of the typical signalization. Two roundabouts were constructed where the East-West collector roads intersect with Bronte Street. The project also included the installation of Regional watermains. Minor finishing works are anticipated to be completed during 2017. The total project costs, once complete, are estimated at \$6.7 million.

Community Park

Construction continued through 2016 on the Community Park located within the Sherwood Survey Secondary Plan area. Three phases of construction were completed prior to 2016 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, parking, trails and various site furnishings and plantings.

Construction of phase four occurred during 2016 which expanded the park north of the union gas pipeline easement. New outdoor active recreational facilities that complement the activities of the Milton Sports Centre and existing park facilities included beach volleyball courts, a skate park, various multi-use courts, pedestrian walkways and a play area. The park was further enhanced with passive recreational features and both naturalized and formal plantings.

The next phase of construction of the Community Park is anticipated during 2017 and once complete, investment in this Community Park is estimated at \$10.8 million.



2016 Financial Highlights

The Town of Milton continued to maintain its strong financial position in 2016 with an overall increase in net worth of 2.0%.

The audited financial statements indicate the Town's fiscal strength with a net financial worth, as at December 31, 2016, of \$1,070.0 million. Strong fiscal management is also confirmed by the Town's debt capacity ratio of 6.68 %. Guidelines established through Ontario Regulation 403/02 allow for a maximum debt payment ratio of 25% of own source revenues. The Town Council has set further restrictive guidelines of 15% and up to 20% with the inclusion of non-tax supported debt. The Town's current debt capacity ratio is well within the guidelines set by both the Province and Town Council.

Total revenue for 2016 is \$129.3 million compared to total expenses of \$107.8 million resulting in net revenue of \$21.5 million which is used to fund capital assets and also to contribute to reserves. Reserve balances increased from \$77.0 million to \$88.2 million.

New infrastructure in the form of roadways and development of parks were provided to support continued growth within the community. A notable project essentially completed in 2016 was the widening of Bronte Street from Louis St. Laurent Avenue to Britannia Road to four lanes providing for additional capacity in the road network. The Town has also invested in redevelopment of existing infrastructure including the Victoria Park redevelopment and asphalt overlay.

The Town issued fewer building permits than anticipated in 2016. On the residential side, there were permits issued for a total of 956 dwelling units compared to 1,316 in 2015. Non-residential growth also saw a decline with 137 building permits representing 32,517 square metres of ICI development.

Significant changes in the Town's financial position are discussed in the following sections.

Financial Statements Discussion and Analysis

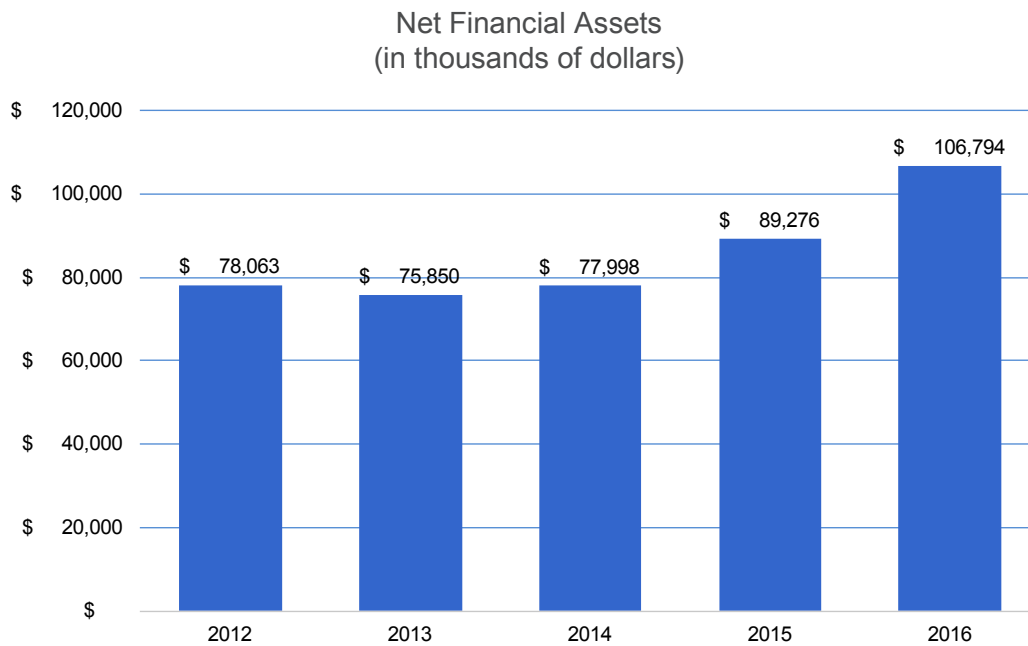
Consolidated Statement of Financial Position

Net Financial Assets

(in thousands of dollars)

	2016	2015	Variance	% Change
Financial assets	\$ 244,943	\$ 232,037	\$ 12,906	5.6%
Less: Financial liabilities	138,149	142,761	(4,612)	-3.2%
Net financial assets	\$ 106,794	\$ 89,276	\$ 17,518	19.6%

The Town ended the year with a net financial asset position (financial assets less financial liabilities) of \$106.8 million, a 19.6% increase of \$17.5 million from the prior year. The increase in financial assets of \$12.9 million was amplified by a decrease in financial liabilities of \$4.6 million. The following chart illustrates the five year trend in net financial assets.



Financial Assets

In 2016, the Town's financial assets increased by \$12.9 million, mostly due to a \$37.7 million increase in cash and cash equivalents offset by a \$22.2 million decrease in investments as described in the sections following.

Taxes receivable remain at low levels as a percentage of taxes levied equaling to 3.42% in 2016 (2015-3.23%).

The decrease in grants receivable of \$4.3 million is primarily related to the full collection of grant funding for the Velodrome project.

Financial Statements Discussion and Analysis

Cash and Short-Term Investments

At the end of 2016 the year end cash and cash equivalents balance was \$86.5 million. The \$37.7 million increase over the 2015 year-end balance of \$48.9 million was due to the maturity of long term investments that had not yet been reinvested along with the Town anticipating the \$35.0 million local share contribution payment to the Hospital in 2017. The average yield on cash balances for 2016 was 1.11%, generating \$0.78 million in interest income.

At the end of 2016 the Town did not hold any short-term investments. Funds that the Town would otherwise have invested in short term investments were held in high interest savings accounts which were offering similar yields to short term investments but with the advantage of greater liquidity.

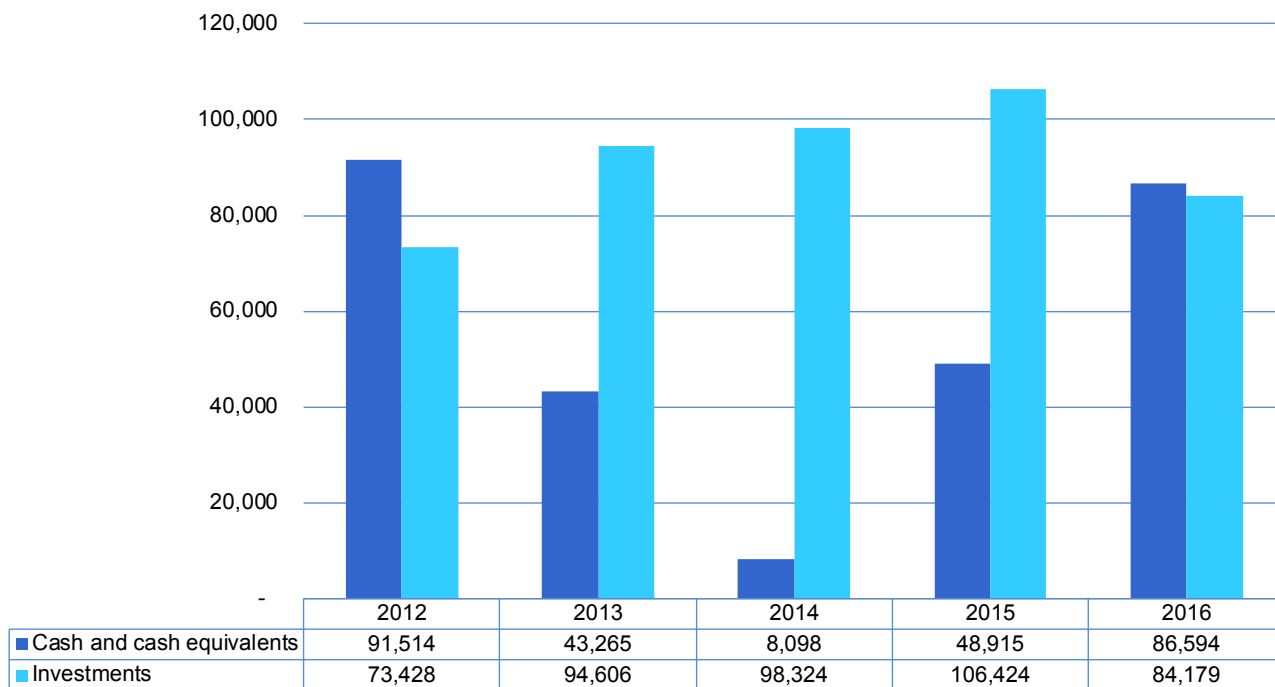
Long-Term Investments

Long-term investments, securities with a term greater than one year, held by the Town at year end totaled \$84.2 million, a decrease of \$22.2 million from last year. As discussed above, the decrease is related to maturities that had not yet been reinvested.

In 2016 the long term investment average rate of return was 2.21%, generating \$2.11 million in investment income compared to an average return of 2.37% and \$2.37 million in investment income in 2015

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

Cash and Investments
(in thousands of dollars)



Financial Statements Discussion and Analysis

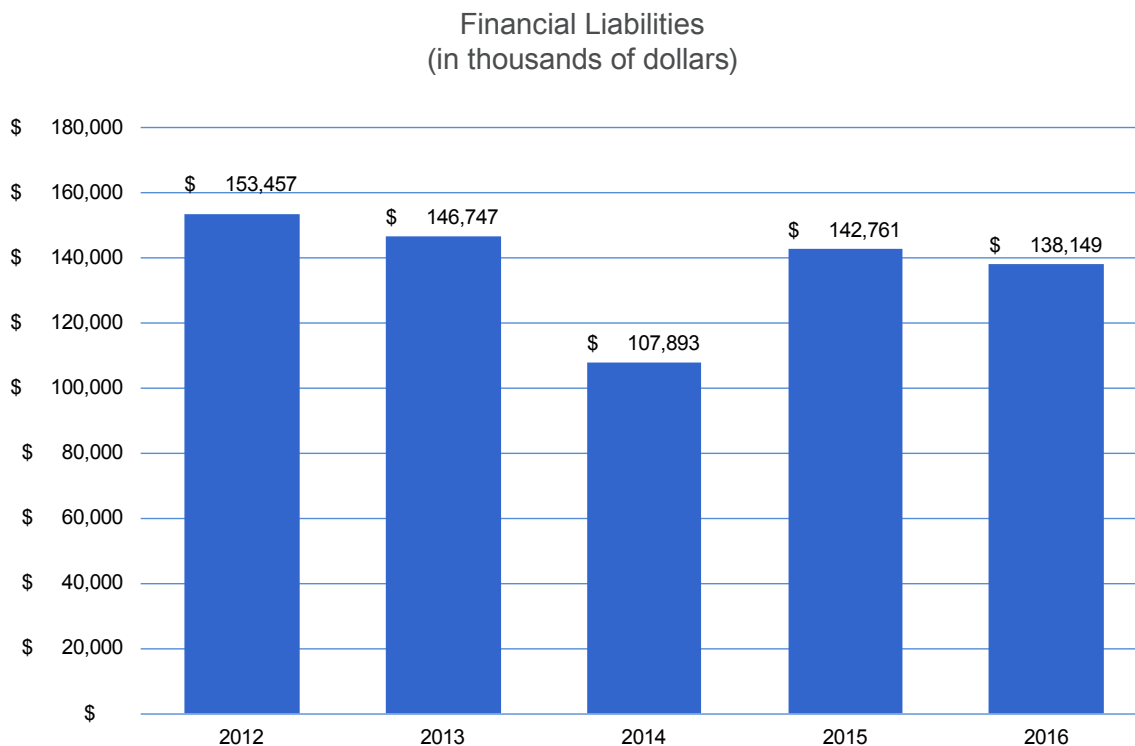
Financial Liabilities

The major contributors to the decrease of \$4.6 million in financial liabilities are decreased accounts payable, long-term debt, and other current liabilities in the amount of \$17.7 million partially offset by \$12.5 million increase in deferred revenue.

The decrease in payables is mainly due to the \$9.0 million reduction of accounts payable related to the timing of development charges flow-through to the Region and School Boards, as well as invoices previously billed and accrued on completed capital projects.

The offsetting increase in deferred revenue is primarily attributable to the timing difference between development charges collection and utilization. An increase of \$0.9 million also occurred in WSIB and other employee benefits due to an update to the WSIB actuarial valuation that took into account presumptive legislation claims.

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



Debt

The 2016 long term debenture balance has decreased to \$38.3 million from \$43.3 million last year due to principal payments of \$4.6 million that occurred through the year. In 2016 the Town, through the Region of Halton, did not issue any long term debentures.

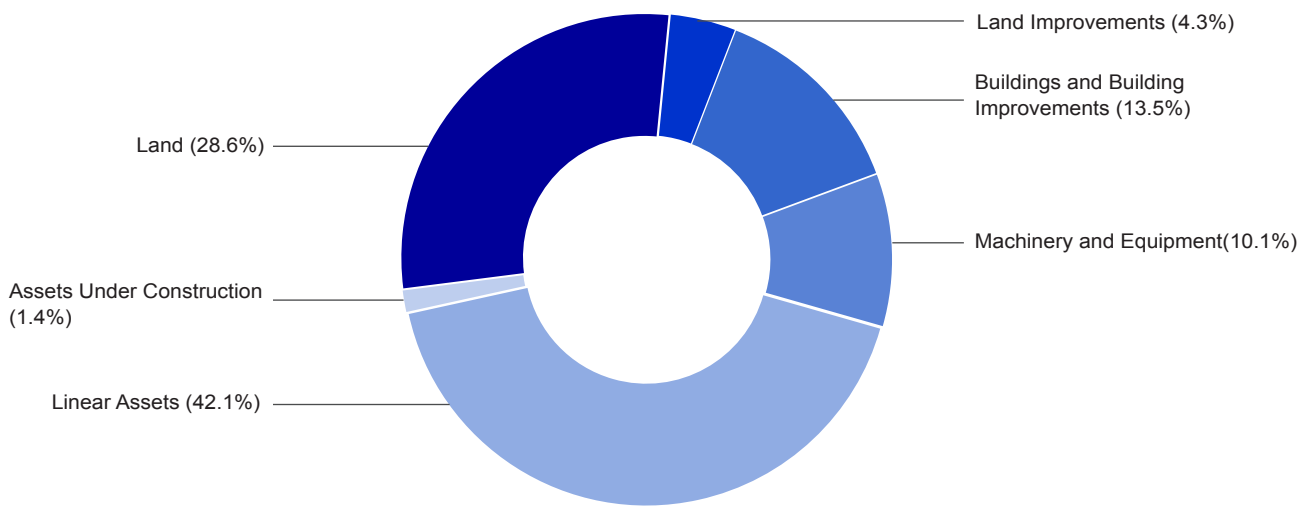
Guidelines established through Ontario Regulation 403/02 allow for a maximum debt payment ratio of 25% of own source revenues, which in 2016 equaled \$23.5 million. The Town Council has set further restrictive guidelines of 15% and up to 20% with the inclusion of non-tax supported debt. The Town's current debt capacity ratio of 6.68% is well within the guidelines set by both the Province and Town Council.

Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets have continued to increase this year. The increase of \$4.3 million reflects the Town’s continuous investment in capital infrastructure and the value of new assets being added to the Town’s inventory outpacing the annual amortization costs and asset retirement.

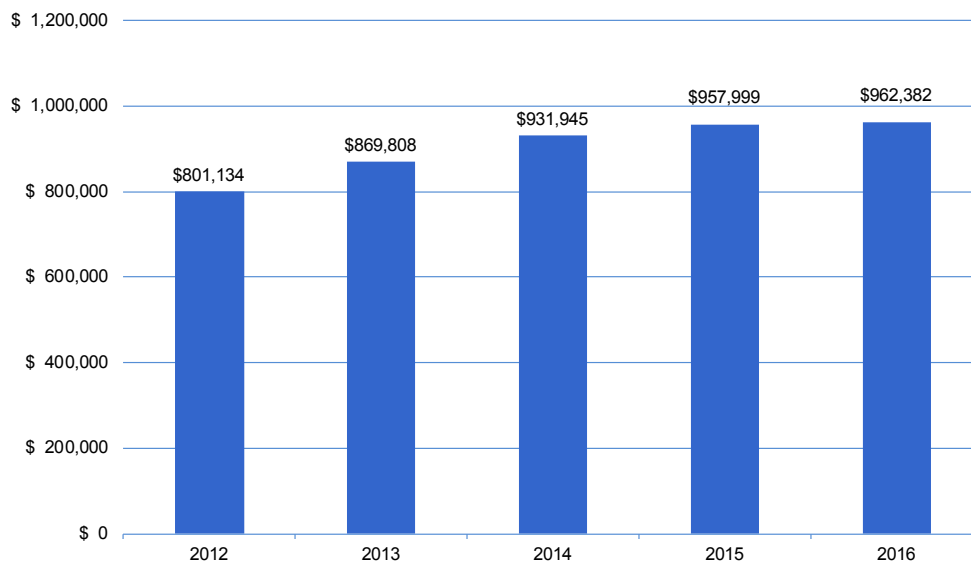
The pie chart below provides the breakdown of tangible capital assets by the function they support.

2016 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	2016	%	2015	%	Change	% Change
Land	\$ 275,091	28.6%	\$ 276,381	28.8%	\$ (1,290)	-0.01%
Land improvements	41,578	4.3%	42,451	4.4%	(873)	-0.01%
Buildings and building improvements	129,502	13.5%	132,944	13.9%	(3,442)	-0.4%
Machinery and equipment	96,927	10.1%	98,795	10.3%	(1,868)	-0.2%
Linear assets	405,569	42.1%	402,166	42.0%	3,403	0.4%
Assets under construction	13,715	1.4%	5,262	0.5%	8,453	0.9%
Total	\$ 962,382	100.0%	\$ 957,999	100.0%	\$ 4,383	0.5%

Accumulated Surplus

Overall, the Town has maintained a strong accumulated surplus with a total of \$1,070.0 million, an increase of 2.0% from the prior year balance of \$1,048.5 million. The change in the accumulated surplus arises from the annual excess of revenues over expenses for the year, representing \$21.5 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)

	2016	2015	Change
Reserves	\$ 48,968	\$ 43,908	\$ 5,060
Reserve funds	39,263	33,045	6,218
Investment in tangible capital assets	962,382	957,999	4,383
Unexpended capital	4,440	4,545	(105)
Investment in Milton Hydro	55,906	54,427	1,479
Town surplus	102	102	-
Library surplus	48	45	3
Unfunded liabilities	(41,118)	(45,543)	(4,425)
Total accumulated surplus	\$ 1,069,991	\$ 1,048,528	\$ 21,463

Financial Statements Discussion and Analysis

The reserve balances have experienced an increase of \$5.1 million primarily due to a \$2.1 million increase in Capital Provision funds collected in 2016 as more development agreements were executed. In addition, the Municipal Building Component Reserve balance increased by \$0.9 million, mainly due to annual user fee contributions from the Velodrome facility. The Equipment Replacement reserve added \$1.5 million in net contributions in order to cover future life-cycle costs.

The discretionary reserve funds have increased by \$6.2 million, of which \$4.9 million increase in the Property Transactions Reserve and \$2.8 million increase in Investment in the Arts Campaign primarily relates to the transfer of funds received from the sales of various parcels of land.

The unfunded liabilities balance is comprised of the principle outstanding on debentures issued by the Town, estimates of future employee benefit costs and amounts owing to developers for infrastructure constructed on behalf of the Town. The \$4.43 million decrease in unfunded liabilities is related to the decrease in the long-term debt discussed in the previous sections.

Consolidated Statement of Operations

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

Financial Statements Discussion and Analysis

Revenues

2016 Budget to Actual Comparative Analysis

(in thousands of dollars)

Revenues	Budget	Actual	Variance	% Variance
Taxation (note 12)	\$ 51,447	\$ 51,710	\$ 263	0.5%
User charges	16,014	16,961	947	5.9%
Government transfers:				
Federal (note 13)	5,849	3,030	(2,819)	-48.2%
Provincial (note 13)	2,604	1,696	(908)	-34.9%
Other municipalities	2,983	3,288	305	10.2%
Investment income	3,860	3,368	(492)	-12.7%
Penalties and interest	2,373	2,306	(67)	-2.8%
Developer contributions	19,982	14,039	(5,943)	-29.7%
Developer contributed assets	-	9,784	9,784	100.0%
Proceeds from Ontario Lottery Corporation	5,850	5,863	13	0.2%
Licences, permits, rents etc.	6,565	6,149	(416)	-6.3%
Equity in income of Milton Hydro	1,500	2,979	1,479	98.6%
Donations	514	1,124	610	118.7%
Other recoveries	490	483	(7)	100.0%
Miscellaneous	940	6,520	5,580	593.6%
Total revenues	\$ 120,971	\$ 129,300	\$ 8,329	6.9%

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 \$9.8 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 \$5.9 million. The timing of capital expenses and revenues also led to an unfavourable variance of \$2.8 million in Federal transfers. The Town of Milton receives a consistent annual Federal Gas Tax allocation however the amount recognized as revenue may vary based on capital construction timelines.

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

Financial Statements Discussion and Analysis

Year Over Year Comparative Analysis

(in thousands of dollars)

Revenues	2016	2015	Change	% Change
Taxation (note 12)	\$ 51,710	\$ 48,059	\$ 3,651	7.6%
User charges	16,961	15,977	984	6.2%
Government transfers:				
Federal (note 13)	3,030	5,862	(2,832)	-48.3%
Provincial (note 13)	1,696	1,781	(85)	-4.8%
Other municipalities	3,288	5,137	(1,849)	-36.0%
Investment income	3,368	3,439	(71)	-2.1%
Penalties and interest	2,306	2,415	(109)	-4.5%
Developer contributions	14,039	19,859	(5,820)	-29.3%
Developer contributed assets	9,784	19,995	(10,211)	-51.1%
Proceeds from Ontario Lottery Corporation	5,863	5,685	178	3.1%
Licences, permits, rents etc.	6,149	5,595	554	9.9%
Equity in income of Milton Hydro	2,979	2,882	97	3.4%
Donations	1,124	1,504	(380)	-25.3%
Other recoveries	483	898	(415)	-46.2%
Miscellaneous	6,520	3,951	2,569	65.0%
Total revenues	\$ 129,300	\$ 143,039	\$ (13,739)	-9.6%

Total revenue reported for the year 2016 was \$129.3 million, a decrease of \$13.7 million from last year's amount of \$143.0 million.

One of the contributing factors to the lower revenues was a \$10.2 million reduction in developer contributed assets due to a decrease in the number of subdivision assumptions. The Town receives assets from developers as part of their obligation under subdivision agreements, which are deemed to be donated assets because no cash changed hands. These assets are transferred into the ownership of the Town and must be recorded on the Town's Statement of Financial Position as part of the tangible capital asset pool. At the same time, the value of the assets contributed must be recognized as revenue received by the Town on the Statement of Operations.

Another main driver of the decreased revenue is developer contributions declining by \$5.8 million. Developer contributions include development charges earned for the capital expenses incurred within the calendar year and do not include the actual cash collected in that year. The decrease in this revenue source was related to the reduction in the capital work activity completed and funded through development charges.

Federal grants revenue decreased by \$2.8 million from the 2015 amount of \$5.9 million. This was primarily related to 2015 activity versus 2016. In 2015, the Town received \$3.6 million in federal grant revenues to fund the Panam/ParaPanam games. In addition, the revenues from other municipalities declined by \$1.8 million due to lower joint project activity. This was partially offset by \$1.5 million increase in Federal Gas Tax revenues. The amount of gas tax recognized varies year to year based the capital program and the construction timelines.

Financial Statements Discussion and Analysis

Offsetting the unfavourable variance was a \$2.6 million increase in miscellaneous revenue due to gains from several real estate deals closed during 2016 along with a \$3.7 million increase in taxation revenue and \$1.0 million in user charges that was ratified by Council during the 2016 budget approval process.

Expenses

2016 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	\$ 13,464	\$ 15,578	\$ (2,114)	\$ 2,295	\$ 181	\$ 289	\$ 470
Protection services	13,304	15,278	(1,974)	1,478	(496)	78	(418)
Transportation services	17,805	33,313	(15,508)	13,390	(2,118)	2,193	75
Environmental services	579	2,609	(2,030)	1,958	(72)	176	104
Health Services	473	505	(6)	-	(6)	-	(6)
Recreational and cultural services	24,592	34,128	(9,536)	8,790	(746)	300	(446)
Planning and development	5,526	6,452	(926)	6	(920)	811	(109)
Total expenses	\$ 75,743	\$ 107,837	\$ (32,094)	\$ 27,917	\$ (4,177)	\$ 3,847	\$ (330)

The 2016 financial position of the Town results in a \$32.1 million increase of actual expenses over budgeted expenses of \$75.7 million. The variance between the budget and actual columns is primarily related to tangible capital asset activity which was not included in the budget, such as amortization and gains or losses on disposal. Amortization and loss on disposal of tangible capital assets amount to \$27.9 million.

In addition, contributing to the unfavourable variance was \$3.8 million of expenses included in capital budgets that cannot be capitalized and need to be expensed on the Statement of Operations.

Financial Statements Discussion and Analysis

Year Over Year Comparative Analysis

(in thousands of dollars)

Expenses	2016	2015	Change	% Change
General government	\$ 15,578	\$ 14,366	1,212	8.4%
Protection services	15,278	13,532	1,746	12.9%
Transportation services	33,313	36,143	(2,830)	-7.8%
Environmental services	2,609	2,371	238	10.0%
Health Services	479	505	(26)	-5.1%
Recreational and cultural services	34,128	32,377	1,751	5.4%
Planning and development	6,452	5,991	455	7.6%
Total expenses	\$ 107,837	\$ 105,291	\$ 2,546	2.4%

The 2016 financial position of the Town results in a \$2.5 million increase in expenses over 2015.

Transportation services experienced a decrease of \$2.8 million in expenses compared to last year. This is primarily due to lower 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.

Costs within Recreational and Cultural Services increased by \$1.8 million due to expenses included in capital projects that cannot be capitalized and need to be expensed on the Statement of Operations along with increased hydro costs and unanticipated repair and maintenance costs at the Recreational facilities.

A \$1.2 million increase in General Government expense over \$14.4 million in 2015 is mainly attributable to the enhancements of corporate communications and information technology programs.

Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to assist financial statement users in fully understanding the nature of the Town's financial activities in the period. The statement backs out all the non-financial activity from the statement of operations (e.g. amortization, gains/losses, purchases and sale of assets). Thus, the financial impact on the surplus attributable to change in financial assets is an increase of \$17.5 million, compared to last year's increase of \$11.3 million.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows explains how the Town financed its activities and met its cash requirements. It also details items not involving cash such as annual amortization and developer contributed assets. This schedule reconciles the change in cash and cash equivalents from one year to another. The consolidated cash position of the municipality increased by \$37.7 million to \$86.6 million.

The most significant cash outflow was the acquisition of tangible capital assets of \$23.9 million and reduction in accounts payable and accrued liabilities of \$9.0 million primarily relating to timing of development charges payments.

Factors contributing to the increase in cash position were:

- \$22.2 maturity of investments;
- \$12.5 million increase in deferred revenue, \$11.8 million of which were development charges collected;
- \$7.5 million in cash received from sale of Town property deals closed in 2016;
- \$4.0 million reduction in accounts receivable primarily related to receipt of grants previously accrued;
- \$1.5 million of dividend received from Milton Hydro.

Linda Leeds, CPA, CGA
Chief Financial Officer

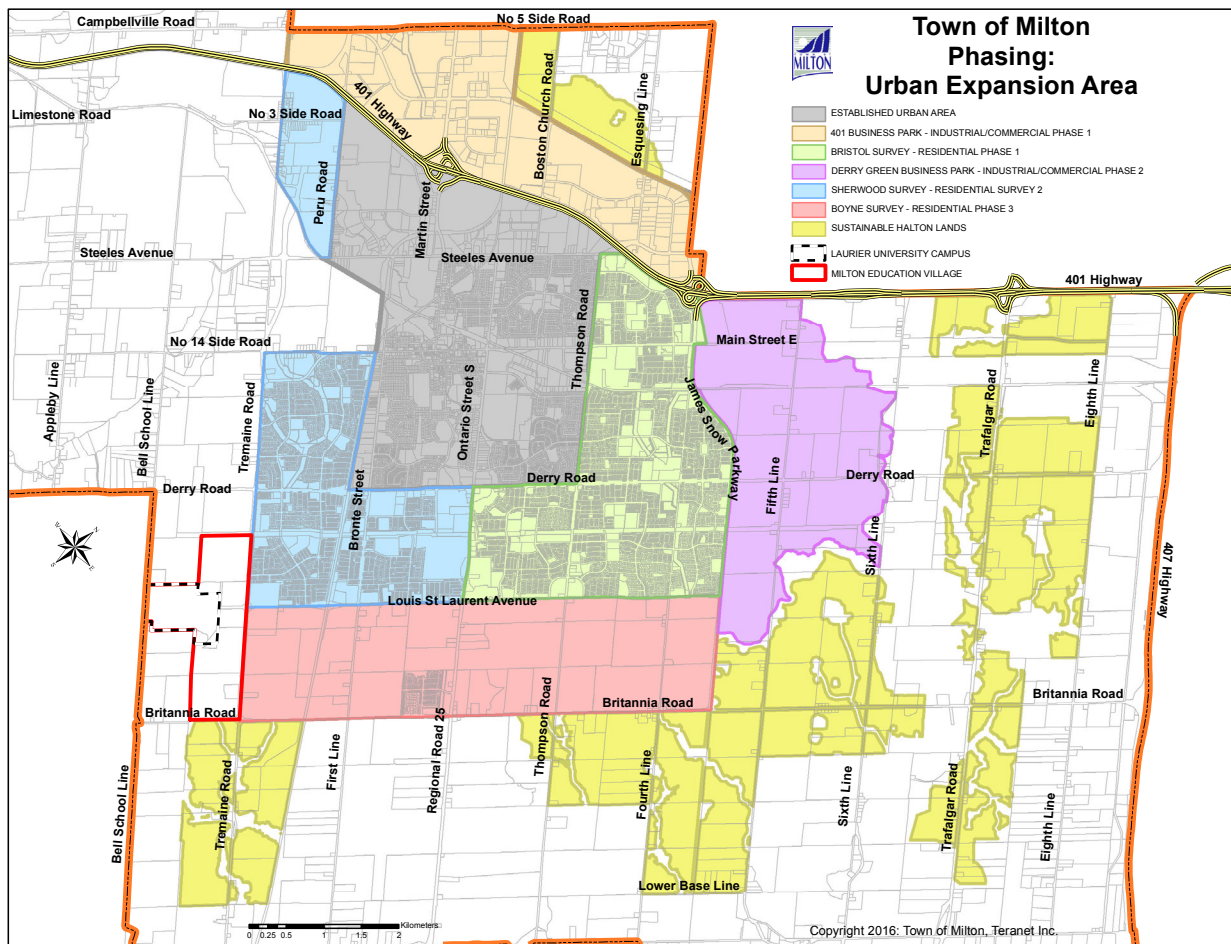
May 29, 2017

Looking Forward

The 2016 Census data confirmed that Milton continues to be one of the fastest growing communities. With a projected population of 235,000 by 2031, the Town of Milton has to carefully plan its growth strategies.

With the Bristol Survey and Sherwood Survey residential areas nearing build-out, the current phase of residential growth and development is occurring 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) – Area generally to the east and south of the pre-HUSP urban boundary, extending to James Snow Parkway at the east and Louis St. Laurent Avenue to the south. Phase 1 development area is approaching build-out. As such, forecast housing growth for this area represents only 8% of total forecast housing growth for the Town over the next nine years.

Phase 2 (Sherwood Survey) – Area generally to the west and south of the pre-HUSP urban boundary extending from Tremaine Rd. in the west and Louis St. Laurent Avenue to the south. Development within this area is also approaching build-out, with approximately 11% of forecast total Town-wide housing growth between 2017 and 2025.

Phase 3 (Boyne Survey) – Extends from Louis St. Laurent Avenue to Britannia Road in the south with the western and eastern boundaries being Tremaine Road and James Snow Parkway, respectively. Phase 3 (Boyne) will represent the Town’s largest residential growth area over the next nine years, with approximately 80% of total housing growth.

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

Sustainable Halton

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

Sustainable Halton lands in Milton generally extend the urban boundary to the south and east of the existing urban boundary and includes lands to the west for the proposed Milton Education Village. Through Sustainable Halton, it is expected that Milton’s population will grow to an estimated total of 235,000 people and a total of 114,000 jobs.

Looking Forward

Providing for Growth

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

The approved 2017 capital budget represents a significant investment in new infrastructure as well as the rehabilitation of existing assets to support the provision of services to the current and future residents and businesses of the Town of Milton. The 2017 capital budget includes 121 projects worth \$91 million and provides for such things as roads, parks and trails, facilities, vehicles and equipment. Of this amount, \$65 million is required for projects related to growth in the community, \$20 million is required for the investment in the state of good repair to ensure the ongoing serviceability of existing assets and the balance of the capital program is associated with other non-growth, non-renewal projects.

Sherwood Community Centre and Library Branch

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

In addition to the Library, plans for this major indoor facility include a twin pad arena, aquatic complex, multi-purpose spaces and senior's space. The multipurpose facility will provide more efficient delivery of program space and better service to community as multiple family members with varying interests can attend and enjoy what the facility has to offer at the same time. The facility will be located on a district park site on Main Street West, just east of Tremaine Road and adjacent to the existing Sherwood District Park.

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

Milton District Hospital Expansion

In 2013, the Town committed to providing a maximum of \$35 million to Halton Healthcare Services for the redevelopment of the Milton District Hospital. In April 2017 the expansion reached substantial completion and the Town provided payment to Halton Healthcare Services.

Fire Station #5 (Boyne)

As identified through the Fire Services Master Plan 2008, the construction of an additional urban Fire Station (Station #5) on Louis St. Laurent just west of Highway 25 will provide adequate response coverage for the surrounding community. Land is co-owned with Halton Region so that a joint facility can be built to accommodate both the fire station and a paramedic station, creating efficiencies for both the Town and Region. Design will commence in 2017 with completion of the facility expected in 2019.

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) in an effort to bring a university campus to the community. The MEV is Milton's vision for a comprehensively-planned neighbourhood, integrating post-secondary education, residential, commercial and recreational uses into a 400 acre area alongside the Niagara Escarpment.

In October 2016, Ontario's Ministry of Advanced Education and Skills Development announced plans to create a new university-led post-secondary site in Milton focused on science, technology, engineering, arts and mathematics (STEAM). The government called for expressions of interest from Ontario universities encouraging them to work in partnership with the local community, businesses and other institutions to develop innovative proposals for this new site. Wilfrid Laurier, in partnership with Conestoga, submitted their expression of interest in March 2017.

The Town of Milton will continue to work closely with Wilfrid Laurier and Conestoga to fully develop their proposal while moving forward with the secondary planning process for this site and conducting financial impact studies for the MEV. Through these studies, the infrastructure requirements and associated financing options will be identified, quantified and incorporated into future capital forecasts.

As an early introduction to the MEV, the Milton Education Village Innovation Centre was officially opened to the community January 2014 in a transitional space located at 555 Industrial Drive. The Innovation Centre has become a space where innovation, education and training intersect. As a community hub the Innovation Centre is dedicated to fostering an entrepreneurial culture for local businesses, start-ups and incubators. Once its new home has been completed, the Innovation Centre will be relocated to the heart of the MEV.

Implementation of Asset Management Planning

Over the past several years, the Town, through the requirements of the PSAB, has inventoried and valued the assets owned by the Town. Understanding the inventory of assets, its state of repair and the amount of funding required for infrastructure renewal and replacement is a critical component of financial planning and capital budget and forecast preparation. In addition, the Province of Ontario views improved asset management as a first step in resolving municipal infrastructure challenges and has indicated that future provincial grant funding will be dependent upon municipalities having an asset management plan in place which includes all elements described in the "Guide for Municipal Asset Management Plans" published by the Province. The Town of Milton completed an Asset Management Plan for Roads and Bridges in 2014 and expanded on this in 2015 with the completion of an Asset Management Plan for Facilities and Transit.

Planned for 2017 is a project to consolidate the previously prepared Asset Management Plans into one comprehensive plan as well as to update the Plan to include Parks, Sport Infrastructure and Streetlights assets. In future years the Town will continue to extend the Corporate Asset Management Plan to include the remaining categories of corporate assets in order to enable the Town to make more informed and educated decisions that will assist in determining appropriate timelines for asset repairs, rehabilitation and replacement. This work will also form the basis for developing policies and structuring future capital and operating budgets to identify what level of funding is required to support the provision of services by Town-owned assets.



2016 Town of Milton Financial Report

Consolidated Financial Statements

For the year ended December 31, 2016

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

William F. Mann
Chief Administrative Officer

May 29, 2017

Linda Leeds, CPA, CGA
Treasurer

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, 2016, 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 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, 2016, 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

May 29, 2017
Hamilton, Canada

The Corporation of the Town of Milton

Consolidated Statement of Financial Position

As at December 31, 2016 with comparative information for 2015
(in thousands of dollars)

	2016	2015
Financial assets:		
Cash and cash equivalents	\$ 86,594	\$ 48,915
Accounts receivable (note 2)		
Taxes receivable	5,922	5,319
Grants receivable	1,054	5,402
Other	10,436	10,712
Investments (note 3)	84,179	106,424
Investment in Milton Hydro Holdings Inc. (note 4)	55,906	54,427
Other assets	852	838
Total financial assets	244,943	232,037
Liabilities:		
Accounts payable and accrued liabilities	17,123	26,145
Other liabilities	4,189	7,929
Deferred revenue (note 5)	75,215	62,643
Long-term debentures (note 6)	38,348	43,257
Developer obligations (note 7)	924	1,334
WSIB, employee benefits and other liabilities (note 8)	2,350	1,453
Total liabilities	138,149	142,761
Net financial assets	106,794	89,276
Non-financial assets:		
Tangible capital assets (note 10)	962,382	957,999
Inventories of supplies	572	730
Prepaid expenses	243	523
Total non-financial assets	963,197	959,252
Accumulated surplus (note 11)	\$ 1,069,991	\$ 1,048,528

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, 2016 with comparative information for 2015
(in thousands of dollars)

	Budget (Note 15)	2016	2015
Revenue:			
Taxation (note 12)	\$ 51,447	\$ 51,710	\$ 48,059
User charges	16,014	16,961	15,977
Government transfers:			
Federal (note 13)	5,849	3,030	5,862
Provincial (note 13)	2,604	1,696	1,781
Other municipalities	2,983	3,288	5,137
Investment income	3,860	3,368	3,439
Penalties and interest	2,373	2,306	2,415
Developer contributions	19,982	14,039	19,859
Developer contributed assets	-	9,784	19,995
Proceeds from Ontario Lottery Corporation	5,850	5,863	5,685
Licences, permits and rents	6,565	6,149	5,595
Equity in income of Milton Hydro Holding Inc. (note 4)	1,500	2,979	2,882
Donations	514	1,124	1,504
Other recoveries	490	483	898
Miscellaneous	940	6,520	3,951
Total revenue	120,971	129,300	143,039
Expenses:			
General government	13,464	15,578	14,366
Protection services	13,304	15,278	13,532
Transportation services	17,805	33,313	36,143
Environmental services	579	2,609	2,371
Health services	473	479	505
Recreation and cultural services	24,592	34,128	32,377
Planning and development	5,526	6,452	5,997
Total expenses	75,743	107,837	105,291
Annual surplus	45,228	21,463	37,748
Accumulated surplus, beginning of year	1,048,528	1,048,528	1,010,780
Accumulated surplus (note 11), end of year	\$ 1,093,756	\$ 1,069,991	\$ 1,048,528

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, 2016 with comparative information for 2015
(in thousands of dollars)

	Budget (Note 15)	2016	2015
Annual surplus	\$ 45,228	\$ 21,463	\$ 37,748
Acquisition of tangible capital assets	(43,453)	(33,665)	(55,018)
Amortization	-	27,418	25,591
Gain on disposal of tangible capital assets	-	(5,626)	(1,060)
Proceeds on sale of tangible capital assets	-	7,490	4,433
	1,775	17,080	11,694
Change in inventories of supplies	-	158	(171)
Change in prepaid expenses	-	280	(245)
Change in net financial assets	1,775	17,518	11,278
Net financial assets, beginning of year	89,276	89,276	77,998
Net financial assets, end of year	\$ 91,051	\$ 106,794	\$ 89,276

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, 2016 with comparative information for 2015
(in thousands of dollars)

	2016	2015
Operating Activities:		
Annual surplus	\$ 21,463	\$ 37,748
Items not involving cash:		
Amortization	27,418	25,591
Gain on disposal of tangible capital assets	(5,626)	(1,060)
Developer contributions of tangible capital assets	(9,784)	(19,995)
Change in employee benefits and other liabilities	897	149
Equity in income of Milton Hydro Holdings Inc.	(2,979)	(2,882)
Change in non-cash assets and liabilities:		
Accounts receivable	4,021	4,041
Other assets	(14)	112
Accounts payable and accrued liabilities	(9,022)	7,165
Other liabilities	(3,740)	798
Deferred revenue	12,572	11,483
Developer obligations	(410)	1,168
Inventories of supplies	158	(171)
Prepaid expenses	280	(245)
Net change in cash from operating activities	35,234	63,902
Capital Activities:		
Proceeds on sale of tangible capital assets	7,490	4,433
Cash used to acquire tangible capital assets	(23,881)	(35,023)
Net change in cash from capital activities	(16,391)	(30,590)
Investing Activities:		
Investments	22,245	(8,100)
Dividends from Milton Hydro Holdings Inc.	1,500	1,500
Net change in cash from investing activities	23,745	(6,600)
Financing Activities		
Debt issued and assumed	-	18,467
Debt principal repayment	(4,909)	(4,362)
Net change in cash from financing activities	(4,909)	14,105
Net change in cash	37,679	40,817
Cash and cash equivalents, beginning of year	48,915	8,098
Cash and cash equivalents, end of year	\$ 86,594	\$ 48,915
Cash paid for interest on long-term debt	(1,392)	(1,279)
Cash received from interest on investments	\$ 3,134	\$ 3,011

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, 2016
(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.

(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.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

1. Significant accounting policies (continued):

(b) Basis of accounting:

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

(c) 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 services are performed.

(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.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

1. Significant accounting policies (continued):

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

(ii) Compensated vacation:

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.

(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:

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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

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

(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.

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, 2016
(in thousands of dollars)

2. Accounts receivable:

Taxes receivable of \$5,922 (2015 - \$5,319) reported on the Consolidated Statement of Financial Position include supplementary taxes of \$807 (2015 - \$614) recorded in 2016 as earned, but not due until 2017. Other accounts receivable are reported net of a valuation allowance of \$169 (2015 - \$154).

3. Investments:

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

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

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

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, 2016
(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:

	2016	2015
Financial Position:		
Assets:		
Current	\$ 35,433	\$ 31,223
Capital	94,632	86,210
Regulatory assets	5,010	7,288
Total assets	135,075	124,721
Liabilities:		
Current	21,878	18,102
Long term debt	39,199	35,923
Long term note payable to Town of Milton	14,934	14,934
Other	14,202	10,023
Regulatory balances	3,890	6,246
Total liabilities	94,103	85,228
Equity:		
Share capital	17,549	17,549
Retained earnings	23,423	21,944
Total equity	40,972	39,493
Total liabilities and equity	135,075	124,721
Operations:		
Revenue	133,829	120,146
Expenses (including income tax provision)	130,927	115,386
Income net of taxes	2,902	4,760
Net movement in regulatory balances, net of tax	77	(1,878)
Dividend paid to Town of Milton	(1,500)	(1,500)
Change in equity	1,479	1,382
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	23,423	21,944
Total investment in Milton Hydro	\$ 55,906	\$ 54,427

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(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 \$3,643 (2015 - \$3,364). Property taxes paid to the Town by Milton Hydro was \$174 (2015 - \$168).

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 (2015 - \$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:

	2016	2015
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
Velodrome naming rights	6,541	6,391
Prepaid facility rentals and program registrations	832	886
Other	778	636
Total deferred revenue	\$ 75,215	\$ 62,643

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

5. Deferred revenue (continued):

(a) Deferred revenue continuity (continued):

	2016	2015
Balance, beginning of year:		
Obligatory reserve funds (note 5.b)	\$ 45,124	\$ 34,269
Subdivision agreement fees	2,178	2,611
Property taxes prepaid	4,333	3,947
Development fees	1,663	1,505
Investment in the Arts Campaign naming rights	1,432	1,557
Velodrome naming rights	6,391	5,732
Prepaid facility rentals and program registrations	886	757
Other	636	782
Total beginning balance	62,643	51,160
Receipts:		
Obligatory reserve funds	24,975	28,095
Interest earned on obligatory reserve funds	621	575
Subdivision agreement fees	2,092	1,045
Property taxes prepaid	4,825	4,333
Development fees	913	472
Investment in the Arts Campaign naming rights	-	12
Velodrome naming rights	653	1,116
Prepaid facility rentals and program registrations	832	886
Other	732	565
Total receipts	35,643	37,099
Transfers:		
Obligatory reserve funds - transfers out	(14,476)	(17,815)
Subdivision agreement fees	(1,640)	(1,478)
Property taxes prepaid	(4,333)	(3,947)
Development fees	(506)	(314)
Investment in the Arts Campaign naming rights	(137)	(137)
Velodrome naming rights	(503)	(457)
Prepaid facility rentals and program registrations	(886)	(757)
Other	(590)	(711)
Total transfers	(23,071)	(25,616)
Balance, end of year	\$ 75,215	\$ 62,643

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(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:

	2016	2015	Net Change
Building stabilization	\$ 3,391	\$ 4,056	\$ (665)
Cash in lieu of parking	125	115	10
Cash in lieu of parkland	3,957	3,957	-
Federal gas tax	5,127	4,838	289
Provincial gas tax	548	901	(353)
Development charges	43,096	31,257	11,839
	\$ 56,244	\$ 45,124	\$ 11,120

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:

	2016	2015
Serial debentures issued by Region of Halton, beginning of year	\$ 28,257	\$ 29,152
Less: Principal repayment	(4,597)	(4,362)
Add: New debt issued	-	3,467
Total serial debentures	23,660	28,257
Sinking fund debenture, beginning of year	15,000	15,000
Less: Sinking fund assets	(312)	-
Total sinking fund debenture	14,688	15,000
Net long-term debentures, end of year	\$ 38,348	\$ 43,257

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, 2016
(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
2017	\$ 3,673	\$ 1,243	\$ 230	\$ 1,962	\$ 7,108
2018	2,665	1,288	240	591	4,784
2019	2,041	1,336	-	595	3,972
2020	1,583	1,385	-	581	3,549
2021	1,213	797	-	325	2,335
2022 - 2026	3,207	196	-	1,536	4,939
2027 - onward	-	-	-	11,661	11,661
	\$ 14,382	\$ 6,245	\$ 470	\$ 17,251	\$ 38,348

(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 \$1,371 in 2016 (2015 - \$1,378). 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:

	2016	2015
Subdivision agreements - parks	\$ 17	\$ 1,334
Sustainable Halton Studies	907	-
Developer obligations, end of year	\$ 924	\$ 1,334

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

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

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:

	2016	2015
Future payments to WSIB	\$ 1,435	\$ 540
Retiree benefits	412	412
Vacation pay and banked overtime	503	501
Total	\$ 2,350	\$ 1,453

(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, 2016

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	36.00% of compensation
Compensation costs (including loss of earning benefits, health care costs and non-economic loss awards)	0.50% - 6.00% per annum

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

	2016	2015
Accrued WSIB obligation, beginning of year	\$ 522	\$ 449
Benefit costs	955	95
Actuarial loss	-	39
Interest	23	21
Benefit payments	(85)	(82)
	1,415	522
Unamortized actuarial gain	20	18
Accrued WSIB liability, end of year	\$ 1,435	\$ 540

The Town has established a WSIB reserve to mitigate the future impact of the WSIB obligations in the amount of \$423 (2015 - \$870).

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

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

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

In the current year, amortization of actuarial loss of \$2 (2015 - \$1) 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

	2016	2015
Accrued benefits obligation, beginning of year	\$ 576	\$ 585
Current benefit cost	7	13
Actuarial gain	(119)	-
Interest	15	22
Benefits paid	(50)	(44)
	429	576
Unamortized actuarial loss	(17)	(164)
Accrued benefits liability, end of year	\$ 412	\$ 412

In the current year amortization of the actuarial loss of \$28 (2015 - \$52) 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, 2016
(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 445 (2015 – 430) 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 \$54.9 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The Town’s contribution to OMERS for 2016 was \$3,125 (2015 - \$2,986) for current service and is included as an expense on the consolidated statement of operations. Employees’ contribution to OMERS in 2016 was \$3,125 (2015 - \$2,986).

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 \$5.7 billion as of December 31, 2016 (2015 - \$7 billion).

OMERS increased contributions for both employees and employers by 1% for 2012 and an additional 0.9% for 2013, made benefit reductions to plan members who leave their employment prior to retirement, and implemented a revised investment strategy. There was no change in contribution rates in 2016. 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, 2016
(in thousands of dollars)

10. Tangible Capital Assets:

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
Buildings 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
Building 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

Net book value	December 31, 2015	December 31, 2016
Land	\$ 276,381	\$ 275,091
Land improvements	42,451	41,578
Buildings and building improvements	132,944	129,502
Machinery and equipment	98,795	96,927
Linear assets	402,166	405,569
Assets under construction	5,262	13,715
Total	\$ 957,999	\$ 962,382

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

10. Tangible Capital Assets (continued):

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

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

(a) Assets under construction:

Assets under construction, having a value of \$13,715 (2015 - \$5,262), have not been amortized. Amortization of these assets will commence when the asset is put into service.

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

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$9,784 (2015 - \$19,995) and is comprised of land and land improvements in the amount of \$16 (2015 - \$3,142) and linear assets in the amount of \$9,768 (2015 - \$16,853).

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

10. Tangible Capital Assets (continued):

(c) Tangible capital assets recognized at nominal value:

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

(d) Works of art and historical assets:

The Town manages and controls various works of art and non-operational historical cultural assets located at Town sites and public display areas. 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, 2016.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

11. Accumulated surplus:

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

	2016	2015
Reserves set aside by Council:		
Aggregate permit fees	\$ 1,003	\$ 958
Capital provision / growth	14,328	12,196
Capital works	8,409	8,642
Computer replacement	643	1,191
Downtown Business Improvement Area	62	34
Election	184	91
Equipment replacement	5,750	4,245
Growth related resources	1,613	1,235
Infrastructure renewal	579	305
Insurance	834	723
Legal action	557	317
Library services	1,203	722
Library capital	857	804
Municipal building component	4,587	3,717
Municipal building replacement	1,181	916
Per unit development processing fee	1,495	1,227
Seniors fundraising	87	103
Tax rate stabilization	2,103	2,637
Training	270	265
Transit and transportation	760	798
Winter control	976	848
Working funds	1,064	1,064
WSIB	423	870
Total reserves	48,968	43,908

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

11. Accumulated surplus (continued):

	2016	2015
Reserve funds set aside for specific purpose by Council:		
Cash in lieu of storm management	143	141
Investment in the Arts Campaign	1,856	(913)
Mayors legacy	85	83
Milton District Hospital	16,824	17,856
Ontario Lottery Corporation proceeds	10,915	11,386
Perpetual maintenance	472	463
Property transactions	8,856	3,928
Sports field development	112	101
Total reserve funds	39,263	33,045
Surplus:		
Invested in tangible capital assets	962,382	957,999
Unexpended Capital	4,440	4,545
Operating Surplus - Town	102	102
Operating Surplus - Library	48	45
Investment in Milton Hydro Holdings Inc.	55,906	54,427
Unfunded:		
Long term debentures	(38,348)	(43,257)
Employee Future Benefits	(1,846)	(952)
Developer obligations	(924)	(1,334)
Total surplus	981,760	971,575
Total accumulated surplus	\$ 1,069,991	\$ 1,048,528

12. Taxation:

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

	2016	2015
Municipal and school property taxes	\$ 169,734	\$ 163,069
Payments-in-lieu of property and business taxes	1,531	1,183
Balance, end of year	171,265	164,252
Payments to Region and school boards	(119,555)	(116,193)
Net property taxes and payments in-lieu available for municipal purposes	\$ 51,710	\$ 48,059

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

13. Government transfers:

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

	2016	2015
Ontario grants:		
Ontario's After School Program	\$ 52	\$ 49
Elderly Persons Centres Program	52	70
Gas Tax Program	582	616
Public Library Pay Equity Program	3	3
Ministry of Transportation - fire calls on King's highways	90	52
MetroLinx - Transit Procurement Initiative	3	20
Ontario Arts Council Programs	25	15
Ontario Community Infrastructure Fund	720	720
Ontario Cultural Development Fund	-	25
Ontario Libraries Capacity Fund	49	-
Ontario Pan & Parapan American Games Secretariat	-	8
Ontario Sport and Recreation Communities Fund	16	50
Public Library Operating Grant	52	52
TO2015 Sport Legacy Fund	52	101
Subtotal Provincial grants	1,696	1,781
Federal grants:		
Enabling Accessibility Fund	-	50
Gas Tax Fund	2,370	874
Toronto 2015 Pan & Parapan American Games Community Celebrations Fund	-	65
Invest Canada - Community Initiatives	-	30
National Research Council of Canada	166	123
Canada Summer Jobs	5	4
TO2015 Sport Legacy Fund	684	1,337
TO2015 Sports Canada	(220)	3,379
Veterans Affairs Canada	25	-
Subtotal Federal grants	3,030	5,862
Total transfers	\$ 4,726	\$ 7,643

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

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.

(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.

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

14. Segmented information (continued):

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

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

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

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

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

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(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, 2016
(in thousands of dollars)

14. Segmented information (continued):

	2015							Total
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	
Revenues:								
Taxation	\$ 12,366	\$ 9,074	\$ 12,617	\$ 343	\$ 321	\$ 12,119	\$ 1,219	\$ 48,059
User charges	885	71	1,301	14	-	11,190	2,516	15,977
Government transfers								
Federal	-	-	1,029	14	-	4,664	155	5,862
Provincial	12	52	1,356	-	-	361	-	1,781
Other municipalities	-	364	4,535	55	-	183	-	5,137
Investment income	3,425	-	-	-	-	14	-	3,439
Penalties and interest	1,226	-	1,081	-	-	108	-	2,415
Developer contributions	873	475	11,256	276	-	3,798	3,181	19,859
Developer contributed assets	-	-	11,667	7,578	-	-	750	19,995
Proceeds from Ontario Lottery Corporation	5,685	-	-	-	-	-	-	5,685
Licences, permits and rents	74	4,496	11	-	-	999	15	5,595
Equity in income of Milton Hydro Holding Inc.	2,882	-	-	-	-	-	-	2,882
Donations	101	-	61	-	-	584	758	1,504
Other recoveries	-	-	848	-	-	50	-	898
Miscellaneous	614	699	540	1,303	-	639	156	3,951
Total revenues	28,143	15,231	46,302	9,583	321	34,709	8,750	143,039
Expenses:								
Salaries, wages and employee benefits	8,228	10,876	4,044	130	-	13,984	3,941	41,203
Purchased goods	2,113	538	3,607	28	-	4,754	315	11,355
Purchased services	1,441	551	15,083	223	-	3,732	1,720	22,750
Financial expenses / (recovery)	445	86	1,816	237	505	962	14	4,065
Transfers to others	-	10	-	-	-	317	-	327
Amortization expense	2,139	1,471	11,593	1,753	-	8,628	7	25,591
Total expenses	14,366	13,532	36,143	2,371	505	32,377	5,997	105,291
Annual surplus / (deficit)	\$ 13,777	\$ 1,699	\$ 10,159	\$ 7,212	\$ (184)	\$ 2,332	\$ 2,753	\$ 37,748

The Corporation of the Town of Milton

Notes to Consolidated Financial Statements

Year ended December 31, 2016
(in thousands of dollars)

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2016 budget approved by Council on February 9, 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	\$ 107,911
Capital budget	43,453
Less:	
Interfund transfers	(19,281)
New debt financing	(3,700)
Debt principal payment	(3,699)
Reallocated revenues	(3,566)
Contribution from surplus	(147)
Total revenue	120,971
Expenses:	
Operating budget	107,911
Capital budget	43,453
Less:	
Acquisition of tangible capital assets	(43,453)
Interfund transfers	(24,607)
Reallocated expenses	(3,862)
Debt principal payments	(3,699)
Total expenses	75,743
Annual surplus	\$ 45,228

16. Commitments:

The Town has outstanding contractual obligations of approximately \$11,359 (2015 - \$4,663) for capital works and transit services. The Town Council has authorized financing of these obligations.

In April 2017, substantial completion was achieved and the transfer to the hospital was authorized. The Town satisfied its commitment to Halton Healthcare Services ("HHS") by paying \$35,000 to the Milton District Hospital. The Town has no further commitment with respect to their local share.



2016 Town of Milton Financial Report

Milton Public Library Board
For the year ended December 31, 2016

Independent Auditors' Report



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

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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 Milton Public Library Board, which comprise the statement of financial position as at December 31, 2016, 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, 2016, 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

May 29, 2017
Hamilton, Canada

Milton Public Library Board

Statement of Financial Position

As at December 31, 2016 with comparative information for 2015

	2016	2015
Financial assets:		
Due from the Town of Milton	\$ 2,312,277	\$ 1,760,709
Liabilities:		
Accounts payable and accrued liabilities	144,003	135,704
Net financial assets	2,168,274	1,625,005
Non-financial assets:		
Tangible capital assets (note 2)	2,735,549	2,864,815
Prepaid expenses	86,000	152,896
	2,821,549	3,017,711
Accumulated surplus (note 3)	\$ 4,989,823	\$ 4,642,716

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

Milton Public Library Board

Statement of Operations

Year ended December 31, 2016 with comparative information for 2015

	Budget (Note 6)	2016	2015
Revenue:			
Transfer from the Town of Milton	\$ 4,522,699	\$ 4,522,699	\$ 4,330,692
Statutory revenue	120,200	117,450	122,262
User charges	15,400	32,171	21,962
Federal government transfers:			
Summer career placement grant	1,850	1,577	1,980
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 libraries capacity fund	-	49,325	-
Development charges earned	-	-	658
Miscellaneous	17,350	25,259	51,982
Total revenue	4,733,203	4,804,185	4,585,240
Expenses:			
Salaries, wages and employee benefits	2,967,876	2,887,416	2,824,627
Administrative	27,195	31,011	23,843
Financial	2,634	2,783	2,454
Purchased goods	150,758	122,487	124,384
Purchased services	724,782	880,525	731,686
Amortization	-	532,856	505,161
Total expenses	3,873,245	4,457,078	4,212,155
Annual surplus	859,958	347,107	373,085
Accumulated surplus, beginning of year	4,642,716	4,642,716	4,269,631
Accumulated surplus (note 3), end of year	\$ 5,502,674	\$ 4,989,823	\$ 4,642,716

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, 2016 with comparative information for 2015

	Budget (Note 6)	2016	2015
Annual surplus	\$ 859,958	\$ 347,107	\$ 373,085
Acquisition of tangible capital assets	(391,692)	(403,590)	(466,239)
Amortization of tangible capital assets	-	532,856	505,161
	468,266	476,373	412,007
Change in prepaid expenses	-	66,896	(102,910)
Change in net financial assets	468,266	543,269	309,097
Net financial assets, beginning of year	1,625,005	1,625,005	1,315,908
Net financial assets, end of year	\$ 2,093,271	\$ 2,168,274	\$ 1,625,005

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, 2016 with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 347,107	\$ 373,085
Items not involving cash:		
Amortization	532,856	505,161
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	8,299	27,133
Prepaid expenses	66,896	(102,910)
Net change in due from the Town of Milton from operating activities	955,158	802,469
Capital Activities:		
Cash used to acquire tangible capital assets	(403,590)	(466,239)
Net change in due from the Town of Milton	551,568	336,230
Due from the Town of Milton, beginning of year	1,760,709	1,424,479
Due from the Town of Milton, end of year	\$ 2,312,277	\$ 1,760,709

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

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2016

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) 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, 2016

1. Significant accounting policies (continued):

(e) 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:

Assets	Useful Life - Years
IT equipment	3 - 10
Office equipment	10 - 50
Collections	3 - 10

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

(ii) Contributions of tangible capital assets:

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

(f) 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, 2016

2. Tangible capital assets:

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

Net book value	December 31, 2015	December 31, 2016
IT equipment	\$ 200,750	\$ 198,604
Office equipment	582,636	546,172
Collections	2,081,429	1,986,984
Assets under construction	-	3,789
Total	\$ 2,864,815	\$ 2,735,549

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2016

2. Tangible capital assets (continued):

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

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

The Library received no contributed assets in 2016 or 2015.

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2016

3. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 2,735,549	\$ 2,864,815
General	48,000	44,578
Total surplus	2,783,549	2,909,393
Reserves set aside by Library Board:		
Library Capital	1,002,858	1,011,825
Library Services	1,203,416	721,498
Total reserves	2,206,274	1,733,323
Accumulated surplus	\$ 4,989,823	\$ 4,642,716

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

4. Commitments:

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

2017	\$ 238,991
2018	246,161
2019	253,546
2020	261,152
2021	268,986
2022 and thereafter	1,315,014
	\$ 2,583,850

5. Development charges:

The Town of Milton (the "Town") manages a development charge obligatory reserve fund for library services in the amount of \$8,052,389 (2015 - \$7,382,151) that is funded by contributions received from developers as stipulated by the Development Charges By-law and identified in the Development Charges Background Study.

Milton Public Library Board

Notes to Financial Statements

Year ended December 31, 2016

5. Development charges: (continued)

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.

6. Budget data:

The budget data presented in these financial statements is based upon the 2016 operating and capital budgets approved by Council on February 9, 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	\$ 4,784,781
Capital budget	391,692
Less:	
Contribution from surplus	(44,578)
Interfund transfers	(391,692)
Other transfers	(7,000)
Total revenue	4,733,203
Expenses:	
Operating budget	4,784,781
Capital budget	391,692
Less:	
Interfund transfers	(904,536)
Other transfers	(7,000)
Acquisition of tangible capital assets	(391,692)
Total expenses	3,873,245
Annual surplus	\$ 859,958



2016 Town of Milton Financial Report

**Board of Management of the
Milton Downtown Business Improvement Area
For the year ended December 31, 2016**

Independent Auditors' Report



KPMG LLP
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Canada

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

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, 2016, 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, 2016, 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

May 29, 2017
Hamilton, Canada

Milton Downtown Business Improvement Area Statement of Financial Position

As at December 31, 2016 with comparative information for 2015

	2016	2015
Financial assets:		
Due from the Town of Milton	\$ 67,210	\$ 38,853
Liabilities:		
Accounts payable and accrued liabilities	5,522	6,118
Net financial assets	61,688	32,735
Non-financial assets:		
Tangible capital assets (note 2)	14,700	16,487
Prepaid expenses	-	941
	14,700	17,428
Accumulated surplus (note 3)	\$ 76,388	\$ 50,163

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

Milton Downtown Business Improvement Area

Statement of Operations

Year ended December 31, 2016 with comparative information for 2015

	Budget (Note 6)	2016	2015
Revenue:			
Taxation levied by Town	\$ 200,420	\$ 210,466	\$ 192,705
User charges	15,000	14,958	17,175
Federal government transfers (note 4)	-	3,013	2,640
Miscellaneous	15,000	10,134	8,424
Total revenue	230,420	238,571	220,944
Expenses:			
Beautification and planters	43,000	35,904	33,070
General administration	52,400	51,376	40,568
Salaries and benefits	93,600	80,015	84,645
Trade promotion and special events	47,000	38,549	40,119
Amortization	-	6,502	7,045
Total expenses	236,000	212,346	205,447
Annual surplus / (deficit)	(5,580)	26,225	15,497
Accumulated surplus, beginning of year	50,163	50,163	34,666
Accumulated surplus (note 3), end of year	\$ 44,583	\$ 76,388	\$ 50,163

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, 2016 with comparative information for 2015

	Budget (Note 6)	2016	2015
Annual surplus / (deficit)	\$ (5,580)	\$ 26,225	\$ 15,497
Acquisition of tangible capital assets	-	(4,715)	(2,476)
Amortization of tangible capital assets	-	6,502	7,045
	(5,580)	28,012	20,066
Change in prepaid expenses	-	941	207
Change in net financial assets	(5,580)	28,953	20,273
Net financial assets, beginning of year	32,735	32,735	12,462
Net financial assets, end of year	\$ 27,155	\$ 61,688	\$ 32,735

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, 2016 with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 26,225	\$ 15,497
Items not involving cash:		
Amortization	6,502	7,045
Change in non-cash assets and other liabilities:		
Accounts payable and accrued liabilities	(596)	2,058
Prepaid expenses	941	207
Net change in cash from operating activities	33,072	24,807
Capital Activities:		
Cash used to acquire tangible capital assets	(4,715)	(2,476)
Net change in due from the Town of Milton	28,357	22,331
Due from the Town of Milton, beginning of year	38,853	16,522
Due from the Town of Milton, end of year	\$ 67,210	\$ 38,853

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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2016

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	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.

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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(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:

	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

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2016

2. Tangible capital assets (continued):

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

3. Accumulated surplus:

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

	2016	2015
Surplus		
Invested in tangible capital assets	\$ 14,700	\$ 16,487
Reserves		
Downtown Business Improvement Area	61,688	33,676
Accumulated surplus	\$ 76,388	\$ 50,163

Milton Downtown Business Improvement Area

Notes to Financial Statements

Year ended December 31, 2016

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:

	2016	2015
Annual surplus	\$ 26,225	\$ 15,497
Less: Current year tangible capital assets additions	(4,715)	(2,476)
Add: Amortization expense	6,502	7,045
	28,012	20,066
Fund balance at beginning of year	33,676	13,610
Fund balance, end of year	\$ 61,688	\$ 33,676

4. Government transfers:

The Federal Government transfer reported on the Statement of Operations is Summer Career Placement Grant in the amount of \$3,013 (2015 - \$2,640).

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 as follows:

2017	\$ 11,475
2018	8,775
Total lease commitment	\$ 20,250

6. Budget data:

The budget data presented in these financial statements is based upon the 2016 budget approved by Council on February 9, 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.



2016 Town of Milton Financial Report
Multi-Year Comparison of Financial Statements
For the Fiscal Year Ended December 31, 2016

Consolidated Statement of Financial Position

(in thousands of dollars)

	2016	2015	2014	2013	2012
Cash and cash equivalents	\$ 86,594	\$ 48,915	\$ 8,098	\$ 43,265	\$ 91,514
Accounts receivable					
Taxes receivable	5,922	5,319	7,099	5,646	6,529
Grants receivable	1,054	5,402	4,520	13,810	196
Other	10,436	10,712	13,855	13,036	9,533
Investments	84,179	106,424	98,324	94,606	73,428
Investment in Milton Hydro Holdings Inc.	55,906	54,427	53,045	51,505	49,760
Other Assets	852	838	950	726	560
Total financial assets	244,943	232,037	185,891	\$ 222,597	\$ 231,520
Non-financial assets	963,197	959,252	932,782	870,339	801,639
Total assets	1,208,140	1,191,289	1,118,673	1,092,936	1,033,159
Accounts payable and accrued liabilities	17,123	26,145	18,980	50,095	35,877
Other liabilities	4,189	7,929	7,131	11,269	9,397
Deferred revenue	75,215	62,643	51,160	49,529	73,892
Long-term debentures	38,348	43,257	29,152	33,369	31,300
Developer obligations	924	1,334	166	1,221	1,808
Employee benefits and other liabilities	2,350	1,453	1,304	1,264	1,183
Total liabilities	138,149	142,761	107,893	146,747	153,457
Accumulated surplus	\$ 1,069,991	\$ 1,048,528	\$ 1,010,780	\$ 946,189	\$ 879,702

Consolidated Statement of Operations

(in thousands of dollars)

	2016	2015	2014	2013	2012
Sources of revenue:					
Taxation	\$ 51,710	\$ 48,059	\$ 45,576	\$ 41,653	\$ 38,589
User charges	16,961	15,977	13,943	13,487	12,314
Government transfers:					
Federal	3,030	5,862	18,140	17,012	2,210
Provincial	1,696	1,781	2,733	764	687
Other municipalities	3,288	5,137	4,270	4,450	6,583
Investment income	3,368	3,439	3,752	3,902	3,873
Penalties and interest	2,306	2,415	2,052	1,953	2,380
Developer contributions	14,039	19,859	32,972	36,442	28,082
Developer contributed assets	9,784	19,995	19,997	22,392	48,010
Proceeds from Ontario Lottery Corporation	5,863	5,685	5,588	5,817	5,505
License, permits, rents etc.	6,149	5,595	5,217	5,698	5,717
Equity in income of Milton Hydro	2,979	2,882	3,040	3,245	2,333
Donations	1,124	1,504	1,722	2,418	2,818
Other Recoveries	483	898	1,108	1,847	2,677
Miscellaneous	6,520	3,951	894	955	1,415
Total revenue	129,300	143,039	161,003	162,035	163,193
Expenses by function:					
General government	15,578	14,366	14,525	13,799	13,136
Protection to persons and property	15,278	13,532	12,690	12,549	11,756
Transportation services	33,313	36,143	33,500	32,478	29,583
Environmental services	2,609	2,371	2,042	2,037	1,832
Health Services	479	505	-	-	-
Recreational and cultural services	34,128	32,882	28,663	28,943	24,687
Planning and development	6,452	5,997	4,992	5,742	5,253
Total expenses	107,837	105,291	96,412	95,548	86,247
Annual surplus	21,463	37,748	64,591	66,487	76,946
Accumulated surplus, beginning of year	1,048,528	1,010,780	946,189	879,702	802,756
Accumulated surplus, end of year	\$ 1,069,991	\$ 1,048,528	\$ 1,010,780	\$ 946,189	\$ 879,702

Consolidated Statement of Change in Net Financial Asset

(in thousands of dollars)

	2016	2015	2014	2013	2012
Annual surplus	\$ 21,463	\$ 37,748	\$ 64,591	\$ 66,487	\$ 76,946
Acquisition of tangible capital assets	(33,665)	(55,018)	(85,525)	(89,825)	(94,126)
Amortization of tangible capital assets	27,418	25,591	22,462	20,669	20,321
Loss on disposal of tangible capital assets	(5,626)	(1,060)	749	137	(71)
Proceeds on sale of tangible capital assets	7,490	4,433	177	345	780
	17,080	11,694	2,454	(2,187)	3,850
Change in supplies of inventory	158	(171)	(302)	36	137
Change in prepaid expenses	280	(245)	(4)	(62)	(62)
Change in net financial assets	17,518	11,278	2,148	(2,213)	3,925
Net financial assets, beginning of year	89,276	77,998	75,850	78,063	74,138
Net financial assets, end of year	\$ 106,794	\$ 89,276	\$ 77,998	\$ 75,850	\$ 78,063

Analysis of Expenses by Object

(in thousands of dollars)

	2016	2015	2014	2013	2012
Salaries, wages and employee benefits	\$ 44,911	\$ 41,203	\$ 38,946	\$ 37,378	\$ 34,449
Purchased goods	11,822	11,355	11,035	9,579	7,730
Purchased services	20,605	22,750	20,636	25,822	20,593
Financial expenses	2,830	4,065	2,975	1,725	2,574
External transfers	253	327	358	375	580
Amortization expense	27,418	25,591	22,462	20,669	20,321
Total expenses	\$ 107,838	\$ 105,291	\$ 96,412	\$ 95,548	\$ 86,247

Net Book Value of Tangible Capital Assets

(in thousands of dollars)

	2016	2015	2014	2013	2012
Land	\$ 275,091	\$ 276,381	\$ 272,401	\$ 262,349	\$ 257,793
Land improvements	41,578	42,451	39,573	33,907	30,097
Buildings and building improvements	129,502	132,944	101,723	93,617	92,294
Machinery and equipment	96,927	98,795	80,360	74,947	69,788
Linear assets	405,569	402,166	338,157	324,281	307,834
Assets under construction	13,715	5,262	99,731	80,707	43,328
Total assets	\$ 962,382	\$ 957,999	\$ 931,945	\$ 869,808	\$ 801,134

Accumulated Surplus

(in thousands of dollars)

	2016	2015	2014	2013	2012
Reserves set aside by Council:					
Aggregate permit fees	\$ 1,003	\$ 958	\$ 638	\$ 388	\$ 244
Capital provision/growth	14,328	12,196	10,104	8,233	8,461
Capital works	8,409	8,642	7,687	8,611	9,996
Computer replacement	643	1,191	1,098	1,024	693
Downtown Business Improvement Area	62	34	14	19	24
Election	184	91	-	136	90
Equipment replacement	5,750	4,245	3,353	3,384	2,343
Growth related resources	1,613	1,235	970	1,302	1,901
Infrastructure renewal reserve	579	305	201	100	-
Insurance	834	723	663	649	703
Legal action	557	317	58	130	465
Library services	1,203	721	434	325	320
Library capital	857	804	548	359	301
Municipal building component	4,587	3,717	2,401	1,885	1,382
Municipal building replacement	1,181	916	789	532	361
Per unit development processing fee	1,495	1,227	1,303	1,319	1,574
Seniors fundraising	87	103	112	126	122
Tax rate stabilization	2,103	2,636	2,291	2,130	2,917
Training	270	265	229	216	201
Transit and transportation	760	798	683	1,169	741
Winter control	976	848	16	365	1,136
Working funds	1,064	1,064	1,064	1,064	1,064
WSIB	423	870	403	487	524
Total reserves	\$ 48,968	\$ 43,908	\$ 35,766	\$ 33,953	\$ 35,563

Accumulated Surplus (Continued)

(in thousands of dollars)

	2016	2015	2014	2013	2012
Reserve funds set aside for specific purpose by Council:					
Cash in lieu of storm water management	\$ 143	\$ 141	\$ 138	\$ 135	\$ 132
Investment in the Arts Campaign	1,856	(913)	(754)	(596)	(330)
Mayor's legacy	85	83	82	80	78
Milton District Hospital	16,824	17,856	2,426	1,719	1,192
Ontario Lottery Corporation proceeds	10,915	11,386	10,572	10,687	8,762
Perpetual maintenance	472	463	454	426	417
Property transactions	8,856	3,928	2,048	2,997	2,759
Sports field development	112	101	90	80	70
WSIB settlement	-	-	-	-	5
Total reserve funds	\$ 39,263	\$ 33,045	\$ 15,056	\$ 15,528	\$ 13,085

	2016	2015	2014	2013	2012
Surplus:					
Invested in tangible capital assets	\$ 962,382	\$ 957,999	\$ 931,945	\$ 869,808	\$ 801,134
Unexpended capital	4,440	4,545	5,084	10,757	13,837
Operating surplus - Town	102	102	34	-	150
Operating surplus - Library	48	45	43	41	38
Investment in Milton Hydro	55,906	54,427	53,045	51,505	49,760
Unfunded:					
Long term debentures	(38,348)	(43,257)	(29,152)	(33,369)	(31,300)
Employee future benefits	(1,846)	(952)	(875)	(813)	(757)
Developer obligations	(924)	(1,334)	(166)	(1,221)	(1,808)
Total surplus	981,760	971,575	959,958	896,708	831,054
Total accumulated surplus	\$ 1,069,991	\$ 1,048,528	\$ 1,010,780	\$ 946,189	\$ 879,702

Five-Year Financial Statistics

Property Taxation

	2016	2015	2014	2013	2012
Weighted assessment by property class					
Residential	\$ 14,963,918,236	\$ 13,854,910,617	\$ 12,708,066,078	\$ 11,705,085,852	\$ 10,632,801,134
Multi-residential	359,689,638	344,721,794	318,308,551	291,661,069	254,482,343
Farmland	68,464,860	62,094,855	56,465,131	50,226,891	43,711,292
Managed forests	6,537,050	6,000,395	5,414,476	4,954,094	4,470,705
Commercial	3,314,501,634	3,068,713,715	2,870,833,043	2,594,974,184	2,359,985,122
Industrial	1,228,583,605	1,223,745,647	1,167,745,674	1,183,062,929	1,165,356,098
Pipelines	79,065,861	77,121,121	74,961,470	71,953,798	70,792,033
Total weighted assessment	\$ 20,020,760,884	\$ 18,628,308,144	\$ 17,201,794,423	\$ 15,901,918,817	\$ 14,531,598,727
Commercial and industrial as % of total weighted assessment	23%	23%	23%	24%	24%
Total tax levied and collected					
Property tax levied	\$ 51,477,113	\$ 47,707,256	\$ 45,183,990	\$ 42,261,125	\$ 38,461,854
Taxes billed on behalf of Region of Halton	63,807,261	61,466,532	59,050,446	56,835,985	53,485,673
Taxes billed on behalf of school boards	57,647,928	55,707,819	54,524,472	52,991,030	49,881,259
Total tax levied	\$ 172,932,302	\$ 164,881,607	\$ 158,758,908	\$ 152,088,140	\$ 141,828,786
Total tax collected	\$ 172,329,872	\$ 166,661,078	\$ 157,308,661	\$ 152,968,787	\$ 145,452,611
Taxes Receivable as % of tax levied	3.42%	3.23%	4.47%	3.72%	4.6%

Five-Year Financial Statistics

Property Taxation

	2016	2015	2014	2013	2012
Taxation rates by property class – General and Urban Surcharge					
Residential					
Town of Milton	0.246050%	0.244207%	0.247538%	0.251540%	0.252354%
Region of Halton	0.310847%	0.318257%	0.327023%	0.341064%	0.354086%
School boards	0.188000%	0.195000%	0.203000%	0.212000%	0.221000%
	0.744897%	0.757464%	0.777561%	0.804604%	0.827440%
Multi-residential					
Town of Milton	0.556541%	0.552371%	0.559907%	0.568958%	0.570800%
Region of Halton	0.703103%	0.719865%	0.739693%	0.771452%	0.800905%
School boards	0.188000%	0.195000%	0.203000%	0.212000%	0.221000%
	1.447644%	1.467236%	1.502600%	1.552410%	1.592705%
Farmlands					
Town of Milton	0.049210%	0.048842%	0.049508%	0.050308%	0.050470%
Region of Halton	0.062169%	0.063652%	0.065404%	0.068213%	0.070817%
School boards	0.047000%	0.048750%	0.050750%	0.053000%	0.055250%
	0.158379%	0.161244%	0.165662%	0.171521%	0.176537%
Managed forests					
Town of Milton	0.061513%	0.061051%	0.061885%	0.062884%	0.063089%
Region of Halton	0.077711%	0.079565%	0.081755%	0.085266%	0.088521%
School boards	0.047000%	0.048750%	0.050750%	0.053000%	0.055250%
	0.186224%	0.189366%	0.194390%	0.201150%	0.206860%
Commercial					
Town of Milton	0.358373%	0.355387%	0.360540%	0.366367%	0.367554%
Region of Halton	0.452747%	0.463541%	0.476308%	0.496758%	0.515725%
School boards	0.869565%	0.882785%	0.923215%	0.969644%	1.007461%
	1.680685%	1.702013%	1.760063%	1.832769%	1.890740%
Commercial - vacant units/excess land					
Percentage of full rate	70%	70%	70%	70%	70%

Five-Year Financial Statistics

Property Taxation

	2016	2015	2014	2013	2012
Industrial					
Town of Milton	0.580653%	0.576304%	0.584166%	0.593609%	0.595532%
Region of Halton	0.733566%	0.751054%	0.771740%	0.804877%	0.835607%
School boards	1.433184%	1.474565%	1.520618%	1.571345%	1.576954%
	2.747403%	2.801923%	2.876524%	2.969831%	3.008093%
Industrial - vacant land/excess land					
Percentage of full rate	65%	65%	65%	65%	65%
Pipeline					
Town of Milton	0.261231%	0.259274%	0.262812%	0.267060%	0.267924%
Region of Halton	0.330025%	0.337893%	0.347200%	0.362107%	0.375933%
School boards	1.159033%	1.159033%	1.181050%	1.203959%	1.227780%
	1.750289%	1.756200%	1.791062%	1.833126%	1.871637%
Taxation rates by property class - General					
Residential					
Town of Milton	0.231579%	0.215969%	0.218773%	0.217554%	0.217304%
Region of Halton	0.309117%	0.316402%	0.325159%	0.338872%	0.352164%
School Boards	0.188000%	0.195000%	0.203000%	0.212000%	0.221000%
	0.728696%	0.727371%	0.746932%	0.768426%	0.790467%
Multi-residential					
Town of Milton	0.523808%	0.488500%	0.494843%	0.492086%	0.491519%
Region of Halton	0.699191%	0.715670%	0.735477%	0.766494%	0.796558%
School boards	0.188000%	0.195000%	0.203000%	0.212000%	0.221000%
	1.410999%	1.399170%	1.433320%	1.470580%	1.509077%
Farmlands					
Town of Milton	0.046316%	0.043194%	0.043755%	0.043511%	0.043460%
Region of Halton	0.061823%	0.063281%	0.065031%	0.067775%	0.070433%
School boards	0.047000%	0.048750%	0.050750%	0.053000%	0.055250%
	0.155139%	0.155225%	0.159536%	0.164286%	0.169143%

Five-Year Financial Statistics

Property Taxation

	2016	2015	2014	2013	2012
Managed Forests					
Town of Milton	0.057895%	0.053992%	0.054694%	0.054388%	0.054326%
Region of Halton	0.077279%	0.079101%	0.081289%	0.084718%	0.088041%
School boards	0.047000%	0.048750%	0.050750%	0.053000%	0.055250%
	0.182174%	0.181843%	0.186733%	0.192106%	0.197617%
Commercial					
Town of Milton	0.337295%	0.314558%	0.318643%	0.316867%	0.316503%
Region of Halton	0.450228%	0.460840%	0.473593%	0.493566%	0.512926%
School boards	0.869565%	0.882785%	0.923215%	0.969644%	1.007461%
	1.657088%	1.658183%	1.715451%	1.780077%	1.836890%
Commercial - vacant units/excess land					
Percentage of full rate	70%	70%	70%	70%	70%
Industrial					
Town of Milton	0.546502%	0.509665%	0.516283%	0.513406%	0.512816%
Region of Halton	0.729484%	0.746677%	0.767342%	0.799704%	0.831071%
School boards	1.433184%	1.474565%	1.520618%	1.571345%	1.576954%
	2.709170%	2.730907%	2.804243%	2.884455%	2.920841%
Industrial - vacant land/excess land					
Percentage of full rate	65%	65%	65%	65%	65%
Pipeline					
Town of Milton	0.245867%	0.229294%	0.232272%	0.230977%	0.230711%
Region of Halton	0.328189%	0.335924%	0.345221%	0.359780%	0.373892%
School boards	1.159033%	1.159033%	1.181050%	1.203959%	1.227780%
	1.733089%	1.724251%	1.758543%	1.794716%	1.832383%

Five-Year Financial Statistics

Long-Term Debt and Other Statistics

	2016	2015	2014	2013	2012
Transfers from other levels of government					
Federal	\$ 3,029,827	\$ 5,862,470	\$ 18,140,096	\$ 17,012,047	\$ 2,209,449
Provincial	1,695,799	1,780,105	2,733,441	764,030	687,443
Total transfers	\$ 4,725,625	\$ 7,642,575	\$ 19,666,387	\$ 17,776,077	\$ 2,896,892
Long-term debt:					
Debt supported by property taxes	14,381,885	17,291,121	\$ 16,556,969	\$ 18,727,283	\$ 14,683,574
Debt supported by development charges	6,244,655	7,446,026	8,608,393	10,064,778	11,472,493
Debt supported by reserves and reserve funds	17,721,587	18,519,738	3,986,256	4,434,552	4,865,643
Debt supported by user fees	-	-	-	142,234	278,136
Total long-term debt	\$ 38,348,126	\$ 43,256,885	\$ 29,151,618	\$ 33,368,847	\$ 31,299,846
Long-term debt by function:					
General government	\$ 4,916,526	\$ 6,004,117	\$ 7,050,321	\$ 8,371,769	\$ 6,732,358
Fire	2,035,739	2,384,369	2,722,630	3,050,963	3,369,904
Roadways	8,752,049	10,223,425	9,990,434	10,626,430	8,443,537
Parks	1,721,049	2,119,490	1,228,355	1,530,365	1,392,713
Storm water	509,879	561,965	-	-	-
Health services	14,688,578	15,000,000	-	-	-
Recreation facilities	4,589,572	5,565,271	6,507,104	7,890,100	9,222,691
Cultural services	1,055,074	1,294,408	1,525,850	1,750,261	1,968,651
Library	79,660	103,840	126,924	148,959	169,991
Total long-term debt	\$ 38,348,126	\$ 43,256,885	\$ 29,151,618	\$ 33,368,847	\$ 31,299,846
Total long-term debt per capita	345.48	417.13	289.49	361.92	339.48
Total long-term debt per household	1,108.23	1,288.10	905.81	1,163.49	\$1,091.35
Annual debt repayment limit*	23,456,559	22,680,285	21,515,877	20,269,498	20,723,283
Actual annual debt repayment	6,271,223	5,739,238	6,329,798	5,661,569	5,389,525
Actual debt repayment as % of own source revenues	6.68%	6.33%	8.45%	6.98%	6.50%

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

Five-Year Financial Statistics

Municipal Statistics

	2016	2015	2014	2013	2012
Population	111,000	103,700	100,700	98,000	92,200
Area	36,538	36,538	36,538	36,538	36,538
Households	34,603	33,582	32,183	30,339	28,680
Halton Region unemployment rate*	5.5%	5.3%	4.4%	4.7%	5.5%

Town of Milton labour force:

Full time funded positions	381	365	364	348	346
Part time funded positions	661	668	649	643	583
Seasonal funded positions	308	270	254	250	242
Total funded positions	1,350	1,303	1,267	1,241	1,171

Roads infrastructure

Lane kilometres of paved roads	1,136	1,106	1,080	1,055	1,029
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Recreation

Total kilometres of trails	35	31	29.36	21.76	21.76
Total hours of recreations programs	8,389,239	9,026,015	4,398,293	4,120,044	4,494,229

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

Five-Year Financial Statistics

Municipal Statistics

	2016	2015	2014	2013	2012
New construction procurement:					
Number of new construction contracts awarded	30	15	8	19	16
Total value of new construction contracts awarded	\$ 17,688,557	\$ 10,328,793	\$ 14,251,042	\$ 14,286,199	\$ 21,066,613

Square metres of new construction:

Residential properties	148,815	81,619	173,026	55,959	204,193
Multi-residential properties	39,257	106,793	844,466	28,888	151,999
All other property classes	40,128	249,965	84,085	103,386	255,744
Total square metres	228,200	438,377	1,101,577	188,233	611,936

Building permits issued:

Residential properties	685	386	841	237	967
Multi-residential properties	271	930	640	303	1,258
All other property classes	145	150	161	158	131
Total building permits issued	1,101	1,466	1,642	698	2,356

Value of building permits issued:

Residential properties	\$ 260,309,152	\$ 72,258,461	\$ 160,752,129	\$ 71,845,441	\$ 174,694,261
Multi-residential properties	63,113,273	108,565,913	82,146,288	27,535,869	145,488,443
All other property classes	272,949,679	153,916,140	109,073,198	138,529,227	240,890,129
Total value of building permits issued	596,372,104	\$ 334,740,514	\$ 351,971,615	\$ 237,910,537	\$ 561,072,833

List of 2016 Principal Corporate Tax Accounts

- Lowe's Companies Canada ULC
- 857529 Ontario Incorporated
- 690346 Ontario Incorporated
- Hoop Realty Incorporated
- 3131 STMartin Equities Inc
- Manheim Auto Auctions Limited
- Sobeys Capital Incorporated
- Bentall Kennedy Prime
- Union Gas Limited
- Milton Industrial Centre GP Incorporated

List of 2016 Principal Employers

- Gordon Food Service
- Karmax Heavy Stamping
- Sobeys Retail Support Centre
- Monaghan Mushrooms Ltd
- Manheim Auto Auctions Company
- Lowe's Distribution Centre
- Chudleigh's Ltd.
- Adient (formerly Johnson Controls)
- AFIMAC Global
- EATON Industries (Canada) Ltd.



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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