



Financial Report and Consolidated Financial Statements

For the year ended
December 31, 2017

The Corporation of the Town of Caledon
Caledon, Ontario, Canada

Prepared by
Finance & Infrastructure Services, Town of Caledon

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Town of Caledon for its annual financial report for the fiscal year ended December 31, 2016. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

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

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**The Corporation of the Town
of Caledon, Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



Financial Report and Consolidated Financial Statements

For the year ended
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The Corporation of the Town of Caledon
Caledon, Ontario, Canada

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Message from the Mayor



Enclosed are the Town of Caledon's 2017 Financial Statements. We can take pride in having built a solid reputation as a fiscally sound and stable municipality.

We are accomplishing many of the priorities in our Council Workplan and we are planning well for future sustainability and affordability.

We are exploring and embracing innovation in the delivery of public sector programs and services with an eye on developing strategic partnerships.

This report shows that the Town's financial assets cover the Town's financial liabilities. In 2017 the Town's tangible capital assets increased by \$14.5 million and reflect the growth we continue to experience as well as our commitment to keeping our infrastructure in good condition.

The Town's current debt servicing costs are 3.81% of net revenues which is well below the maximum of 25% set by the Province and the 10% set by our own Council policy.

I want to thank our talented financial team at the Town of Caledon for their professionalism and commitment to building a stronger and sustainable Caledon for today and tomorrow.

Sincerely,



Allan Thompson, Mayor

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TOWN OF CALEDON

Introduction Section



WELCOME TO CALEDON



The Town of Caledon was established on January 1, 1974 in conjunction with the creation of regional government. Representing an amalgamation of the former County of Peel townships of Albion, Caledon and the northern half of Chinguacousy, the Town of Caledon forms the northern municipality of the present Region of Peel.

It was the rich water and mineral resources that attracted settlers and early industrialists. It has been said that the first European settlers came in search of gold and although gold was never found, our industrial development then began. In present day, we celebrate our golden hillsides, trails, parks, rivers and farmland.

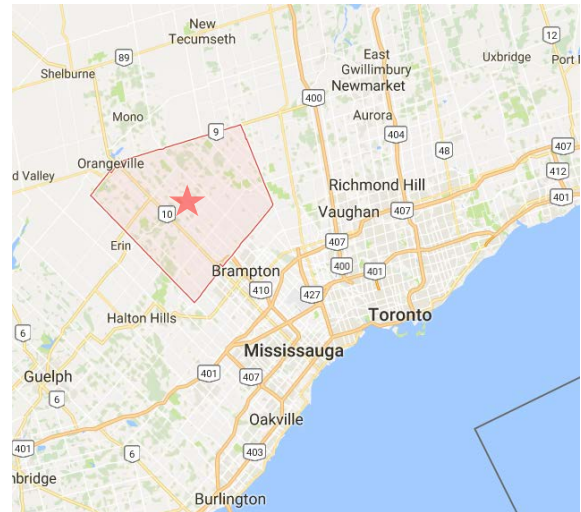
Today, the Town of Caledon offers many services and prospects for residents that help make Caledon a safe, active, healthy and enjoyable community to call home. For several years running, Caledon made the Maclean's magazine's annual rankings of "Canada's Safest Cities". Caledon was named by MoneySense magazine as "one of the top places to live in Canada." It has also been awarded "Ontario's Greenest Community" twice by TVO – Ontario's public television organization. Caledon is a blend of urban and rural, modern and historic, all nestled between the Hills of the Headwaters, Oak Ridges Moraine and the Niagara Escarpment.

Expect the best of all worlds! Caledon boasts thriving urban centres amid a striking and safe natural haven that together blends business success with an unmatched quality of life, and all this within an hour of Toronto – North America's fifth largest urban centre.

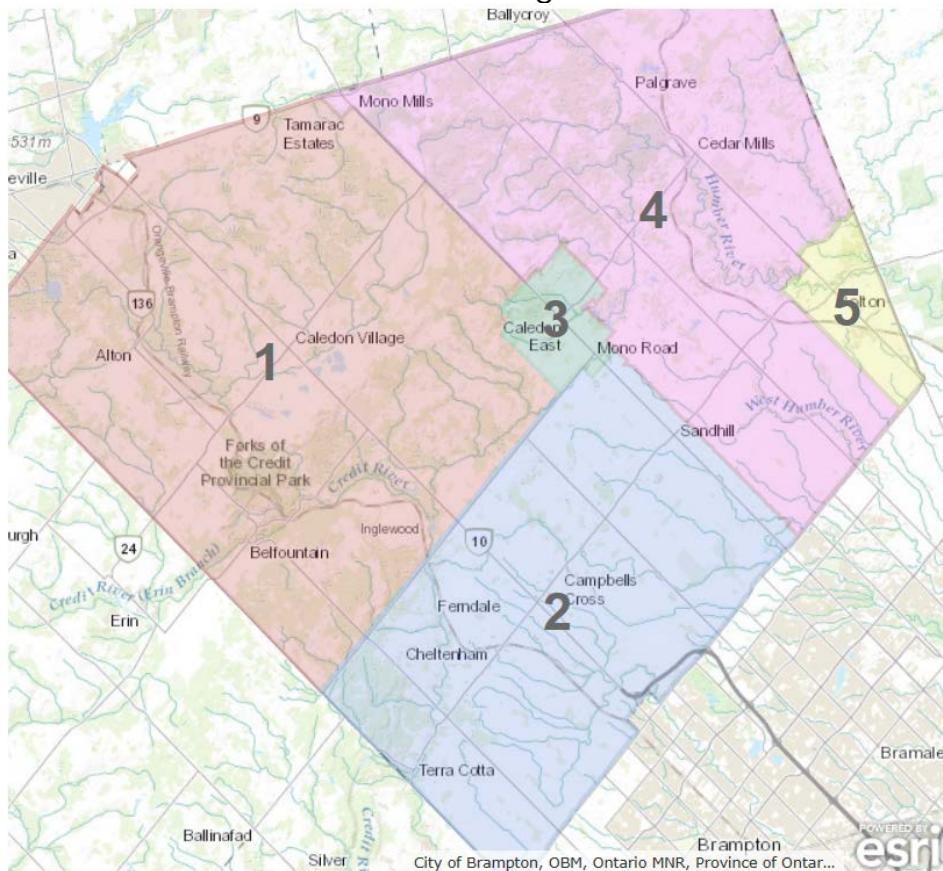
Caledon is one of three local area municipalities which combined, makes up the upper tier Region of Peel.

Welcome to Caledon

A vibrant community of 71,600 residents, Caledon benefits from its strategic location in the Greater Toronto Area (GTA). The GTA's population of over five million people continues to grow, and there are over 135 million people within a 500-mile radius of Caledon. This translates to an abundant, diversified and skilled labour force.



Caledon is comprised of five Wards. Council members are elected by their Ward residents, with the last election being held in October 2014.



Caledon covers nearly 700 km², making it one of the largest municipalities in the Greater Toronto Area.

Welcome to Caledon

Ward	Regional Councillors	Area Councillors
Mayor	Allan Thompson	
Ward 1	Barbara Shaughnessy	Doug Beffort
Ward 2	Johanna Downey	Gord McClure
Ward 3 & 4	Jennifer Innis	Nick deBoer
Ward 5	Annette Groves	Rob Mezzapelli



Ward 1
Barbara Shaughnessy



Ward 1
Doug Beffort



Ward 2
Johanna Downey



Ward 2
Gord McClure



Ward 3 & 4
Jennifer Innis



Ward 3 & 4
Nick deBoer



Ward 5
Annette Groves



Ward 5
Rob Mezzapelli

Welcome to Caledon

Caledon is an award-winning green community, with an unmatched natural heritage of public parks, conservation areas, the Niagara Escarpment, Oak Ridges Moraine, and the Credit and Humber River watersheds.

Land here is extensively available and competitively priced, we have a supportive political climate and, from 2008-2011, *Macleans* magazine declared Caledon as the safest community in Canada.

Lifestyle - The Best of All Worlds

Caledon is a unique mix of enduring rural traditions and vibrant urban neighbourhoods, serviced by a wide range of convenient amenities.

- **Housing Options**

We are a “community of communities”. Each village and hamlet within Caledon has its own distinctive charm. Our growing real estate market offers home buyers a wide range of options: from country estates and heritage properties, to comfortable single, semi-detached and town homes in new and existing subdivisions.

- **Shopping**

Our mix of rural villages and urban centres is reflected in our wide array of retail options which are equally strong and diverse – from quaint, one-of-a-kind boutiques to convenient large brand-name chains meeting both personal and professional needs

- **Schools**

With performance scores well above the provincial average, Caledon offers an impressive choice of public, separate and independent schools.

- **Healthcare**

Healthcare services in Caledon are first-rate with nearby state-of-the-art regional hospitals and close proximity to the extensive facilities in the GTA.

- **Arts and Lifestyle**

Caledon enjoys a thriving arts community with annual arts festivals and a wide selection of live theatre and music options throughout the year. A diverse selection of recreation facilities and programs for residents of all ages support our commitment to healthy, active living.

Welcome to Caledon

Excellent Infrastructure and Location

Toronto, Canada's largest city and economic pulse, is just a stone's throw away. With that proximity comes many key benefits:

- a wide range of post-secondary learning institutions and continuing education opportunities;
- the countless cultural and economic opportunities of a major North American urban centre; and
- a well-established, efficient transportation infrastructure.

The Natural Course of Business

Caledon is home to Husky Injection Molding Systems, Mars Canada, Sardo Foods, Cambria, DuPont Pioneer, EnerMotion and Ionics Mass Spectrometry, to name just a few of the 2,300 prosperous companies that have set roots here.

Green Development Program

Our Green Development Program encourages business to adopt the highest environmental standards for new commercial and industrial development. We offer development charge discounts from 5% to 27.5% for buildings that incorporate the internationally recognized Leadership in Energy and Environmental Design (LEED) certification.

Development Charge discounts are also offered for buildings that incorporate green technologies including: solar hot water systems, transpired solar collectors and solar photovoltaic systems.



Welcome to Caledon

Caledon's strong and diversified economic base provides a solid foundation for new and expanding industries. Our growth sectors include:

- Construction;
- Manufacturing;
- Finance and Insurance;
- Professional, Scientific and Technical Services

Roads

Caledon businesses easily team with suppliers to serve customers in Canada's industrial heartland and the United States through an extensive and reliable network of municipal and regional roads (Highways 109, 10, and 50), which connect to major provincial highways (400, 410, 407, 427 and the Queen Elizabeth Way).

Rail

Nearby CP and CN Railway intermodal terminals provide diversified domestic and overseas containerized service to continent-wide and international markets.

Air

The Greater Toronto Airports Authority operates Toronto Pearson International Airport (YYZ), a leading international gateway only 30 minutes south of Caledon. With direct access via Highway 427, Pearson is Canada's largest and busiest international airport with cargo service to sixteen North American and international destinations. Passengers can fly non-stop or with same plane service to more than 174 cities around the world. Caledon's centrally-located regional airport offers convenient air taxi service to major Ontario destinations and thousands of other North American airports. Companies can also take advantage of executive and priority express delivery services for small packages.

Welcome to Caledon

Senior Management Team

OFFICE OF THE CAO



Mike Galloway
CAO

STRATEGIC INITIATIVES

Communications
Corporate Projects
Corporate Partnerships & Events
Service Caledon
Economic Development

Human Resources
Tourism & Culture
Library Liaison
OPP Liaison



David Arbuckle
General Manager,
Strategic Initiatives

COMMUNITY SERVICES

Parks
Recreation
Planning & Development

Policy & Sustainability
Building & Support Services
Fire & Emergency Services



Peggy Tollett
General Manager,
Community Services

CORPORATE SERVICES

Legislative Services
Information Services
Legal Services
Information Technology

Provincial Offences Court
Regulatory Services/By-law
Council Support



Carey deGorter
General Manager,
Corporate Services
& Town Clerk

FINANCE & INFRASTRUCTURE SERVICES

Finance
Purchasing & Risk
Management
Roads & Fleet

Transportation
Engineering & Capital Projects
Energy & Environment
Facilities (Civic Properties)



Fuwing Wong
General Manager,
Finance & Infrastructure
Services & Chief
Financial Officer

Welcome to Caledon

The Town of Caledon is divided into the following departments:

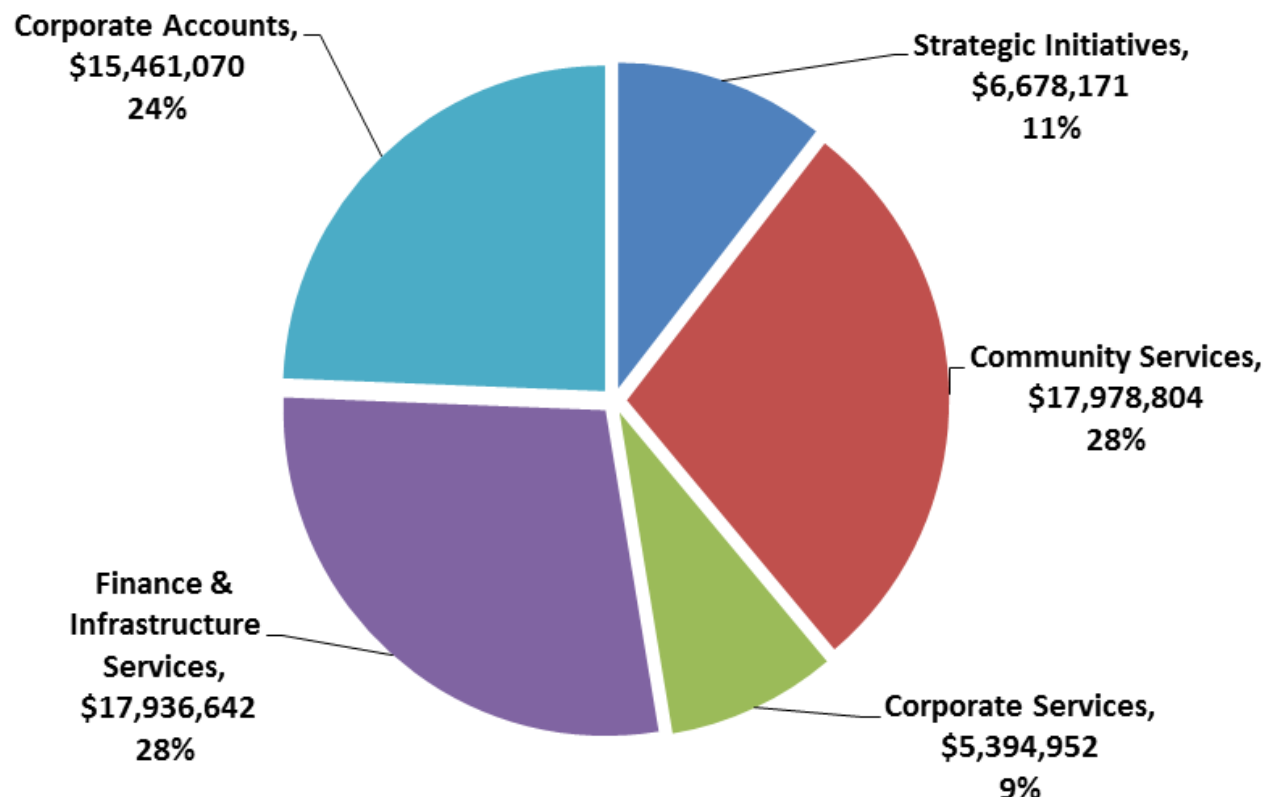


Chart is based on the 2018 Net Budget per Department and excludes Taxation Revenue.

1) Corporate Services Department

The Corporate Services department provides efficient and effective service delivery, while maintaining a high level of integrity and adhering to regulatory and statutory obligations. As the liaison between Council and staff, the CAO and Clerk ensure Council directives are carried out. The department also provides the following services: Information Technology Services, Animal Services, By-law Enforcement, Legal Services, Legislative Services, and the Provincial Offences Court.

2) Community Services Department

This department consists of the Building Services Division, Planning and Development, Parks, Recreation and Fire and Emergency Services.

Building Services

Administering and enforcing the *Building Code Act* and the Ontario Building Code with respect to buildings while maintaining mandatory legislative requirements and providing an excellent level of service. The division helps to improve customer service by reducing review times and resubmissions of additional information and providing better communication with applicants and their consultants through the

Welcome to Caledon

permit application process. Bill 124 amended the *Building Code Act* by requiring that the fees collected by the municipality must not exceed the anticipated reasonable costs of the municipality to administer and enforce the Act which is why the Building Service's budget overall nets to zero.

Planning and Development

The division helps to create a prosperous and livable community that values its past, respects the environment and looks to the future by:

- Providing professional planning advice and legal support to Town Council regarding appropriate current and future land use planning and development of the Town.
- Representing the municipality and its interests regarding such land use planning to the public, the development industry and other government departments, agencies and levels.
- Ensuring that the Town's development activities comply with provincial planning legislation and land use policies while working co-operatively with landowners to build communities that are safe, diverse and economically vibrant.

Fire and Emergency Services

The division provides a team of highly trained caring professionals who lead a collaborative effort to provide the community with an efficient emergency and safety system dedicated to protecting and strengthening our community through education, prevention, and rapid intervention at emergencies.

The goal of the division is to provide effective, efficient, safe, professional and prompt fire protection services to the public. As one of the largest volunteer Fire Services in Ontario, the Caledon Fire & Emergency Services division prides itself on protecting life, property and the environment.



Welcome to Caledon

Parks and Recreation

The division strives to be a leader in the provision of Parks & Recreation services by providing opportunities and experiences for all ages and abilities resulting in a healthy community. The division offers barrier-free, accessible structured and non-structured active living and leisure activities for all ages and abilities and oversees the design and maintenance of Town parks and sports fields. The division is also responsible for the design, construction and maintenance of Town trails and paths. The division maintains over 260 km of publicly accessible trails, over 65 parks and many playgrounds, picnic areas, splash pads, tennis courts, sports fields, a leash free park, a skateboard park and many other amenities.



Welcome to Caledon

3) Strategic Initiatives Department

The Strategic Initiatives department's mission is to engage in corporate and community building through service, planning, collaboration and advice. The department is comprised of the following teams: economic development, communications and creative services, corporate initiatives and partnerships and events, human resources, and Service Caledon. Economic development supports, promotes and enables business development and investment to enhance community prosperity, including tourism and culture. Communications and creative services educates, inspires and informs through collaboration, consistency and innovative internal and external outreach. Corporate initiatives and partnerships and events foster innovation, creativity and excellence in business delivery through exploration, affiliation, and collaboration. Human Resources supports organizational capability and effectiveness, delivers HR value-added programs and service excellence and strives to create a positive and enriching employee experience. Service Caledon, newly operational in 2018, is providing centralized service offerings to residents and stakeholders enhancing the effectiveness and efficiency of the service experience with the Town.

Caledon Public Library

The Caledon Public Library offers seven branches across Caledon to meet the informational and educational needs of residents and to promote lifelong learning, literacy and the love of reading.



The Caledon Public Library serves and benefits Caledon by:

- Engaging the community;
- Connecting people to information and inspiring creative works;
- Partnering and collaborating;
- Conducting business with transparency and fiscal accountability

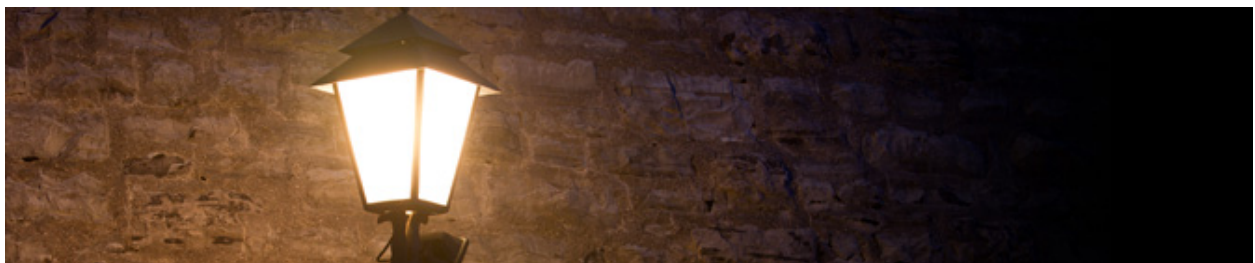
Welcome to Caledon

4) Finance and Infrastructure Services Department

This department helps to shape the future of the community by providing corporate-based financial services, procurement, risk management, customer service, property tax and revenue as well as infrastructure services that enhances the current/long-term vision, goals and performance of Town Council, our customers, partners and other stakeholders. This department consists of the Finance; Purchasing and Risk Management; Capital Projects and Facilities; Engineering; Transportation, Roads and Fleet; and Energy and Environment Divisions.

Finance and Infrastructure Services strives to be a recognized leader in the delivery of public services through diligent management of the Town's infrastructure (including roads, fleet, storm water management infrastructure, sidewalks and streetlights).

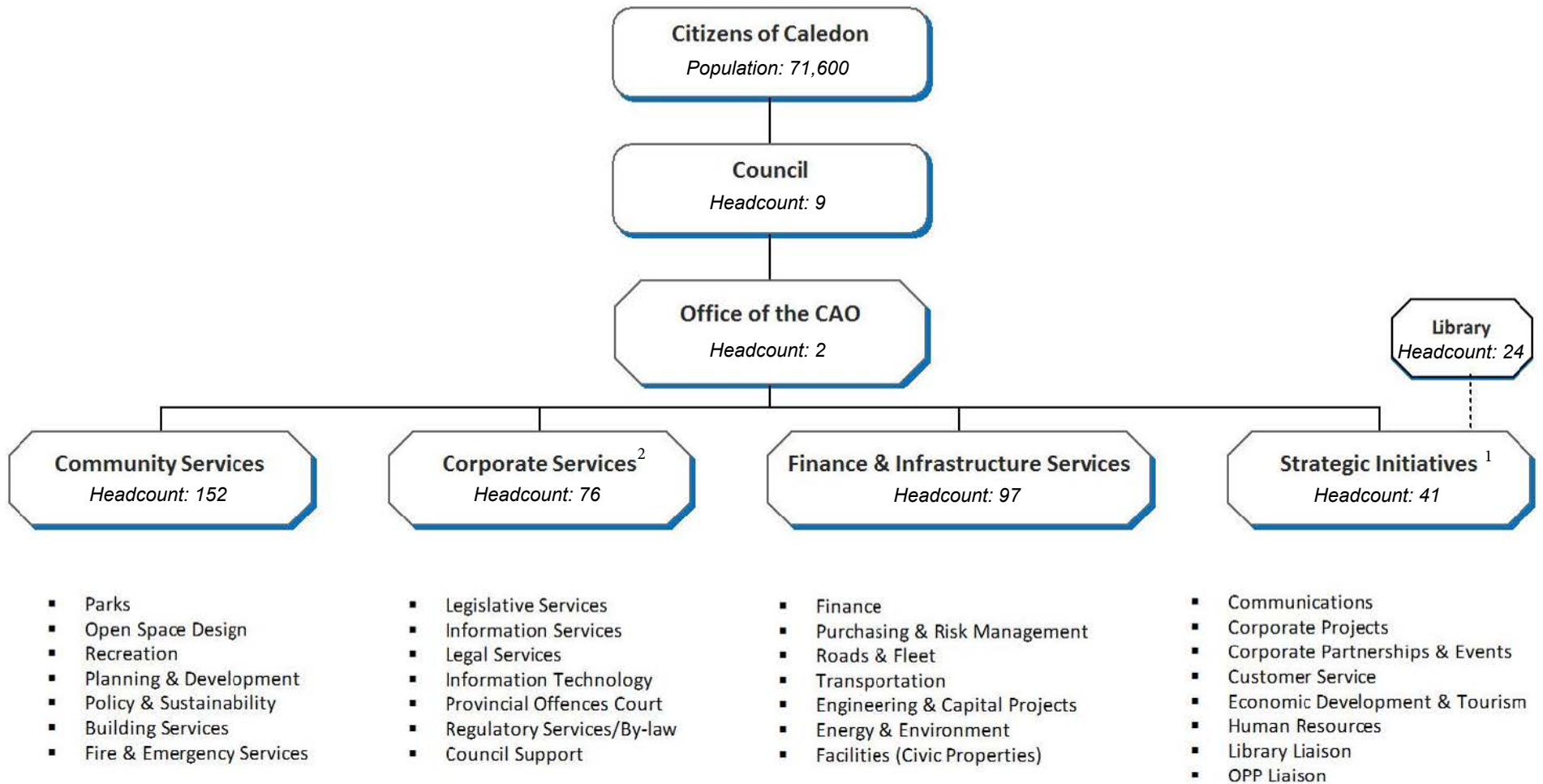
The department also maintains the Town's environmental leadership track record through a multitude of energy, climate change, sustainability and other "green" initiatives while staying abreast of new emerging issues and building capacity within the corporation and community to respond to these various opportunities and challenges.





Town of Caledon Organizational Chart

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- Staff Complement is Full-time Only
- Details of divisions within each department available in Departmental Business tabs
- Total 2017 Approved Headcount 366 (includes two (2) full-time positions for knowledge transfer of retirees)
- Population taken from the Peel Data Centre 2017 (based on 2016 census)
- Police services are provided contractually through the Ontario Provincial Police and are not shown above
- ¹Strategic Initiatives Headcount includes Library's headcount
- ²Corporate Services Headcount includes the Office of the CAO and Council's Headcount

2017 FINANCIAL REPORT

The Town of Caledon is pleased to present its 2017 Financial Report and Consolidated Financial Statements, for the year ended December 31, 2017. This report has been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and best practices in financial reporting as recommended by the Government Finance Officers Association.

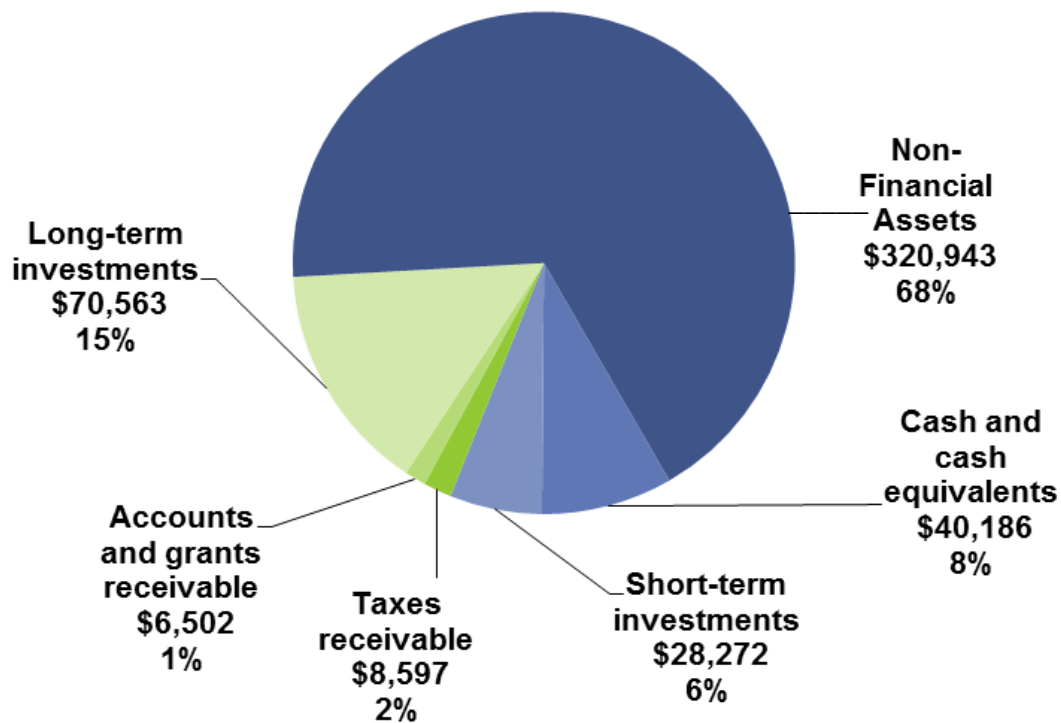
The 2017 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Town of Caledon. The financial statements have been examined by Millard, Rouse and Rosebrugh, LLP Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with public sector accounting standards.

The Financial Highlights have been extracted from the Town's Audited Consolidated Financial Statements.

Statement of Financial Position

The following highlights outline the Financial Position as at December 31, 2017
(In thousands of dollars)

What we own (Assets)	\$ 000's	%
Cash and cash equivalents	\$ 40,186	8%
Short-term investments	28,272	6%
Taxes receivable	8,597	2%
Accounts and grants receivable	6,502	1%
Long-term investments	70,563	15%
Non-Financial Assets	320,943	68%
Total	\$ 475,063	100%



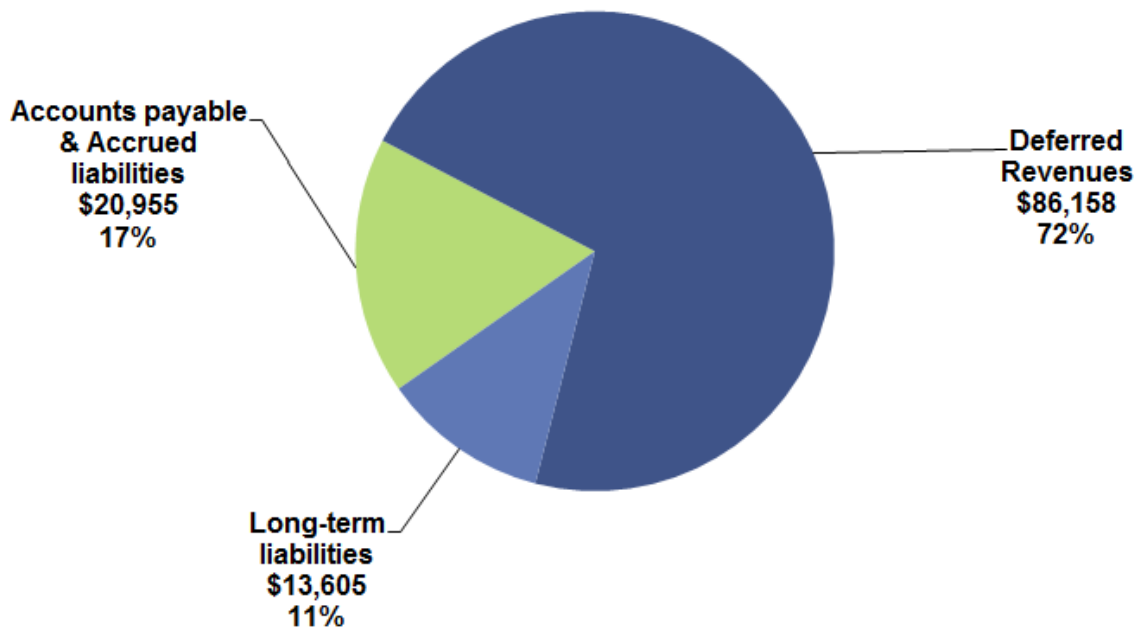
What we owe (Liabilities)	\$ 000's	%
Accounts payable & Accrued liabilities	\$ 20,955	17%
Deferred Revenues	86,158	72%
Long-term liabilities	13,605	11%

Total	\$ 120,718	100%
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Net worth	\$ 000's	%
Accumulated operating surplus (deficit)	\$ 2,113	1%
Investment in Tangible Capital Assets	319,240	90%
Reserves and Reserve Funds	32,992	9%

Total	\$ 354,345	100%
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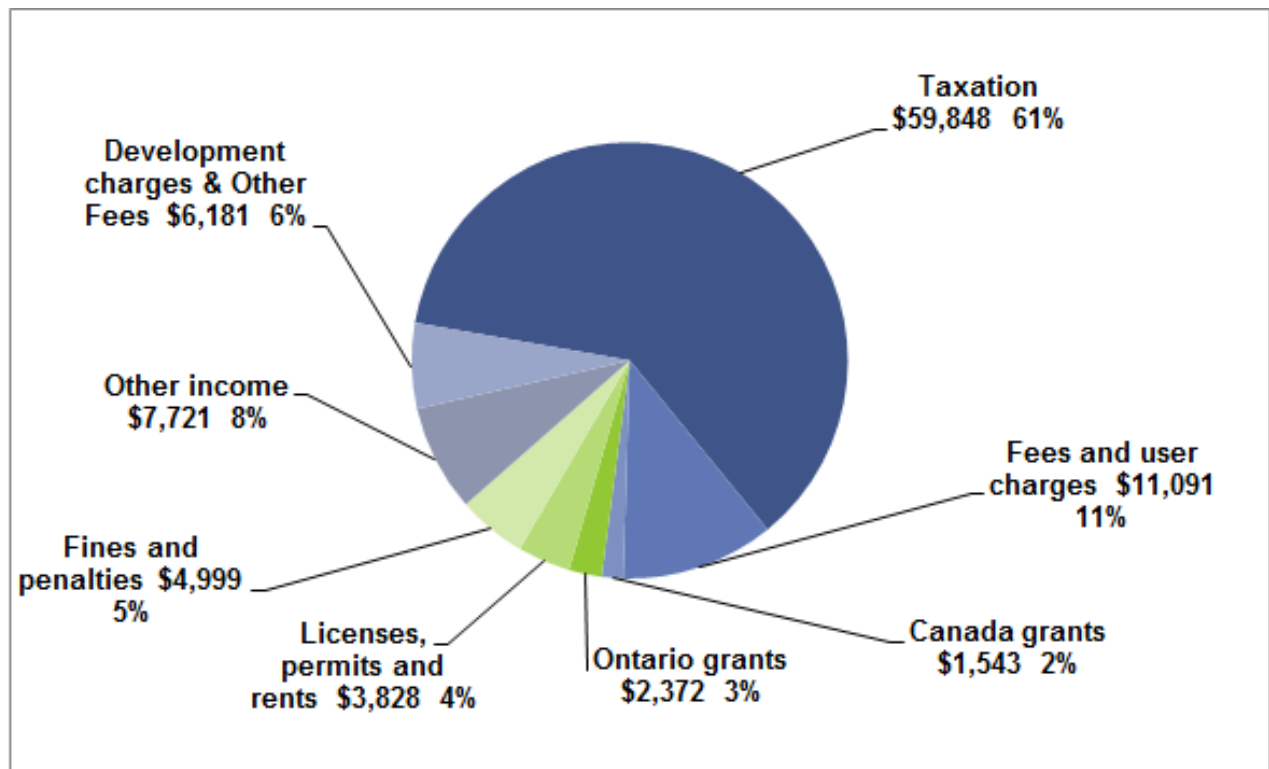
Total Liabilities and Net Worth	\$ 475,063
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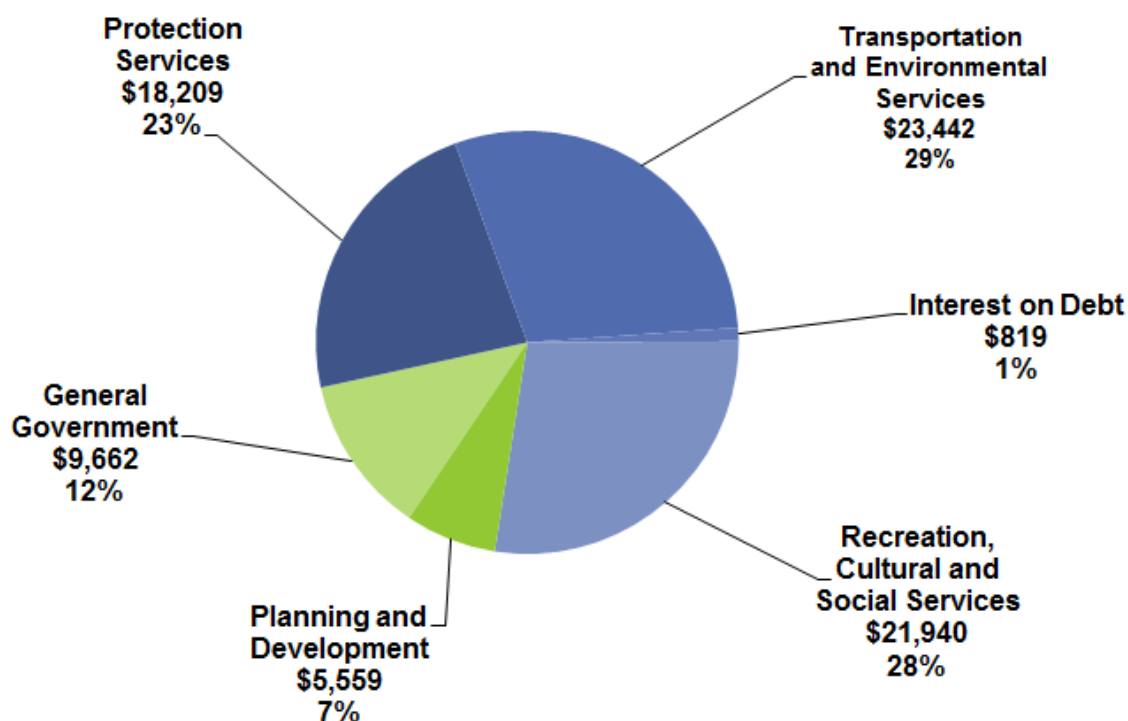
Revenues and Expenses

The following highlights outline the Statement of Operations as at December 31, 2017 (in thousands of dollars)

Where the money came from (Revenues)	\$ 000's	%
Taxation	\$ 59,848	61%
Fees and user charges	11,091	11%
Canada grants	1,543	2%
Ontario grants	2,372	3%
Licenses, permits and rents	3,828	4%
Fines and penalties	4,999	5%
Other income	7,721	8%
Development charges & Other Fees	6,181	6%
Total	\$ 97,583	100%



What the money was used for (Expenses)	\$ 000's	%
General Government	\$ 9,662	12%
Protection Services	18,209	23%
Transportation and Environmental Services	23,442	29%
Interest on Debt	819	1%
Recreation, Cultural and Social Services	21,940	28%
Planning and Development	5,559	7%
Total	\$ 79,631	100%



In addition to the Management Discussion and Analysis and the Consolidated Financial Statements, the 2017 Financial Report contains supplementary financial, non-financial and statistical information about the Town in order to provide more information in a consolidated format to the Town's various stakeholders (see Statistical Section).

The Town's significant financial accounting policies are contained within the notes to the Town's financial statements. During the year, financial transactions and review/refinement of financial processes/policies are guided by provincial legislation, the Ontario Municipal Act, 2001 and related provincial regulations that all municipalities in Ontario must comply with, public sector accounting standards as recommended by the Public Sector Accounting Board of CPA Canada.

2017 MANAGEMENT DISCUSSION AND ANALYSIS

The Town of Caledon prepares its budget on a fund accounting basis where budgeted capital and operating expenditures are balanced with revenues. Like all other municipalities, the Town of Caledon is required under the Public Sector Accounting Board rules to prepare financial statements on the full accrual basis of accounting, including amortization, tangible capital assets and post-employment benefits.

The Consolidated Financial Statements in the 2017 Financial Report have been prepared in accordance with general accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. By converting the Town's statements to a full accrual basis, it changes the budget from a balanced budget to recognize either a surplus or deficit. The statements and related information are the responsibility of management and include the financial activities of all entities deemed to be controlled by the Town of Caledon.

Some highlights of the 2017 financial statements include:

- A significant investment in Tangible Capital Assets of \$38.1 million in infrastructure, roads, equipment and facilities.
- An increase in short and long-term investments of \$16.4 million to better match future cash needs related to debt, capital investments, and preliminary work on Asset Management Plans.
- An increase in deferred revenue on the statement of financial position of \$4.3 million which relates primarily to development charges collected in 2017 and grant funding (e.g. Federal Gas Tax) received and committed but not yet expended.
- A decrease in long-term liabilities of \$2.5 million due to debt repayments related to the 2014 enhanced road program and the Caledon Hydro debt.
- The 2017 statement of operations reflects a full accrual surplus of \$18.0 million mainly due to federal and provincial grant revenue recognized of \$3.9 million, contributed assets (e.g. Town assumption of public infrastructure works from completed developments) received in 2017 of \$0.9 million, and \$6.2 million of development charge revenue recognized relating to growth-related construction projects such as Bolton Fire Station, Kennedy Road Rehabilitation, Community Centre located in Southfields and Yard Expansion. The Town also saw an increase in recoveries from other municipalities mainly relating to infrastructure and fire incidents in 2017 of \$3.4 million. Compared to budget there was a significant increase of \$0.9 million in supplementary taxation revenue, a \$0.6 million increase in investment income, and \$0.3 million increase in penalties and interest collected on tax arrears.

2017 FINANCIAL POSITION OF THE TOWN

The Town's total net assets (also referred to as accumulated surplus) increased by \$18.0 million in 2017 as shown in the table below:

Description	Change in 2017 Increase/(Decrease) (\$ millions)	
Financial Assets – e.g. cash, receivables and investments	\$7.3	A
Financial Liabilities – e.g. payables, deferred revenues and debt	\$4.5	B
Non-financial Assets – e.g. tangible capital assets	\$15.2	C
2017 Change in Total Net Assets	\$18.0	D=A-B+C

Financial Assets

As at December 31 (\$ millions)	2017	2016	Change in 2017 Increase/(Decrease)
Cash and Cash Equivalents	\$40.2	\$50.1	(\$9.9)
Short-term Investments	\$28.3	\$21.0	\$7.3
Taxes Receivable	\$8.6	\$8.2	\$0.4
Accounts Receivable and Grants Receivables	\$6.5	\$6.1	\$0.4
Long-term Investments	\$70.5	\$61.4	\$9.1
	\$154.1	\$146.8	\$7.3

The \$7.3 million increase in financial assets for the Town is mainly attributed to the following:

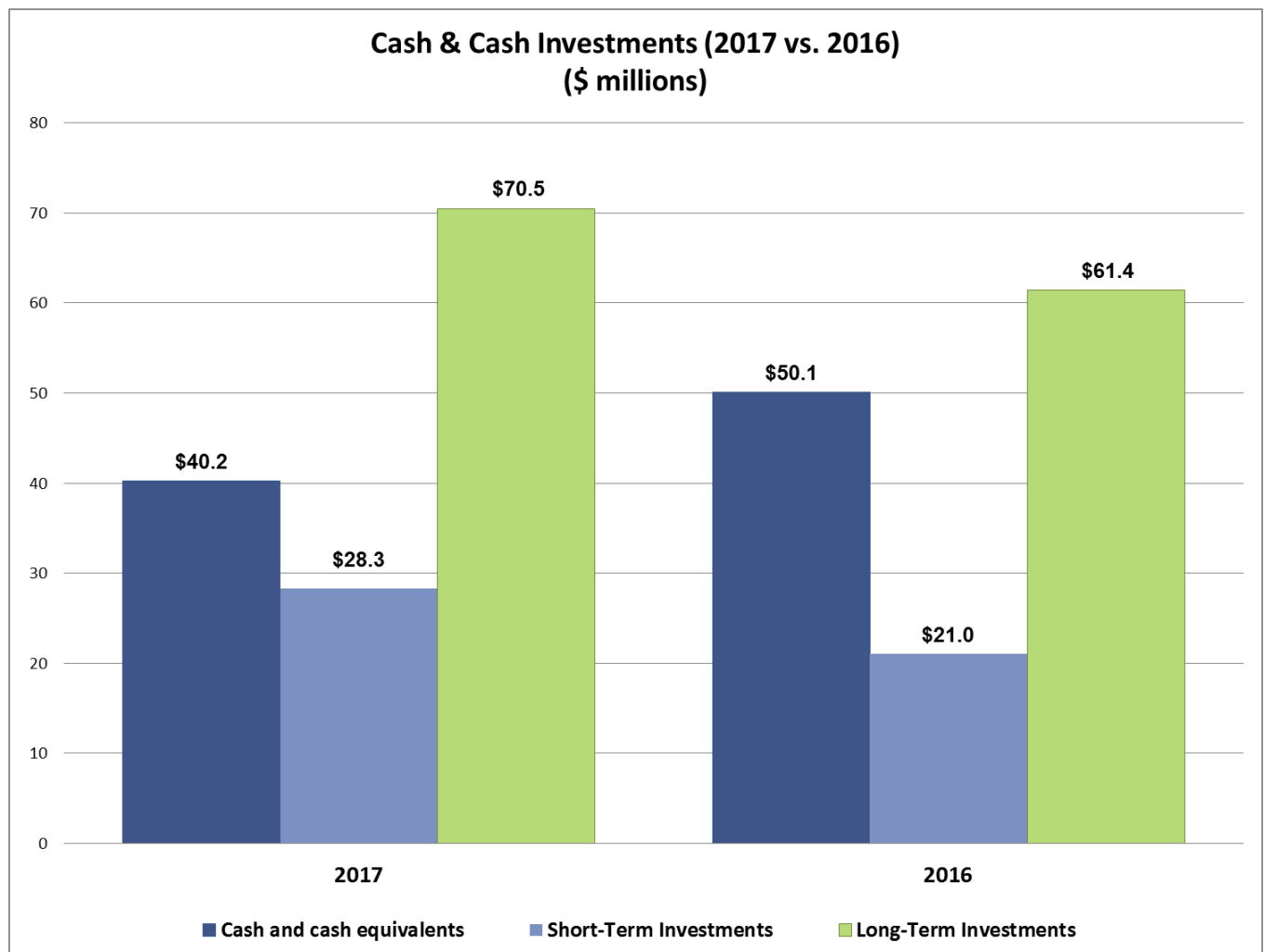
- \$9.9 million decrease in cash and cash equivalents mainly due to investing in long-term investments. Cash equivalents consist of highly liquid investments which amount to \$27.1 million in 2017 and \$35.8 million in 2016.
- \$7.3 million increase in short term investments due to the collection of development charges, and some long-term investments that are near maturity.
- \$0.4 million minimal increase in taxes receivable, corresponding with an increase in the overall property tax levy. The Town continues a proactive property tax collection process which has included selling properties more than 3 years in tax arrears. The current collection process also provides for a tax arrears payment program where Town staff assist taxpayers, in arrears, develop a financial payment plan to be current in 3 years.

- \$9.1 million increase in long term investments. Based on cash flow projections, the Town invested excess cash into long-term investments to match the future long-term needs of the Town.

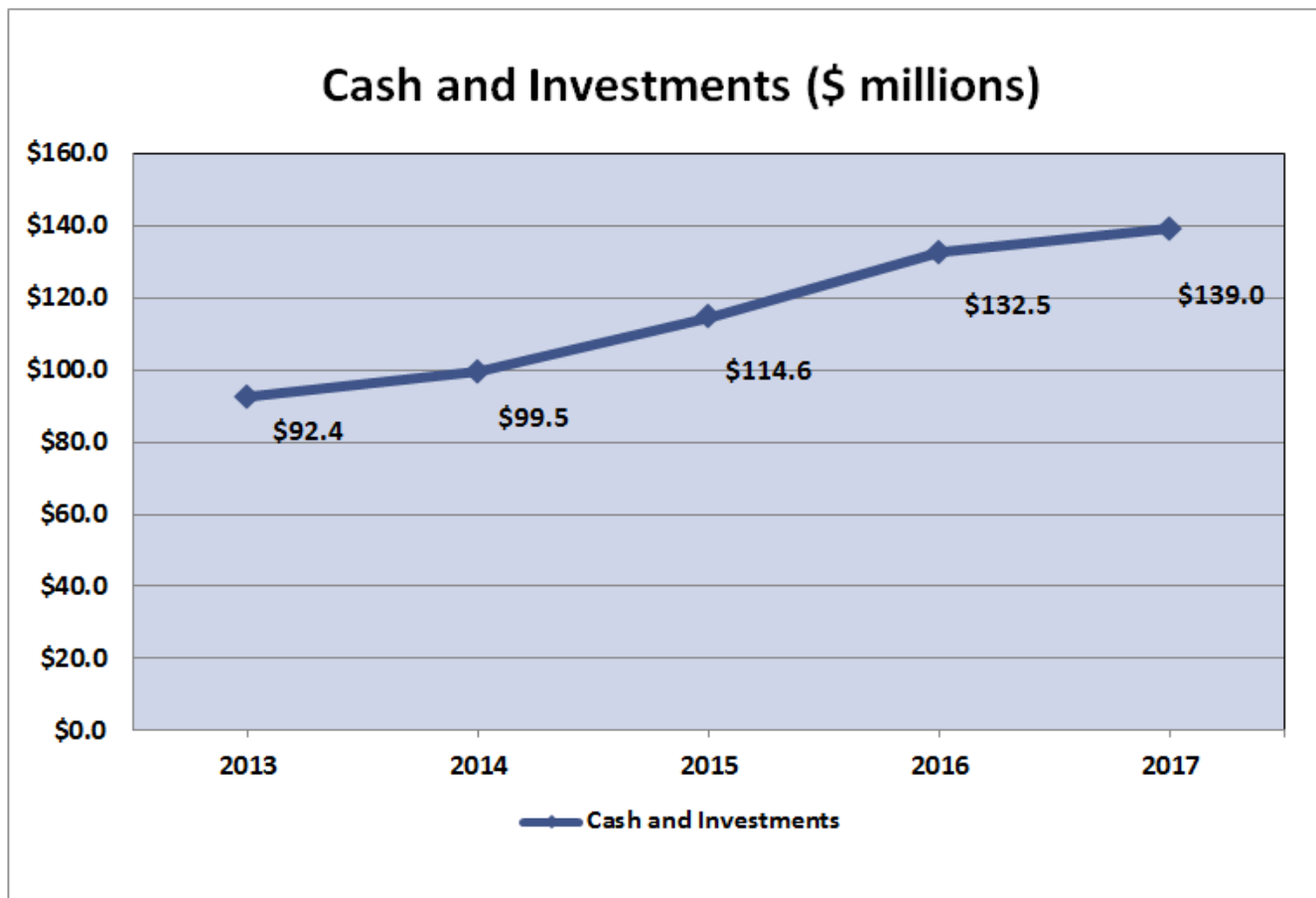
Investments

Overall cash and investments increased by \$6.5 million from 2016 to 2017 as a result of improved cash flow from:

- Increase in development activity resulting in an increase of development charges collected and grant funding that was received but not yet spent
- Increase in the supplementary assessment revenue received for new tax assessments from the Municipal Property Assessment Corporation (MPAC)
- Interest income from the Town's investments and penalties and interest collected on tax arrears
- Increase in recoveries from other municipalities mainly relating to infrastructure and fire incidents in 2017



With the Town's improved cash flow management, funds were invested into high interest saving accounts, GIC's or long term bonds to provide a better return on investment. The Town has developed a cash flow model to better predict funds available for investment opportunities in order to generate additional revenue. Over the years, the Town has made significant contributions in short term and long term investments to create a diversified portfolio while generating additional investment income. The chart below shows the 5 year trend on cash and investments balance:



Taxes Receivable

The Town has made progress in reducing its property taxes receivable over the years by offering special payment plans for residents in arrears and proactively conducting tax sales on properties in arrears. The payment plans are offered to both residential and commercial properties for a period of 3 years. These plans came into effect in 2012 and positive results are being realized over the years. Completing tax sales on properties in arrears brings those properties back into productive use and has also been an effective tool to bring taxes receivable as a percentage of total taxes down considerably. (9% in 2012 vs 5.6% at the end of 2017).

	2017	2016	2015	2014	2013	2012
Taxes Receivable (\$ millions)	8.6	8.2	7.6	9.3	10.4	11.0
Taxes Receivable % of Total Taxes	5.6%	5.6%	5.5%	7.0%	8.3%	9.0%

Financial Liabilities

As at December 31 (\$ millions)	2017	2016	Change in 2017 Increase/ (Decrease)
Accounts Payable and Accrued Liabilities	\$21.0	\$18.3	\$2.7
Deferred Revenue	\$86.1	\$81.8	\$4.3
Long-term Liabilities	\$13.6	\$16.1	(\$2.5)
	\$120.7	\$116.2	\$4.5

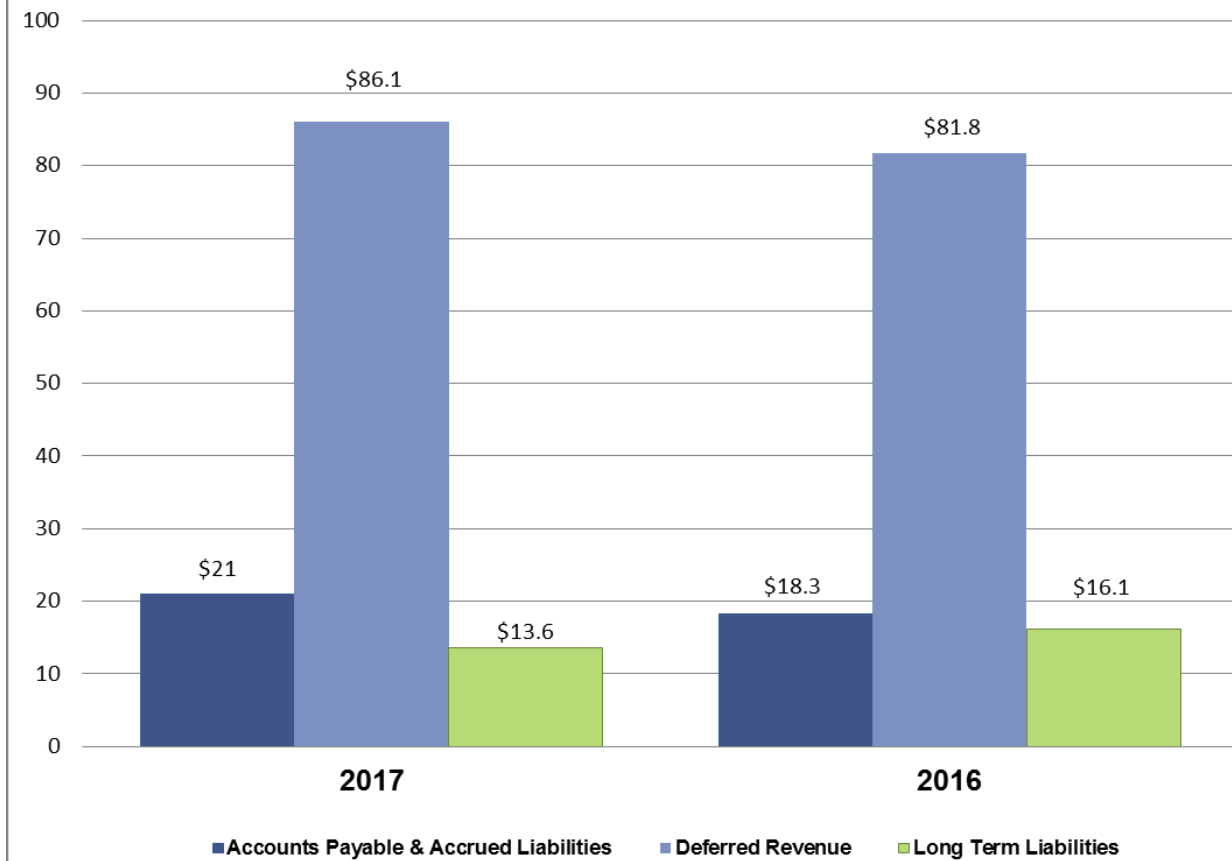
Overall, financial liabilities for the Town have increased by \$4.5 million primarily due to the following:

- An increase in accounts payable and accrued liabilities by \$2.7 million that is attributed to the timing of large capital projects and commitments.
- \$4.3 million increase in deferred revenues primarily from development charges collected and Federal Gas Tax received but not yet spent.
- Long Term Liabilities decreased by \$2.5 million due to principal debt repayments of \$0.3 million for the 2014 Enhanced Roads Program and \$2.2 million principal payment on the Hydro debt. Note 9 of the Town's audited financial statements shows the individual debentures and terms.

The Net Long-Term liabilities balance of \$12.7 million shown below represents the Town's debentures less the sinking fund assets that are included under the long-term investments in Note 9 of the Town's 2017 financial statements. These sinking funds increase every year due to the Town's sinking fund contributions and the interest earned on the sinking fund investments. More details of the Town's outstanding debt, issued through the Region of Peel, is provided in the Municipal Debt section of this Management Discussion and Analysis.

As at December 31 (\$ millions)	2017	2016	Change in 2017 Increase/ (Decrease)
Long-term Liabilities	\$13.6	\$16.1	(\$2.5)
Sinking Fund Assets	(\$0.9)	(\$0.8)	(\$0.1)
Net Long-Term Liabilities	\$12.7	\$15.3	(\$2.6)

Financial Liabilities (2017 vs. 2016) (\$ millions)



Non-Financial Assets

As at December 31 (\$ millions)	2017	2016	Change in 2017 Increase/ (Decrease)
Tangible Capital Assets - Net	\$319.3	\$304.8	\$14.5
Inventory	\$0.7	\$0.7	\$0.0
Prepaid expenses	\$1.0	\$0.3	\$0.7
	\$321.0	\$305.8	\$15.2

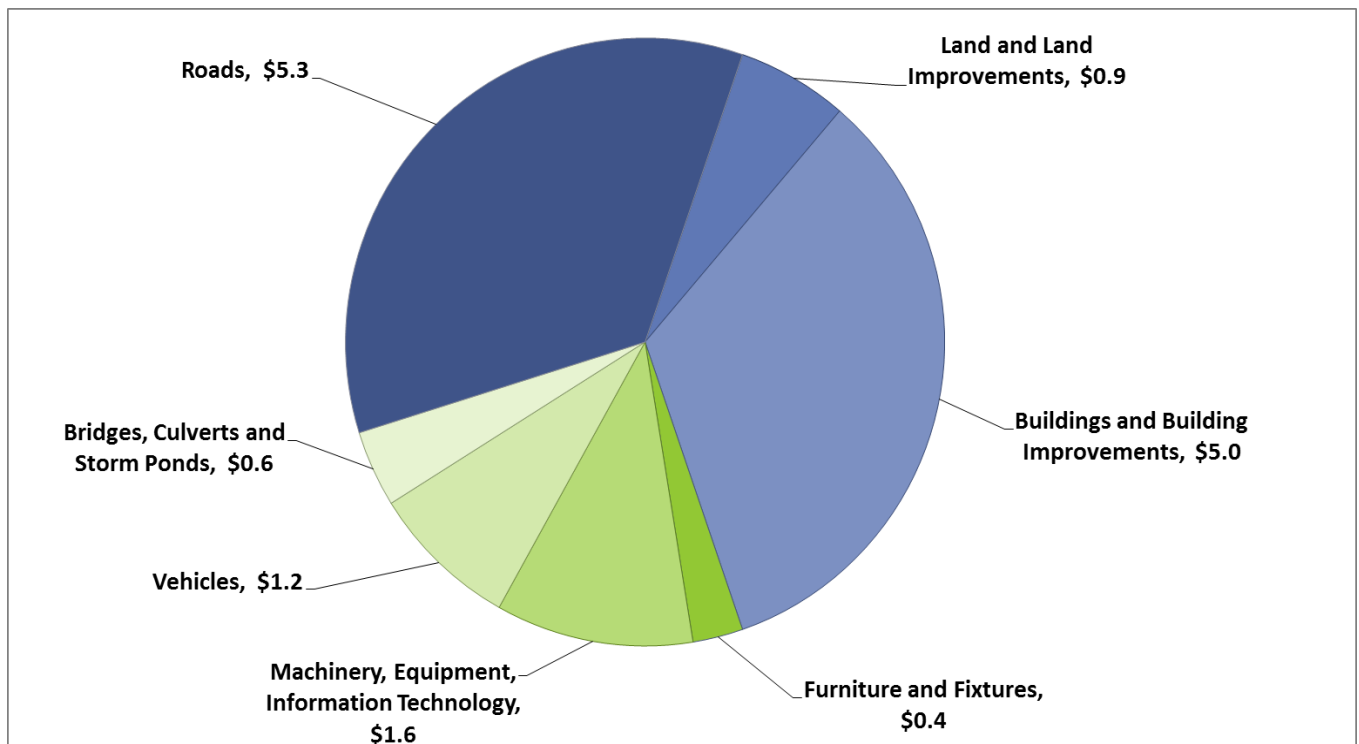
Total non-financial assets are predominately tangible capital assets but also include operating supplies counted as inventory and prepaid expenses. Prepaid expenses increased by \$0.7 million mainly due to an Information Technology service agreement. The Town had made significant investment in tangible capital assets of approximately \$38.1 million with a net increase of \$14.5 million in tangible capital assets in 2017 once amortization and disposals are accounted for \$15.0 million, \$1.1 million respectively.

In 2017, the Town capitalized \$38.1 million in gross capital assets. Below are some of the major capital projects capitalized in 2017:

Major Projects Capitalized in 2017 - \$ millions	
2016 - Bridge Program	\$3.7
Town Hall - HVAC system replacement	\$3.5
2016 - Enhanced Roads Program	\$3.4
2015 - Enhanced Roads Program	\$3.4
2017 - Enhanced Roads Program	\$3.0
Kennedy Road rehabilitation	\$1.9
Bolton Fire Station Land	\$1.3
Single Axle Trucks (4)	\$1.3
Mayfield Recreation Complex - Arena floor and boards	\$1.0

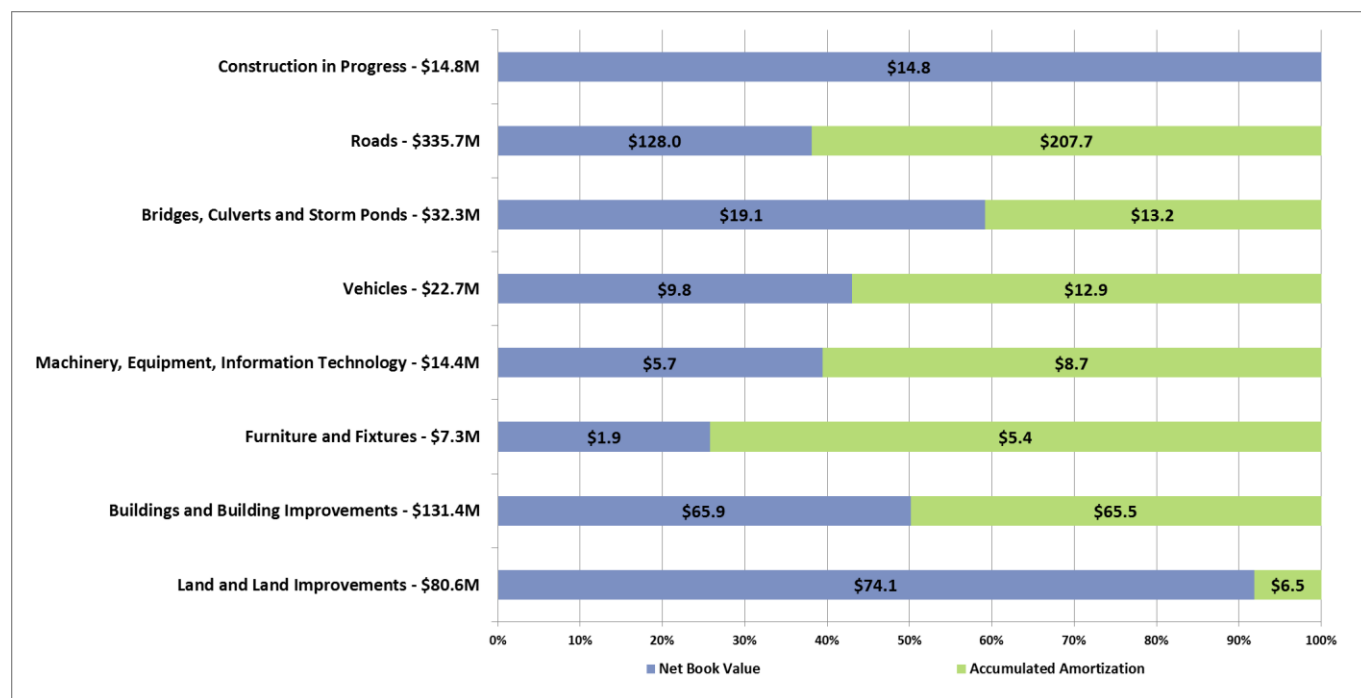
Net of amortization of \$15.0 million, transfers from Construction in Progress of \$7.5 million and disposals of \$1.1 million the net increase to the Town of Caledon's capital assets is \$14.5 million. The amount amortized by asset provides an indication of how much should be set aside each year for repair or replacement of Town assets. The chart below shows the breakdown of amortization expense by asset.

2017 Amortization Expense by Asset Type – Total \$15.0 (\$ millions)



The next chart shows the historical cost of the Town's assets with details on the portion that has been amortized / depreciated to date (i.e. accumulated amortization) and the portion that still has an accounting useful life (i.e. Net Book Value). As noted below, in most cases more than 50% of the Town's assets are amortized based on category.

2017 Tangible Capital Assets: Historical Cost \$639.2 and Net Book Value \$319.2 (In millions)



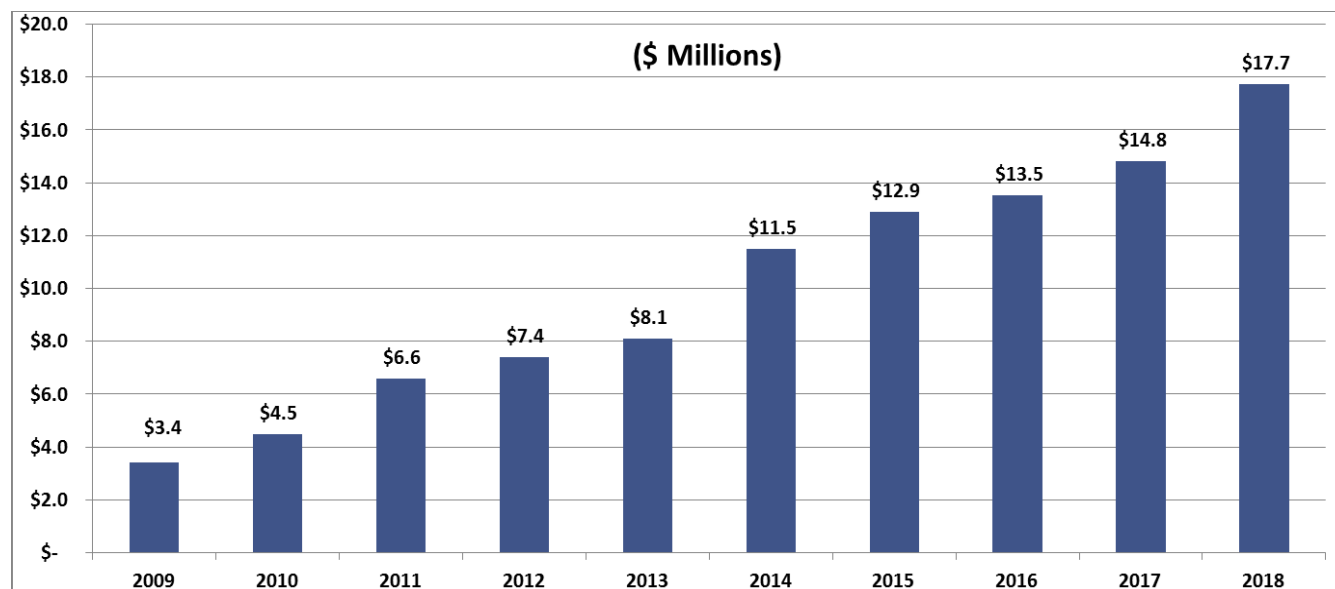
The Town's sustainable funding source for capital almost offsets the projected amortization expenses of approximately \$15.0 million per year. With amortization providing an indication of how much should be set aside/spent each year to repair and replace the Town's assets, the Town needs to build-up sustainable funding for capital. In recent years, the Town has actively worked to reduce the infrastructure funding shortfall by levying more property tax dollars for capital purposes. The goal for the Town's tax funded capital program is \$20.0 million which is higher than the Town's annual amortization of \$15.0 million since:

1. Amortization is based on historical cost and replacement cost is higher
2. Tax funded capital is used to pay for major repairs, maintenance as well as the Town's share of net new infrastructure due to growth that must be funded from tax dollars

As the Town continues to work towards a comprehensive Asset Management Plan (AMP), the historical value will be replaced with the replacement value, and the infrastructure gap will be quantified with the goal of creating a long-term strategy to fund the gap. This strategy will look at best practices to maintain assets using a proactive approach to avoid the large costly repairs that can occur when assets need to be completely replaced vs maintained, establishing Council-approved service levels for assets, and the development of a detailed financial plan to fund the asset renewal and reinvestment called for in the AMP.

The Town of Caledon has made significant progress towards developing a sustainable funding source for capital infrastructure. To illustrate the Town's commitment to funding the Town's infrastructure gap, the following chart outlines the Town's base tax levy contributions to capital over the past eight years (2009 to 2018) and also includes the 2018 tax levy funded capital approved in the 2018 budget.

Tax Funded Capital Program



Accumulated Surplus

As at December 31 (\$ millions)	2017	2016	Change in 2017 Increase/ (Decrease)	
Financial Assets	\$ 154.1	\$ 146.8	\$ 7.3	A
Financial Liabilities	\$ 120.7	\$ 116.2	\$ 4.5	B
Net Financial Assets	\$ 33.4	\$ 30.6	\$ 2.8	C=A-B
Non-Financial Assets	\$ 321.0	\$ 305.8	\$ 15.2	D
Total Net Assets	\$ 354.4	\$ 336.4	\$ 18.0	E=C+D
Accumulated Surplus - End of Year	\$ 354.4	\$ 336.4	\$ 18.0	E

The 2017 accumulated surplus change is equal to the 2017 annual surplus from operations reported in the consolidated statement of operations and outlined in detail on the next section of this Management Discussion and Analysis. In 2017, the Town's financial position, the Town's accumulated surplus at the end of December 31, 2017, increased by \$18.0 million (from \$336.4 million in 2016 to \$354.4 million in 2017). Other balances included in the accumulated surplus are disclosed in Note 10 of the financial statements.

2017 OPERATIONS AND FULL ACCRUAL ACCOUNTING SURPLUS

The budgets for the Town are prepared on the funding basis of accounting where revenues equal expenditures for budget/planning purposes. On the fund basis of accounting, the Town ended 2017 with a surplus of \$3.3 million due primarily to the investment income, additional supplementary tax revenue, higher than estimated infrastructure-related recoveries from the Region of Peel, fire incident billings, salary gapping and various contract savings.

There has been an increase in revenue that is attributed to additional tax revenues from an increase in supplementary assessment received from Municipal Property Assessment Corporation (MPAC) and an increase in the general tax levy. Supplementary tax revenue is incremental revenue related to properties that increase in value due to redevelopment (e.g. tax revenue from vacant land changed to a house on the same land). The Town has been working proactively with MPAC to ensure the tax rolls are updated to include all closed building permits in order to bring in additional tax revenue to the Town and ensure properties are assessed correctly in a timely manner.

Overall the Town has a 2017 year-end surplus of \$18.0 million which is lower than the 2016 year end surplus of \$34.6 million primarily due to the extensive list of assets that were assumed by the Town in 2016 of \$22.6 million in contributed tangible capital assets. The Town assumed parks in 2017 for a total of \$0.9 million of contributed tangible capital assets, which is captured under other income on the financial statements. In 2017, there was more development charge revenue recognized of \$6.2 million due to more expenses being incurred on growth-related infrastructure.

Conversion to Full Accrual Accounting

When reporting the Town operations on the full accrual basis of accounting, adjustments are made to fund accounting numbers as treatment of revenues and expenses differ between the two accounting methods. For example, prior to 2009 there was no requirement to present tangible capital assets on the Town's statement of financial position. Accordingly, municipalities did not have amortization (or "depreciation") expenses listed in financial statements prior to 2009. Instead, the Town, like all Ontario municipalities at the time, expensed tangible capital assets (TCA) additions with revenues related to capital project additions shown to fully offset the capital expenditures. Under the full accrual method of accounting, the TCA additions are now capitalized on the Town's Statement of financial position and amortization expenses are listed on the statement of operations, similar to private sector financial statements. Amortization has become one of the largest expenses for many municipalities due to the value of municipal tangible capital assets including roads, bridges, recreational facilities, fire stations, fire and public works vehicles.

The items below are included in the December 31, 2017 financial statements:

- Amortization of tangible capital assets
- Accumulated Surplus/(Deficit) from Operations
- Net Book Value loss on disposal of Tangible Capital Assets
- Revenue – Grants (including Federal Gas Tax)/Development Charges/Recoveries from other municipalities/Other - for Capital
- Revenue – Contributed Assets (assets assumed by the Town)
- Expenditures – Removal of debt principal on former Caledon Hydro Corporation debt and Enhanced Roads Program debt payments
- Transfer from/to Reserves are not considered Revenue or Expenses and are removed from the Town's Surplus

The following is the adjustment from the Town's fund accounting surplus of \$3.3 million to the actual full accrual surplus of \$18.0 million:

	\$ Millions
2017 Fund Accounting Operating Budget Surplus	\$3.3
Tangible Capital Asset Adjustments	
Tangible Capital Asset Amortization	(\$15.0)
2017 Tax Levy Funded Capital Program	\$14.8
Capital Budget Items not considered Tangible Capital Assets	(\$3.3)
Net Book Value loss on Disposal of Tangible Capital Assets	(\$1.1)
	<u>(\$4.6)</u>
Revised deficit after accounting for TCA	(\$1.3)
Other Full Accrual Adjustments	
Transfers to Reserves not considered an expense	\$3.2
Deferred Revenues & Other external Funding (e.g. grants)	\$13.6
Long Term debt (External) not considered as expenditures	\$2.5
	<u>\$19.3</u>
2017 Full Accrual Surplus	\$18.0

As shown in the table above, deferred revenue and other full accrual adjustments for revenue are the main drivers of the fund accounting surplus of \$3.3 million becoming a full accrual surplus of \$18.0 million.

MUNICIPAL DEBT

The Town of Caledon currently has external debt, issued by the upper-tier municipality, the Region of Peel, related to capital infrastructure. Provincial limits on municipal debt are set based on a maximum percentage of revenues that may be used to service the debt costs (e.g. interest and principal payments) on an annual basis.

In the Province of Ontario, municipalities have the authorization to incur long-term debt for municipal infrastructure as long as annual debt repayments do not exceed 25% of net revenues. The Province provides an annual statement for municipalities known as the Annual Repayment Limit statement, outlining the revenue and debt servicing calculations. The Town of Caledon's 2018 Annual Repayment Limit (ARL) statement from the Province states that the Town is utilizing 3.81% of net revenues to service debt.

The Town of Caledon's debt servicing costs, as a percentage of net revenues, are projected not to exceed the provincial ARL of 25%. In 2011, Town of Caledon Council approved the establishment of an internal long-term debt limit for the Town of 10% of net revenues (below the Provincial limit of 25%).

The Town in 2017 has external debt, issued through the Region of Peel, related to:

1. The purchase of hydro assets outside the former Village of Bolton from Ontario Hydro.
2. The completion of the Bolton Arterial Route – Phase 3 on Coleraine Drive.
3. The 2011 Fire Aerial Apparatus purchase.
4. The 2014 Enhanced Road Program.

Hydro Debenture (1999)

In 1999, the Town issued debt for the purchase of hydro assets. The hydro assets were subsequently sold and a portion of the funds were transferred the Region of Peel to setup a Debt Retirement Fund. Semi-annual payments of principal and interest for the Hydro debenture are funded from a Debt Retirement Fund. When the Debt Retirement fund was established, projections on the initial investment and interest to be earned indicated that the Debt Retirement Fund would have sufficient funds to meet the semi-annual interest payments and annual principal payments to maturity, December 2019. Due to past and current economic conditions, projections on interest income for the Debt Retirement Fund have been revised downwards in recent years and there is a shortfall between the Debt Retirement Fund and the Town's future debt payments (beginning 2017).

The shortfall between the debt retirement reserve fund and the Town's external long-term debt repayments is planned to be covered from the Town's other reserve funds. The Town of Caledon plans to use an existing internal reserve fund that has accumulated sufficient funds to cover the projected 2017-2019 shortfall of approximately \$7.5 million in the Debt Retirement Fund.

Bolton Arterial Route Debenture (2010)

This external debenture was issued in 2010 for the completion of the Bolton Arterial Route (BAR) on Coleraine Drive. The thirty-year, \$5.4 million debenture issued is known as a “sinker”, where interest payments are made semi-annually and the full amount of the \$5.4 million principal is due at the end of 30 years. In addition to annual internal payments the Town contributes annually to a sinking fund that is held and managed by the Region of Peel, for the purposes of extinguishing the debt at maturity.

The annual sinking fund contributions and the interest income to be earned on the investments of the sinking fund over 30 years are projected to fully cover the principal payment due at maturity. Since the BAR was transferred to the Region of Peel in 2014, the Region has assumed the debt servicing costs. However, due to the fact that the debenture was issued for the Town of Caledon the debenture will continue to be reported on the Town of Caledon’s financial statement with an offsetting revenue payment from the Region of Peel until maturity in 2041.

Caledon East Concrete Road (2010)

In 2010, Council approved funding the Caledon East Concrete Road Project from Debt. Town staff allocated surplus funds from the BAR debenture in lieu of a separate Caledon East Concrete Road debenture. Annual Debt repayments are \$0.3 million per year.

Fire Aerial Apparatus (2011)

In 2011, Council approved additional external debt to be issued, through the Region of Peel, for the purchase of a Fire Aerial truck. The ten-year, \$0.6 million debenture issued in 2011 is also a “sinker”, described above where interest payments are made semi-annually and the full amount of the \$0.6 million principal is due at the end of 10 years. The sinking fund is held and managed by the Region of Peel, for the purposes of extinguishing the debt at maturity. The annual sinking fund contributions and the interest income to be earned on the investments of the sinking fund over 10 years are projected to fully cover the principal payment due at maturity.

The ARL includes the maximum amount the Town or a municipality has available to commit to payments relating to debt and financial agreements. Included in the calculation are payments for long term financial commitments, liabilities and contractual obligations excluding debt. The following are fixed payments beyond the term of council and are considered debt obligations therefore are included in the calculation of the Town’s annual repayment limit.

Enhanced Roads Program (2016)

In 2014, Council approved a capital project for the reconstruction and rehabilitation of roads in Caledon funded by external debt to be issued, through the Region of Peel for \$3.1 million. The ten-year debenture issued in 2016 requires annual principal payments of \$0.3 million with interest costs ranging from 1.15% to 2.5%. These costs have been included in the Town’s operating budget. These debt payments have been included in the calculation of the Town’s annual repayment limit.

Enhanced Roads Programs (2018)

In 2015 and 2016, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel of \$7.0 million. The ten-year debenture will be issued in 2018 requires annual debt repayments of \$0.8 million with interest costs ranging from 1.8% to 3.05%. These debt payments have been included in the calculation of the Town's updated annual repayment limit.

Non-Material Leases

These are fixed payments over a term that the Town has agreements with which includes leases for the 2018 temporary space for the Community Centre located in Southfields and photocopiers. These are financing agreements that the Town has entered into which are calculated as part of the ARL.

Annual Repayment Limit (ARL)

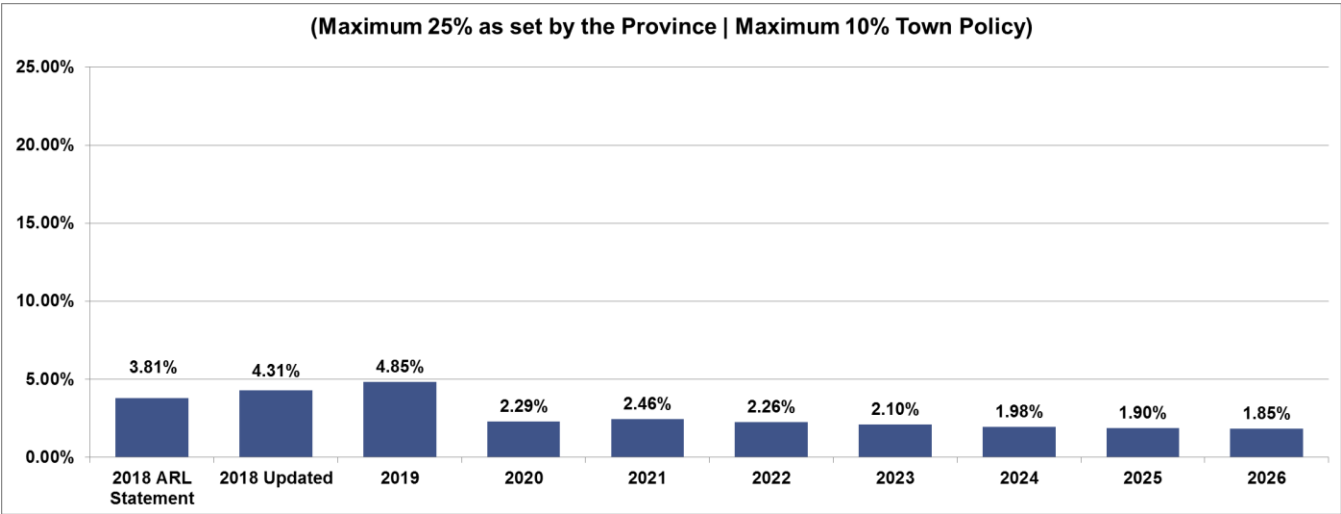
The Province provides each municipality with an ARL statement, in accordance with Regulation 403/02 of Section 401 of the Municipal Act 2001, outlining the percentage of net revenues the municipality is currently using to service debt. The calculation of the ARL for a municipality in 2018 is based on its analysis of data contained in the 2016 Financial Information Return (FIR). The Town of Caledon's 2018 ARL statement report indicates that the Town has net debt charges of \$3.1M or approximately 3.81% of the Town's net revenues. This leaves a balance of 21.19% (25% - 3.81%) or approximately \$17.0M of the ARL available.

The Treasurer is required to calculate an updated ARL and disclose it to Council in order to assist Council in decisions as part of the budget process for capital programs and debt. An update of the ARL/debt servicing costs as a percentage of net revenues based on the recommended debentures and projections included the following updates and assumptions such as:

- Photocopier lease costs;
- Temporary Community Centre Space Lease;
- Future debentures assumed:
 - 2015 to 2016 Enhanced Road Project of \$7 million beginning in 2018
 - 2017 to 2018 Enhanced Road Project \$4.1 million each year beginning in 2019
- Maturity of Caledon Hydro Debenture in 2019
- Assessment growth revenue projections for 2019 to 2025 based on the same assumptions used in the 2018 budget

Prior to authorizing these commitments, the Treasurer is required by the Municipal Act to update the Town's annual financial debt and obligation repayment limit (debt capacity), incorporating the new commitments and certifying that the Town remains within this limit. After updating the annual financial debt and obligation repayment limit calculations, the Treasurer for the Town of Caledon certifies that the Town is projected to remain below both the Provincial limit (25%) and the Town's internal debt repayment limits (10%).

The chart below shows the projected ARL adjusted for the current debt rates from Infrastructure Ontario and assumptions above:



As noted in the chart above, there is a projected increase in debt servicing costs from 2018 to 2019 due to projected debt related to the Town’s enhanced road program of \$4.1M per year. However, as shown in the chart above, it is important to note that the Town’s debt financing payments for Hydro debenture will end in 2019, when the hydro debt matures.

CONCLUSION

Through on-going collaboration and regular consultation with Council, staff will continue to present a well-balanced annual budget each year based on seven financial principles to ensure fiscal sustainability. These principles include the use of:

- A 10- year capital forecasting and assessment growth model to better match expenditures with revenues in order to mitigate significant fluctuations in taxes
- Reserve funding geared towards specific purposes including keeping municipal infrastructure in a state of good repair
- Matching reserve funds contributions to fund future debt obligations
- Asset management plans to guide asset maintenance and replacement
- Borrowing only when necessary and at affordable levels
- Innovative approaches to financing to better reduce external debt levels
- Prudent investing strategies to maximize investment returns

With a focused approach on the seven financial principles, the Town plans to continue to maintain its strong financial position well into the future.

A handwritten signature in dark ink, appearing to read 'H. Haire', with a large loop in the middle.

Heather Haire, CPA, CA
Treasurer
Finance & Infrastructure Services
March 27, 2018

TOWN OF CALEDON

Financial Section



Management Report


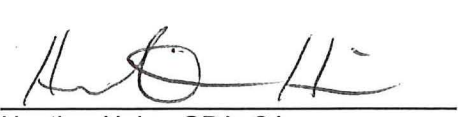
The accompanying consolidated financial statements of the Corporation of the Town of Caledon are the responsibility of the Town's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation maintains a system of internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized and the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been examined by Millard, Rouse and Rosebrugh, LLP, Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards.

Town Council, through the Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit Committee meets periodically with management, as well as with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting.

The audit committee 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.


Mike Galloway
Chief Administrative Officer
March 27, 2018
Fuwing Wong, CPA, CGA
General Manager, Finance and Infrastructure Services/CFO
March 27, 2018
Heather Haire, CPA, CA
Treasurer
March 27, 2018

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Caledon which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and 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 the auditors' 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial position of The Corporation of the Town of Caledon as at December 31, 2017, and the consolidated results of its operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



March 27, 2018
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF CALEDON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2017	2016
		(Restated - Note 2)
Financial Assets		
Cash and cash equivalents (Note 3)	40,185,976	50,124,531
Short-term investments (Note 4)	28,271,567	21,003,020
Taxes receivable (Note 5)	8,596,989	8,197,067
Accounts and grants receivable (Note 6)	6,501,959	6,115,778
Long-term investments (Note 7)	70,563,162	61,354,974
	154,119,653	146,795,370
Financial Liabilities		
Accounts payable and accrued liabilities	20,954,962	18,310,646
Deferred revenue (Note 8)	86,158,020	81,821,578
Long-term liabilities (Note 9)	13,605,365	16,094,365
	120,718,347	116,226,589
Net Financial Assets	33,401,306	30,568,781
Non-Financial Assets		
Tangible capital assets - net (Note 11)	319,240,070	304,751,337
Inventories of supplies	724,180	703,503
Prepaid expenses	978,582	368,602
	320,942,832	305,823,442
Total Net Assets	354,344,138	336,392,223
Accumulated Surplus - End of Year (Note 10)	354,344,138	336,392,223

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
(Restated - Note 2)			
Revenue			
Taxation (Note 14)	59,232,318	59,848,401	56,066,630
Fees and user charges (Note 15)	8,950,422	11,090,465	11,260,168
Canada grants	2,343,298	1,542,955	2,620,011
Ontario grants	2,729,984	2,372,298	1,810,396
Licenses, permits and rents	4,944,910	3,828,279	3,735,130
Fines, penalties and interest on taxes	5,293,942	4,998,817	5,186,131
Other income (Note 16)	9,323,480	7,721,240	29,445,624
Development charges and other fees	8,845,639	6,180,536	2,216,624
	101,663,993	97,582,991	112,340,714
Expenses			
General government	9,705,111	9,662,109	8,241,237
Protection services	18,432,542	18,208,692	18,195,249
Transportation services	21,004,213	23,185,315	22,522,299
Environmental services	259,371	257,037	453,074
Social and family services	59,684	49,111	46,510
Recreation and cultural services	21,812,221	21,891,266	21,228,743
Planning and development	5,572,490	5,558,822	6,073,108
Interest on corporate debt (Note 9 a)	1,471,567	818,724	957,575
	78,317,199	79,631,076	77,717,795
Annual Surplus from Operations	23,346,794	17,951,915	34,622,919
Accumulated Surplus - Beginning of Year (Note 2)	336,392,223	336,392,223	301,769,304
Accumulated Surplus - End of Year (Note 10)	359,739,017	354,344,138	336,392,223

THE CORPORATION OF THE TOWN OF CALEDON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Annual Surplus from Operations	23,346,794	17,951,915	(Restated - Note 2) 34,622,919
Amortization of tangible capital assets	14,000,000	14,986,775	14,072,672
Acquisition of tangible capital assets (net of changes in construction in progress)	(14,800,000)	(29,620,135)	(18,161,937)
Loss on disposal of tangible capital assets	-	575,765	174,836
Contributed tangible capital assets	-	(934,795)	(22,645,385)
Proceeds on disposal of tangible capital assets	-	503,657	263,519
Other	-	(630,657)	(125,154)
Increase/(Decrease) in Net Financial Assets	22,546,794	2,832,525	8,201,470
Net Financial Assets - Beginning of Year	30,568,781	30,568,781	22,367,311
Net Financial Assets - End of Year	53,115,575	33,401,306	30,568,781

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2017	2016
Cash Provided By (Used In)		
Operating Activities		
Annual Surplus from operations	17,951,915	34,622,919
Items not involving cash		
Amortization of tangible capital assets	14,986,775	14,072,672
Contributed tangible capital assets	(934,795)	(22,645,385)
Loss/(Gain) on disposal of tangible capital assets	575,765	174,836
Long-term bond premium amortization	-	-
	32,579,660	26,225,042
Changes in non-cash working capital items (Note 13)	5,563,998	8,539,829
Capital Activities		
Acquisition of tangible capital assets (Net of changes in Construction in Progress)	(29,620,135)	(18,161,937)
Proceeds on disposal of tangible capital assets	503,657	263,519
	(29,116,478)	(17,898,418)
Investing Activities		
Net (purchase)/redemption of investments	(16,476,735)	(14,047,352)
Financing Activities		
Proceeds of debenture	-	3,100,000
Repayment of long-term liabilities	(2,489,000)	(2,046,000)
	(2,489,000)	1,054,000
Net Change in Cash and Cash Equivalents	(9,938,555)	3,873,101
Cash and Cash Equivalents - Beginning of Year	50,124,531	46,251,430
Cash and Cash Equivalents - End of Year	40,185,976	50,124,531
Cash and Cash Equivalents are Comprised of:		
Cash and bank (unrestricted)	40,185,976	49,713,985
Cash and bank (restricted)	-	410,546
	40,185,976	50,124,531

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

The Corporation of the Town of Caledon 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, 2001 and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Caledon (the “Town”) are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

(a) Reporting Entities

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is composed of all organizations, 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. These consolidated financial statements include:

Town of Caledon Library Board
Town of Caledon Business Improvement Area
Town of Caledon Provincial Offences Office

Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

Reporting Entities

(ii) Non-Consolidated Entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

The Regional Municipality of Peel
The Peel District School Board
The Dufferin-Peel Catholic District School Board
Conseil Scolaire Viamonde
Conseil Scolaire Catholique mon Avenir

(b) Basis of Accounting

(i) Accrual Basis of Accounting

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(ii) Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less after year-end and includes funds held at the Region of Peel.

(iii) Inventory Held for Resale

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(iv) Non-Financial Assets, Tangible Capital 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

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

Land	No amortization		
Land improvements	15-20 years	Information technology	3-5 years
Buildings	40 years	Roads	7-35 years
Building improvements	40 years	Machinery and equipment	5-15 years
Vehicles	5-20 years	Bridges, culverts and storm ponds	20-50 years
Furniture and fixtures	5-20 years		

Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(v) Investments

Investments are recorded at the lower of cost and amortized cost. Any discount or premium is amortized over the remaining term of the investments. When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

(vi) Reserves and Reserve Funds

Certain amounts, as approved by Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to/from reserves and reserve funds are an adjustment to the respective funds when approved.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(vii) **Deferred Revenue - Unearned User Charges and Fees**

Deferred revenue represents user charges and fees which have been collected but for which the related services have not yet been performed. These receipts will be recognized as revenues in the fiscal year the services are performed.

(viii) **Deferred Revenue - Obligatory Reserve Funds**

Revenues restricted by legislation, regulation or agreement and not available for general municipal purposes are reported as deferred revenue on the consolidated statement of financial position. The fees are recognized as revenue and reported on the consolidated statement of operations in the year the related costs incurred.

(ix) **Liability for Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Town is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

(x) **Taxation and Related Revenues**

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxes are recorded at estimated amount when they meet the definition of an asset, have been authorized and the taxable event occurs. Tax receivables are recognized net of an allowance for anticipated uncollectible amounts. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(xi) **Investment Income**

Investment income earned on available funds (other than obligatory reserve funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(xii) Government Transfers

Government transfers, which include entitlements and legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Government transfers consist of grants and subsidies received for various operating and capital programs.

(xi) Region and School Boards

The municipality collects taxation revenue on behalf of the Regional Municipality of Peel and the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of Peel and the school boards are not reflected in these financial statements.

(xii) Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

(xv) Pension Plan

The municipality is an employer of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As such, the municipality's contributions due during the year are expensed as incurred.

(xvi) Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as useful life and valuation of tangible capital assets, allowance for doubtful accounts, contributed assets, accrued liabilities and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

2. PRIOR PERIOD ADJUSTMENT

A correction was made to contributed assets related to a development the Town had assumed in 2014. The assumed infrastructure had not been capitalized in 2014. These contributed capital assets have been recognized at fair market value at the date of contribution requiring a restatement of the 2016 year end financial information. The value of the contributed assets received in 2014 was \$8,039,705. These assets consist of storm sewers, street lights, roads, sidewalks and curbs. The impact of the above noted prior period adjustment is as follows:

	2016
Statement of Financial Position	
Increase to Tangible Capital Assets - Roads	7,595,848
Change in Non-Financial Assets	7,595,848
Accumulated Surplus - Beginning of year, as previously reported	294,016,569
Increase to Tangible Capital Assets - Roads	7,752,735
Accumulated Surplus - Beginning of year, as restated	301,769,304
Statement of Operations	
Increase to amortization expense	156,887
Net decrease in Annual Surplus	156,887

3. CASH AND CASH EQUIVALENTS

	2017	2016
Unrestricted	40,185,976	49,713,985
Restricted - debt retirement fund	-	410,546
	40,185,976	50,124,531

Included in unrestricted cash and cash equivalents are funds held in high interest savings accounts in the amount of \$27,058,938 (2016 - \$35,754,702).

The Town's Debt Retirement Fund investments held by the Region of Peel are restricted for the purpose of providing periodic repayments related to the 1999 debt issued on behalf of the Town (see note 9 for more information).

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

4. SHORT-TERM INVESTMENTS

	2017	2016
Short-term interest bearing investments	28,271,567	20,999,823
Restricted - debt retirement fund investments	-	3,197
	28,271,567	21,003,020

Short-term investments have interest rates ranging from 0.95% to 1.95% and a market value of \$28,271,965 (2016 - \$21,019,844) at the end of the year.

The Town's Debt Retirement Fund investments held by the Region of Peel are restricted for the purpose of providing periodic repayments related to the 1999 debt issued on behalf of the Town.

5. TAXES RECEIVABLE

	2017	2016
Taxes receivable	8,790,411	8,371,969
Allowance for doubtful accounts	(193,422)	(174,902)
	8,596,989	8,197,067

6. ACCOUNTS AND GRANTS RECEIVABLE

	2017	2016
Accounts receivable	6,074,607	5,821,721
Grants receivable - Federal	172,128	122,707
Grants receivable - Provincial	255,224	171,350
	6,501,959	6,115,778

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

7. LONG-TERM INVESTMENTS

	2017	2016
Long-term Provincial Government bond	2,023,276	-
Long-term interest bearing investments	67,519,033	60,480,508
Restricted - sinking fund	1,020,853	874,466
	70,563,162	61,354,974

The long-term investments have interest rates ranging from 1.00% to 3.04% and maturity dates from May 2019 to May 2025. The market value of the long-term investments is \$69,444,620 (2016 - \$60,747,872). There are long-term investments where the total cost exceeds market value by \$154,414 (2016 - \$73,027).

The Town's Restricted Sinking Funds investments held by the Region of Peel are restricted for the purpose of providing repayments of debt issued on behalf of the Town. Included in these amounts are the debenture discounts in the amount of \$78,466 (2016 - \$83,797) that will be amortized over the term of the debenture.

8. DEFERRED REVENUE

	Balance at December 31 2016	Contributions Received	Investment Income	Revenue Recognized	Balance at December 31 2017
Obligatory Reserve Funds					
Heritage property grant	22,464	1,600	224	(22,464)	1,824
Development charges	71,021,345	7,697,388	622,749	(6,180,536)	73,160,946
Recreational land	4,414,084	521,383	46,375	-	4,981,842
Building stabilization	3,560,968	931	33,503	(584,048)	3,011,354
Federal gas tax	1,811,809	3,345,110	28,227	(1,323,351)	3,861,795
	80,830,670	11,566,412	731,078	(8,110,399)	85,017,761
User Charges and Fees					
Deferred memberships	193,647	1,900,104	-	(1,883,289)	210,462
Deferred revenue	695,150	539,555	1,211	(316,254)	919,662
Aggregate Levy	102,111	149,975	-	(241,951)	10,135
	990,908	2,589,634	1,211	(2,441,494)	1,140,259
	81,821,578	14,156,046	732,289	(10,551,893)	86,158,020

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

9. LONG-TERM LIABILITIES

- (a) The Town has long-term debt managed and issued by the Region of Peel. The Town has the responsibility for the payment of principal and interest charges and/or annual contribution towards sinking funds that would be used to extinguish the debt at maturity. The total long-term liabilities reported on the consolidated statement of financial position include the following:

	2017	2016
Long-term debt, issued in 1999 in the amount of \$16,027,000, has interest rates ranging from 6.45% to 6.65% and a maturity date of December 14, 2019. At the end of the year, the outstanding principal amount of the liability is:	4,793,000	6,972,000
2010 sinking fund debenture. The long-term debt has an interest rate of 5.1% and a maturity date of June 29, 2040. At the end of the year the outstanding principal amount of the liability is:	5,381,277	5,381,277
2011 sinking fund debenture. The long-term debt has an interest rate of 3.5% and a maturity date of December 31, 2021. At the end of the year the outstanding principal amount of the liability is:	641,088	641,088
Long-term debt, issued in 2016 in the amount of \$3,100,000, has annual principal payments of \$310,000 with interest rates ranging from 1.15% to 2.5% and a maturity date of June 1, 2026. At the end of the year the outstanding principal amount of the liability is:	2,790,000	3,100,000
Long-term liabilities	13,605,365	16,094,365
Less: sinking fund assets	942,387	790,669
Net long-term liabilities	12,662,978	15,303,696

The following table outlines the principal and interest requirements on the long-term debt.

	Principal	Interest	Total
2018	2,751,046	664,768	3,415,814
2019	2,904,046	506,536	3,410,582
2020	431,046	337,819	768,865
2021	431,046	333,091	764,137
2022	405,949	305,383	711,332
2023 - 2027	1,719,745	1,430,939	3,150,684
Thereafter	1,247,337	3,430,563	4,677,900
Interest to be earned on sinking funds	3,715,150	-	3,715,150
	13,605,365	7,009,099	20,614,464

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

9. LONG-TERM LIABILITIES (Continued)

Interest expense in the amount of \$818,724 (2016 - \$957,575) has been recognized on the consolidated statement of operations.

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Principal payments include sinking fund contributions and projected interest earned on the sinking funds.

- (b) For the 1999 debt issuance, the Town's debt retirement reserve held by the Region of Peel has a balance of Nil (2016 - \$410,546) in restricted cash and Nil (2016 - \$3,197) in short term investments for a total of Nil. (2016 - \$413,743). As planned and communicated in prior years, the Town has assumed the balance of the payments from 2018 - 2019 in the amount of \$5,276,189. This is comprised of \$4,793,000 in principal repayments and \$483,189 of interest repayments which will be covered from the Town's Capital Asset Replacement Reserve Fund (formerly the Caledon Hydro Reserve Fund, where the original net proceeds from the sale of Caledon Hydro assets were originally deposited.)
- (c) For the 2010 debt issuance, the Town is contributing \$95,949 annually to a sinking fund held at the Region of Peel. It is anticipated that the principal will be fully funded by maturity in 2040 of \$5,381,277 with the combined sinking fund contributions and investment income. The balance in the restricted fund is \$777,453 (2016 - \$654,882).
- (d) For the 2011 debt issuance, the Town is contributing \$25,096 annually to a sinking fund held at the Region of Peel. It is anticipated that the principal will be fully funded by maturity in 2021 of \$641,088 with the combined sinking fund contributions and investment income. The balance in the restricted sinking fund is \$164,934 (2016 - \$135,787).

10. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following amounts:

	2017	2016
General purposes (Includes Caledon Library Board)	2,077,093	(442,351)
Caledon Business Improvement Area (Operations)	35,504	31,519
Invested in Tangible Capital Assets	319,240,070	304,751,337
Reserves and Reserve Funds (Note 12)	32,991,471	32,051,718
	354,344,138	336,392,223

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

11. TANGIBLE CAPITAL ASSETS

	Land and Land Improvements	Buildings and Building Improvements	Furniture and Fixtures	Machinery, Equipment, Information Technology	Vehicles	Bridges, Culverts and Storm Ponds	Roads	Construction in Progress	Total 2017	Total 2016 Restated (Note 2)
Cost										
Balance, beginning of year	75,531,028	124,491,495	7,286,136	12,923,948	21,820,744	28,078,223	324,628,510	22,360,755	617,120,839	582,088,950
Additions during the year	5,418,166	7,068,023	574,397	1,536,756	1,819,512	4,352,019	17,310,695	-	38,079,568	40,807,322
Disposals/transfers during the year	(361,904)	(183,750)	(523,356)	(44,586)	(937,325)	(117,857)	(6,263,772)	(7,524,638)	(15,957,188)	(5,775,433)
Balance, end of year	80,587,290	131,375,768	7,337,177	14,416,118	22,702,931	32,312,385	335,675,433	14,836,117	639,243,219	617,120,839
Accumulated Amortization										
Balance, beginning of year	5,715,143	60,607,420	5,560,784	7,198,555	12,683,333	12,667,256	207,937,011	-	312,369,502	303,633,908
Amortization during the year	896,112	5,015,270	407,120	1,597,921	1,198,733	610,823	5,260,796	-	14,986,775	14,072,672
Accumulated amortization on disposal	(81,267)	(119,525)	(523,356)	(42,800)	(937,326)	(117,857)	(5,530,997)	-	(7,353,128)	(5,337,078)
Balance, end of year	6,529,988	65,503,165	5,444,548	8,753,676	12,944,740	13,160,222	207,666,810	-	320,003,149	312,369,502
Net Book Value of Tangible Capital Assets	74,057,302	65,872,603	1,892,629	5,662,442	9,758,191	19,152,163	128,008,623	14,836,117	319,240,070	304,751,337

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

11. TANGIBLE CAPITAL ASSETS (Continued)

- a) Assets under construction:
Assets under construction having a value of \$14,836,117 (2016 - \$22,360,755) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) Contributed tangible capital assets:
Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was \$934,795 (2016 - \$22,645,385). These assets consist of storm water management ponds, storm sewers, parklands, street lights, roads, sidewalks and curbs.

12. RESERVES AND RESERVE FUNDS

	2017	2016
Reserves set aside by Council:		
Working funds	1,299,647	1,299,647
Contingencies	4,566,024	4,114,996
Current purposes	72,803	72,803
Capital purposes	4,612,041	5,102,166
	<u>10,550,515</u>	<u>10,589,612</u>
Reserve funds set aside by Council:		
Capital asset replacement fund (formerly Caledon Hydro Reserve)	16,192,254	16,373,496
Current purposes	5,873,891	4,236,110
Debt retirement	-	413,743
Community Improvement Plan	374,811	438,757
	<u>22,440,956</u>	<u>21,462,106</u>
	<u>32,991,471</u>	<u>32,051,718</u>

13. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2017	2016
Increase in taxes receivable	(399,922)	(598,641)
Increase in trade and other receivables	(386,181)	(209,735)
Increase in inventories	(20,677)	(244,198)
(Increase) Decrease in prepaid expenses	(609,980)	119,044
Increase (Decrease) in accounts payable	2,644,316	(3,845,075)
Increase in deferred revenue	4,336,442	13,318,434
	<u>5,563,998</u>	<u>8,539,829</u>

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

14. TAXATION

Property tax billings are prepared by the Town based on an assessment roll prepared by Municipal Property Assessment Corporation (MPAC) based upon Current Value Assessment (CVA). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and the requisition made by the Region of Peel in respect of regional services. The Town is required to collect education taxes on behalf of the Province of Ontario. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

During the year, the following taxation revenue was raised and remitted to the Regional Municipality of Peel and the school boards:

	2017	2016
Taxation revenue	154,741,126	145,680,558
Amount levied and remitted to Regional Municipality of Peel	(49,124,685)	(46,478,783)
Amount levied and remitted to School Boards	(45,768,040)	(43,135,145)
Net taxation	59,848,401	56,066,630

15. FEES AND USER CHARGES

	2017 Budget	2017 Actual	2016 Actual
Recreation	4,802,260	4,859,476	4,817,155
Planning and development	2,353,254	3,822,753	4,298,267
Public works	595,470	651,396	1,008,088
Administration and general governance	886,381	1,108,271	812,282
Fire services	303,057	634,316	320,011
Library services	10,000	14,253	4,365
	8,950,422	11,090,465	11,260,168

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

16. OTHER INCOME

	2017 Budget	2017 Actual	2016 Actual
Investment income	1,119,757	1,509,976	2,253,121
Donations, contributions and agreements	40,921	163,250	256,836
Recovery from other municipalities	3,226,675	2,888,133	2,807,416
Developer contributions	3,717,872	2,041,388	22,804,218
Other	1,218,255	1,118,493	1,324,033
	9,323,480	7,721,240	29,445,624

17. PENSION AGREEMENTS

The Ontario Municipal Employees Retirement System (OMERS) provides pension services to more than 482,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of the valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial funding deficit of \$5,403 million. OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town of Caledon does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Town to OMERS for 2017 were \$2,906,008 (2016 - \$2,732,467) on behalf of 432 employees. The contribution rate for 2017 was 9% to 15.8% depending on normal retirement age and income level (2016 - 9% to 15.8%).

18. BUDGET AMOUNTS

Under Public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and changes in net financial assets for comparative purposes.

The Town's 2017 budget was approved by council on December 20, 2016 on the fund basis of accounting where revenues balance to expenses. Also on December 20, 2016, council received and approved a report on the full accrual accounting impact of the 2017 budget based on assumptions such as the timing of capital expenses, recognition of deferred revenues, and projections on tangible capital asset amortization. The budget data included in the Town's financial statements incorporate the same assumptions to convert the Town's fund accounting budget to a full accrual accounting budget.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

19. TRUST FUNDS

The trust funds administered by the municipality amounting to \$5,283,709 (2016 - \$5,733,850) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2017, the trust fund balances are as follows:

	2017	2016
Cemetery Perpetual Care	6,034	6,031
Developer Deposits	5,271,261	5,721,405
Heritage	6,414	6,414
	5,283,709	5,733,850

20. CONTRACTUAL COMMITMENTS

The Town of Caledon has entered into the following contracts:

- The lease of photocopiers at all Town locations at an approximate cost of \$44,979 per year. The lease will expire January 2021.
- The Town entered into an agreement with the Caledon Professional Firefighters Association in 2015 to award post retirement employment benefits effective December 31, 2018 to age 65. Currently the total estimated cost for 2018 is \$83,100. For subsequent years the total estimated annual cost is \$11,200.
- The Town entered into a lease agreement on December 21, 2017 to lease space for a temporary Community Centre on Kennedy Road, Caledon at an approximate annual cost of \$48,082. The lease is expected to commence on April 1, 2018 and will expire on December 31, 2018. There is an option to renew for a one year term or on a month to month basis.

The Town of Caledon has entered into contracts worth approximately \$44,191,550 as of December 31, 2017 for capital project spending in 2018 and beyond on various transportation services, protection services, and recreation and cultural services capital projects.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

21. CONTINGENCIES

A number of claims relating to properties expropriated by the Town are pending. It is not possible, at this time, for the Town to predict with certainty the outcome of such litigation. Management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for, would be material in relation to the Town's financial position.

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the Town. In the opinion of management, the amounts of these claims would not have a significant effect on the financial position or results of operations of the Town if disposed of unfavourably.

A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

The Town has been served with various claims as a result of accidents and other incidents. The Town is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

22. GOVERNMENT TRANSFERS

Government transfers include monetary transfers based on cost-sharing agreements between the three levels of government. Some funds are transferred when the Town provides evidence that the qualifying expenditures have been incurred. The Town also receives government transfers once certain criteria have been met or with conditions that the funds are used for specific programs or expenses (entitlements with conditions). Any transfers received where the transfer conditions have not been met by year-end are recorded as deferred revenue (see Note 8).

The following kinds of transfers were included in revenue:

	2017	2016
Grants with stipulation criteria	2,758,953	3,283,007
Other grants	1,156,300	1,147,400
	3,915,253	4,430,407

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

23. PROVINCIAL OFFENCES ADMINISTRATION

Effective March 29, 1999, the Corporation of the Town of Caledon assumed the responsibilities of the Provincial Offences Act (POA) from the Ministry of the Attorney General.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobiles Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal by-laws and other minor offences.

The revenues of the operations of the Caledon East POA administration facility and revenues collected on behalf of the Town at other POA court locations in the Province of Ontario consisting of fines and charges amount to \$2,766,406 for the year ended December 31, 2017 (2016 - \$3,044,290).

Pursuant to a Memorandum of Understanding, the Town of Caledon also provides administration and court support for the serviced municipalities within the County of Dufferin. A cost recovery fee is deducted from revenue transferred to the serviced municipalities. For the year ended December 31, 2017, cost recovery fees of \$579,111 (2016 - \$553,572) were collected from serviced municipalities within the County of Dufferin.

24. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

25. SEGMENTED INFORMATION

The Town of Caledon is a diversified municipal government that provides a wide range of services to its citizens such as fire, recreation, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Infrastructure Services

Infrastructure Services is responsible for the design, construction and maintenance of Town roads, storm sewers, storm water management, sidewalks, streetscapes, streetlights and engineering design standards,

Fire and Emergency Services

As one of the largest volunteer Fire Services in Ontario, this department prides itself on protecting life, property and the environment.

Parks and Recreation

Offers barrier-free, accessible structured and non-structured active living and leisure activities for all ages and abilities and oversees the design, construction and maintenance of Town parks, trails, paths and sports fields.

Library Services

Caledon Public Library offers six branches and one self-serve electronic locker location available to the public 24 hours a day to meet the informational and educational needs of residents and to promote lifelong learning, literacy and the love of reading.

Corporate Services

As the liaison between Council and staff, the CAO and Clerk ensure Council directives are carried out. Corporate Services includes Customer Service, Information Technology, Legal Services including Planning Law, Legislative Services, the Provincial Offences Court, enforcement of bylaws and the administration of animal services.

Human Resources

Provides human resource advice, counsel and solutions to meet the goals and challenges facing Town staff.

Other

Other includes:

- Development Approval and Planning Policy which is responsible for official plan policy, the Town's zoning bylaw, development applications, the heritage resource office, and the office of environmental progress.
- Building Services which is responsible for the administration and enforcement of the Building Code Act and the Ontario Building Code.
- Finance which is responsible for the Town's operating and capital budgets; billing and collection of municipal, regional and local school board property taxes and development charges; includes Purchasing and Risk Management Division.
- Strategic Initiatives which includes Communications, Corporate initiatives and Economic Development which enhances and promotes the corporate reputation of the Town, attracts and retains business and investments and provides support to tourism, promotion and investments.

THE CORPORATION OF THE TOWN OF CALEDON

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2017

	Infrastructure Services	Fire and Emergency Services	Parks and Recreation	Library Services	Corporate Services	Human Resources	Other	Total 2017
Revenue								
Taxation	21,046,446	6,441,253	12,633,758	2,350,315	9,921,917	594,367	6,860,345	59,848,401
Fees and user charges	651,396	634,316	4,859,476	14,253	355,487	-	4,575,537	11,090,465
Specific grants	1,854,067	-	723,354	95,072	82,299	-	1,160,461	3,915,253
Other revenue	3,756,417	290,001	1,241,805	31,466	3,345,517	-	7,883,130	16,548,336
Development charges and other fees	3,824,484	778,334	1,273,538	141,678	-	-	162,502	6,180,536
	31,132,810	8,143,904	20,731,931	2,632,784	13,705,220	594,367	20,641,975	97,582,991
Expenses								
Salaries and benefits	6,216,919	6,994,373	8,714,378	2,556,099	7,626,495	864,848	9,015,537	41,988,649
Interest on debt	331,989	23,097	-	-	463,638	-	-	818,724
Materials and supplies	6,089,076	570,674	2,965,140	275,916	3,103,522	92,319	1,596,102	14,692,749
Contracted services	1,153,725	508,255	585,343	74,182	2,199,229	93,764	632,776	5,247,274
Other transfers	28,100	-	-	-	109,100	-	158,409	295,609
Rents and financial expenses	1,102,935	-	-	-	482,400	-	15,961	1,601,296
Amortization on tangible capital assets	7,087,185	1,618,427	4,365,793	285,232	1,188,158	-	441,980	14,986,775
	22,009,929	9,714,826	16,630,654	3,191,429	15,172,542	1,050,931	11,860,765	79,631,076
Net Surplus (Deficit)	9,122,881	(1,570,922)	4,101,277	(558,645)	(1,467,322)	(456,564)	8,781,210	17,951,915

THE CORPORATION OF THE TOWN OF CALEDON

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2016

	Infrastructure Services	Fire and Emergency Services	Parks and Recreation	Library Services	Corporate Services	Human Resources	Other	Total 2016
								(Restated - Note 2)
Revenue								
Taxation	18,177,635	7,606,828	11,260,871	2,978,711	8,859,102	523,351	6,660,132	56,066,630
Fees and user charges	1,008,088	320,011	4,817,155	4,365	780,785	-	4,329,764	11,260,168
Specific grants	2,879,077	-	236,907	80,745	57,630	-	1,176,048	4,430,407
Other revenue	24,491,322	235,773	611,043	34,893	3,597,861	-	9,395,993	38,366,885
Development charges and other fees	895,568	476,065	669,372	42,363	-	-	133,256	2,216,624
	47,451,690	8,638,677	17,595,348	3,141,077	13,295,378	523,351	21,695,193	112,340,714
Expenses								
Salaries and benefits	6,312,921	6,840,074	8,203,890	2,432,225	7,306,021	757,307	8,985,303	40,837,741
Interest on debt	334,781	23,097	-	-	599,697	-	-	957,575
Materials and supplies	6,382,711	1,191,056	3,379,735	285,435	2,553,273	125,863	1,348,433	15,266,506
Contracted services	1,480,075	441,395	560,558	99,829	2,048,631	72,693	693,640	5,396,821
Other transfers	25,991	-	-	-	108,221	-	153,558	287,770
Rents and financial expenses	460,468	-	-	4,430	414,283	-	19,529	898,710
Amortization on tangible capital assets	6,444,037	1,575,404	4,310,262	244,254	1,057,632	-	441,083	14,072,672
	21,440,984	10,071,026	16,454,445	3,066,173	14,087,758	955,863	11,641,546	77,717,795
Net Surplus (Deficit)	26,010,706	(1,432,349)	1,140,903	74,904	(792,380)	(432,512)	10,053,647	34,622,919

TOWN OF CALEDON

Statistical Section

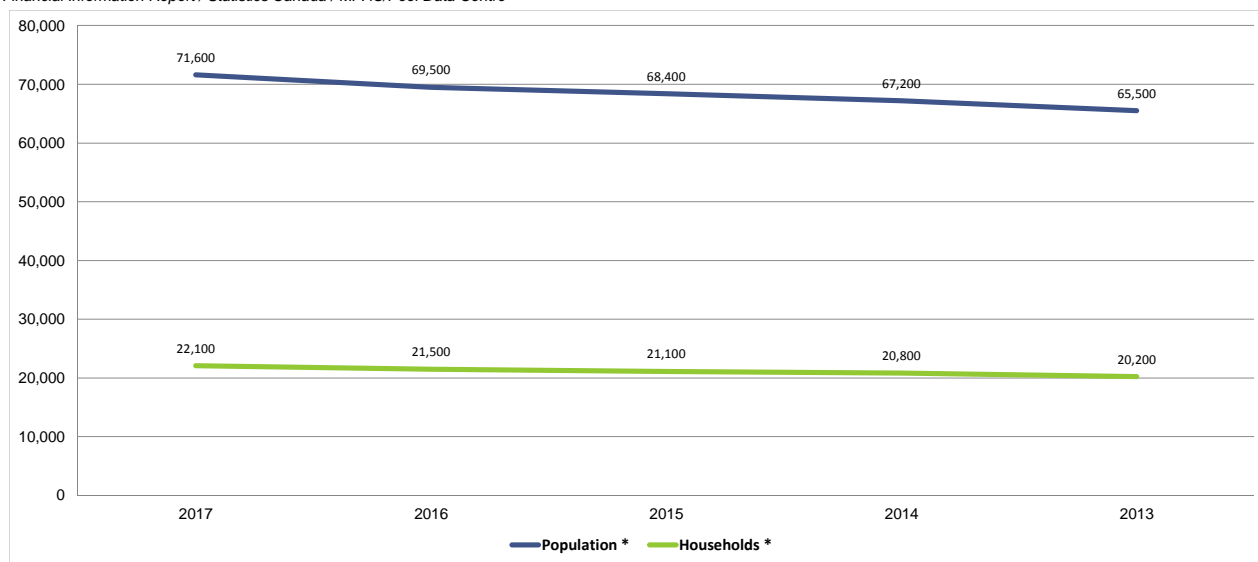


FIVE YEAR REVIEW SUMMARY

Fiscal Year	2017	2016	2015	2014	2013
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MUNICIPALITY STATISTICS					
Population *	71,600	69,500	68,400	67,200	65,500
Households *	22,100	21,500	21,100	20,800	20,200
Area in hectares *	68,717	68,717	68,717	68,717	68,717
Construction activity (value)	\$ 37,983,996	\$ 18,050,553	\$ 20,113,516	\$ 17,035,074	\$ 11,867,474

* from Financial Information Report / Statistics Canada / MPAC/Peel Data Centre



Staffing Statistics					
Full Time Staff	366	353	332	308	298
per 1000 people	0.51%	0.51%	0.49%	0.46%	0.45%
Part Time/Casual Staff	431	422	369	347	340

Taxable Assessment upon which the year's rates of taxation were set					
Residential, farm, multi-residential	13,588,266,708	12,573,716,770	11,858,096,542	11,082,039,296	10,345,924,627
Commercial, industrial and other	2,707,739,454	2,623,399,932	2,433,233,703	2,261,796,217	2,047,675,541
Total Taxable Assessment	16,296,006,162	15,197,116,702	14,291,330,245	13,343,835,513	12,393,600,168
Total per capita	227,598	218,664	208,938	198,569	189,215

TOP TEN CORPORATE TAXPAYERS (by taxes paid)

1. [CANADIAN TIRE PROPERTIES INC](#)
2. [AMB AIRPORT ROAD CANCO INC](#)
3. [GREYPAN 4 PROPERTIES GP INC](#)
4. [CALLOWAY REIT \(BOLTON\) INC](#)
5. [BK PRIME ONTARIO I GP INC](#)
6. [PIRET \(86 PILLSWORTH\) HOLDING INC](#)
7. [GWL REALTY ADVISORS INC](#)
8. [ACKLANDS-GRAINGER INC](#)
9. [DESJARDINS FINANCIAL SECURITY](#)
10. [HUSKY INJECTION MOLDING SYSTEMS LTD](#)

FIVE YEAR REVIEW SUMMARY

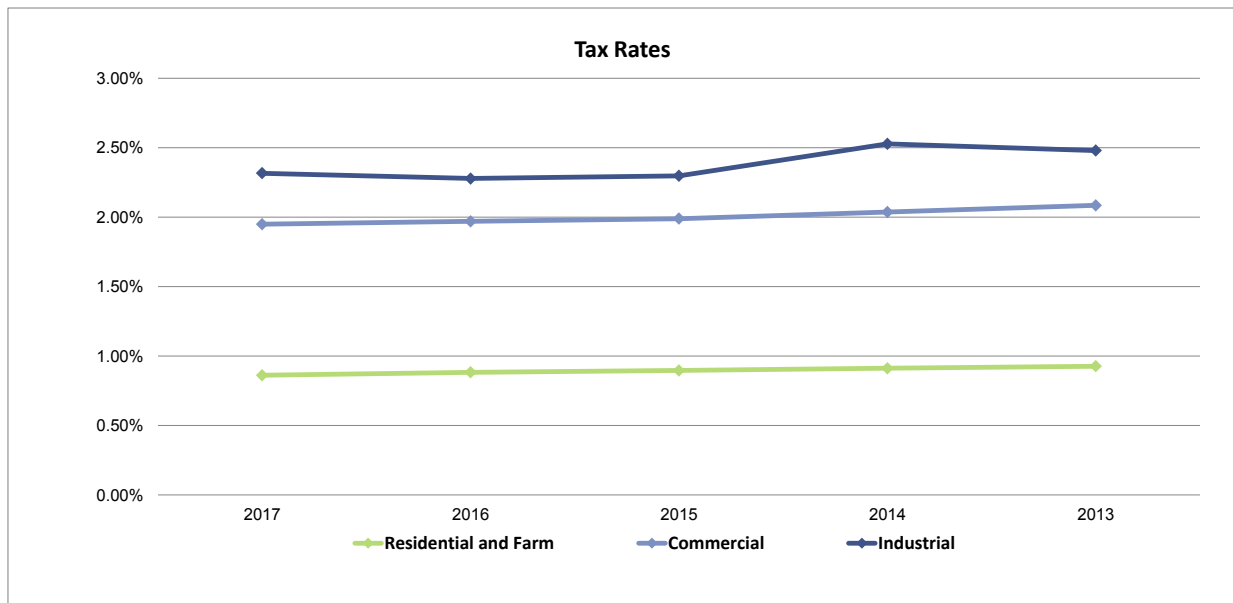
Fiscal Year	2017	2016	2015	2014	2013
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TAX RATE STATISTICS

Residential and Farm					
Town purposes (including Broadband Levy)	0.374269%	0.375693%	0.374407%	0.370122%	0.366249%
Region purposes	0.308613%	0.319267%	0.327139%	0.338600%	0.348476%
School purposes	0.179000%	0.188000%	0.195000%	0.203000%	0.212000%
Total - Residential and Farm	0.861882%	0.882960%	0.896546%	0.911722%	0.926725%

Commercial					
Town purposes (including Broadband Levy)	0.496761%	0.493045%	0.491358%	0.485734%	0.480651%
Region purposes	0.409617%	0.418994%	0.429325%	0.444366%	0.457327%
School purposes	1.042947%	1.057399%	1.069252%	1.107083%	1.147477%
Total - Commercial	1.949325%	1.969438%	1.989935%	2.037183%	2.085455%

Industrial					
Town purposes (including Broadband Levy)	0.594878%	0.593782%	0.591751%	0.578857%	0.529745%
Region purposes	0.490522%	0.504602%	0.517044%	0.550766%	0.528783%
School purposes	1.231495%	1.180000%	1.190000%	1.399256%	1.421817%
Total - Industrial	2.316895%	2.278384%	2.298795%	2.528879%	2.480345%



FIVE YEAR REVIEW SUMMARY

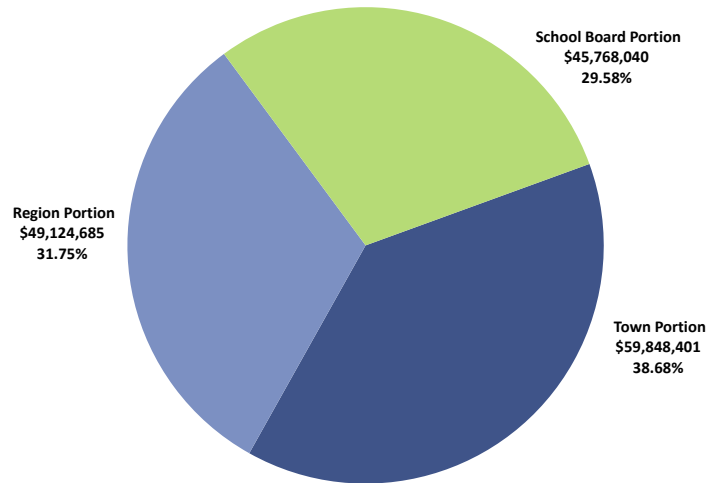
Fiscal Year	2017	2016	2015	2014	2013
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TAX INFORMATION

Taxes Levied

Town portion	\$ 59,848,401	\$ 56,066,630	\$ 52,711,772	\$ 47,585,276	\$ 43,985,488
Region portion	49,124,685	46,478,783	44,555,543	43,532,603	41,851,006
School Board portion	45,768,040	43,135,145	41,585,656	41,149,789	40,114,171
Total	\$ 154,741,126	\$ 145,680,558	\$ 138,852,971	\$ 132,267,668	\$ 125,950,665

2017 Taxes Levied



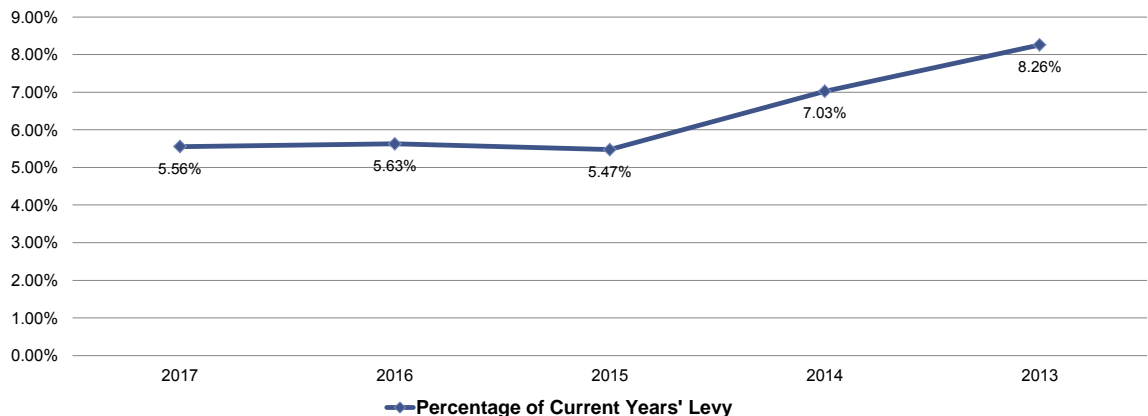
Taxes Collected

Town collection	\$ 58,261,510	\$ 54,535,122	\$ 51,296,238	\$ 47,484,573	\$ 43,020,004
Taxes transferred to the Region	48,041,013	46,344,402	44,820,213	43,018,166	41,999,274
Taxes transferred to the School Boards	44,914,534	44,043,089	42,477,505	40,558,272	41,131,444
Total	\$ 151,217,057	\$ 144,922,613	\$ 138,593,956	\$ 131,061,011	\$ 126,150,722

Taxes Receivable, End of Year

Taxes Receivable	\$ 8,596,989	\$ 8,197,067	\$ 7,598,426	\$ 9,294,659	\$ 10,401,613
<i>Taxes Receivable per capita</i>	<i>120.07</i>	<i>117.94</i>	<i>111.09</i>	<i>138.31</i>	<i>158.80</i>
Percentage of Current Years' Levy	5.56%	5.63%	5.47%	7.03%	8.26%

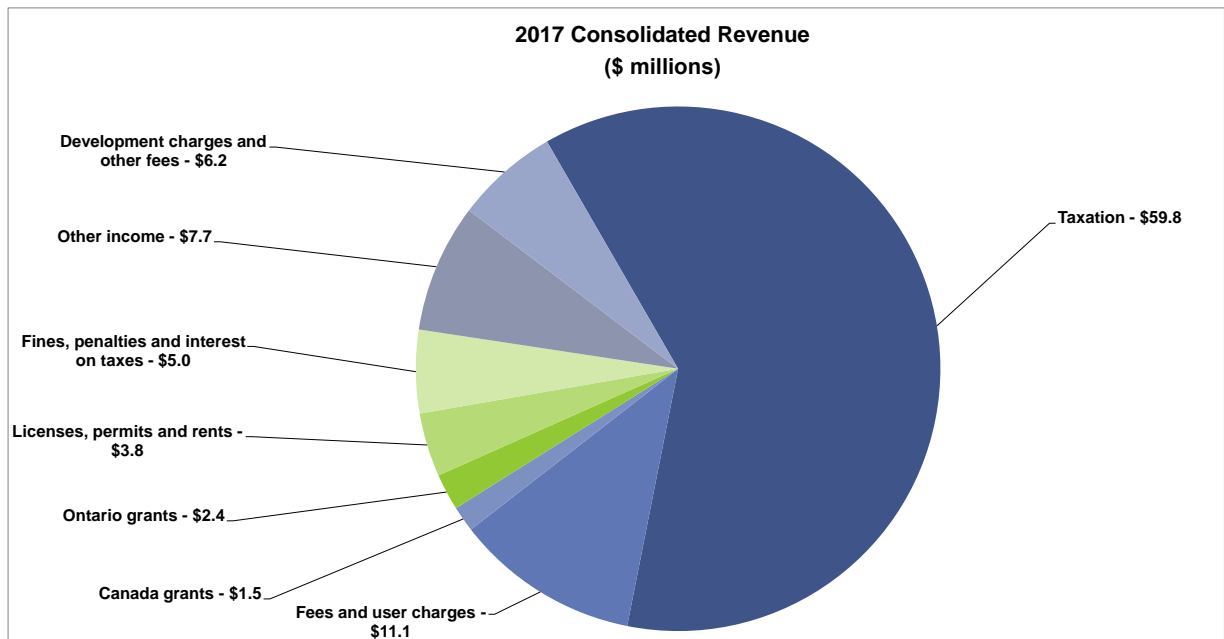
% of Taxes Levied to Taxes Receivable



FIVE YEAR REVIEW SUMMARY

Fiscal Year	2017	2016	2015	2014	2013
FINANCIAL INFORMATION					
Consolidated Revenues					
Taxation	\$ 59,848,401	\$ 56,066,630	\$ 52,711,772	\$ 49,103,995	\$ 45,125,535
Fees and user charges	11,090,465	11,260,168	6,957,056	7,889,041	6,052,129
Canada grants	1,542,955	2,620,011	4,545,240	5,603,289	5,044,194
Ontario grants	2,372,298	1,810,396	2,179,621	1,513,234	1,205,319
Licenses, permits and rents	3,828,279	3,735,130	3,265,851	3,236,226	3,916,969
Fines, penalties and interest on taxes	4,998,817	5,186,131	4,955,618	4,671,500	4,307,797
Other income*	7,721,240	29,445,624	14,332,889	13,909,341	8,485,386
Development charges and other fees*	6,180,536	2,216,624	8,631,948	2,886,281	3,395,488
Total	\$ 97,582,991	\$ 112,340,714	\$ 97,579,995	\$ 88,812,907	\$ 77,532,817

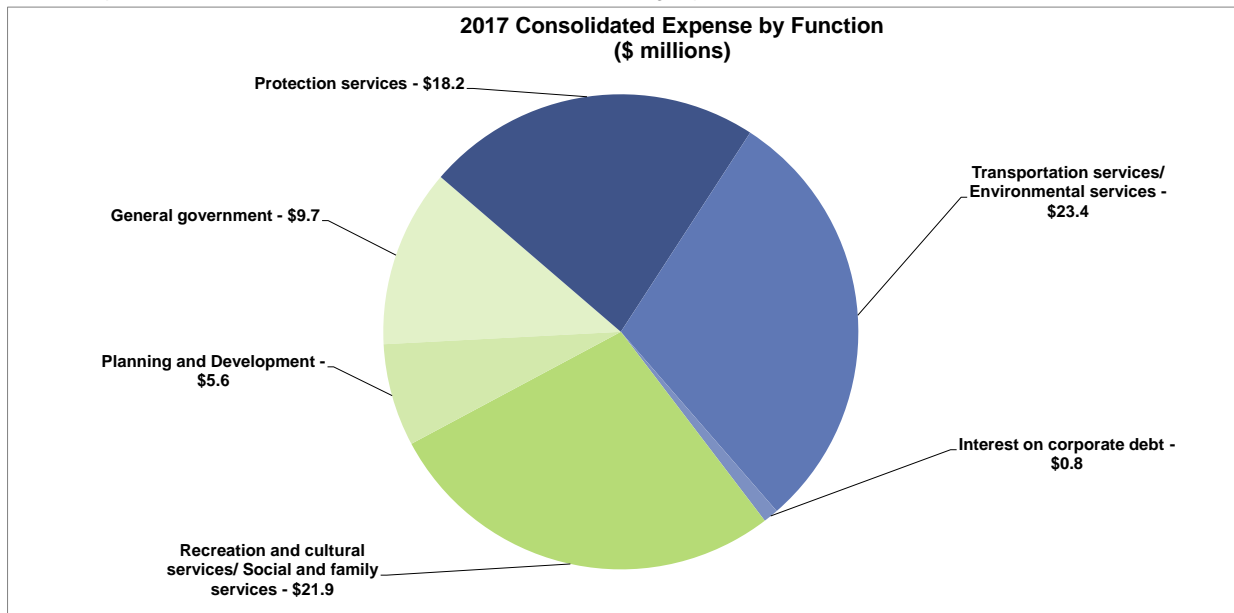
* Fluctuations in revenue occur throughout the 5-year period mainly due to the revenue (see other income line above) associated with Town assumptions of public infrastructure (subdivisions, roads, parks, storm sewers, streetlights, sidewalks etc.) built by developers. This type of revenue fluctuates based on the timing of assumptions. Fluctuations in Development Charges occur over the 5 year period due to the timing of growth related infrastructure spending associated with roads, bridges, recreation facilities, fire stations etc.



FIVE YEAR REVIEW SUMMARY

Fiscal Year	2017	2016	2015	2014	2013
Consolidated Expense by Function					
General government	\$ 9,662,109	\$ 8,241,237	\$ 8,755,647	\$ 9,627,163	\$ 8,922,504
Protection services	18,208,692	18,195,249	16,292,140	14,920,728	14,150,735
Transportation services	23,185,315	22,522,299	23,331,138	21,872,506	24,295,788
Interest on corporate debt	818,724	957,575	1,027,578	1,280,442	1,258,586
Environmental services	257,037	453,074	449,822	417,515	354,177
Health services	-	-	-	-	-
Social and family services	49,111	46,510	48,472	55,913	48,686
Recreation and cultural services	21,891,266	21,228,743	19,961,157	18,468,479	19,195,002
Planning and Development	5,558,822	6,073,108	6,493,390	6,063,432	6,320,270
Amortization of tangible capital assets*	-	-	-	-	-
Total before loss due to transfer to upper tier	\$ 79,631,076	\$ 77,717,795	\$ 76,359,344	\$ 72,706,178	\$ 74,545,748
Loss due to transfer to upper tier				33,206,818	
Total	\$ 79,631,076	\$ 77,717,795	\$ 76,359,344	\$ 105,912,996	\$ 74,545,748

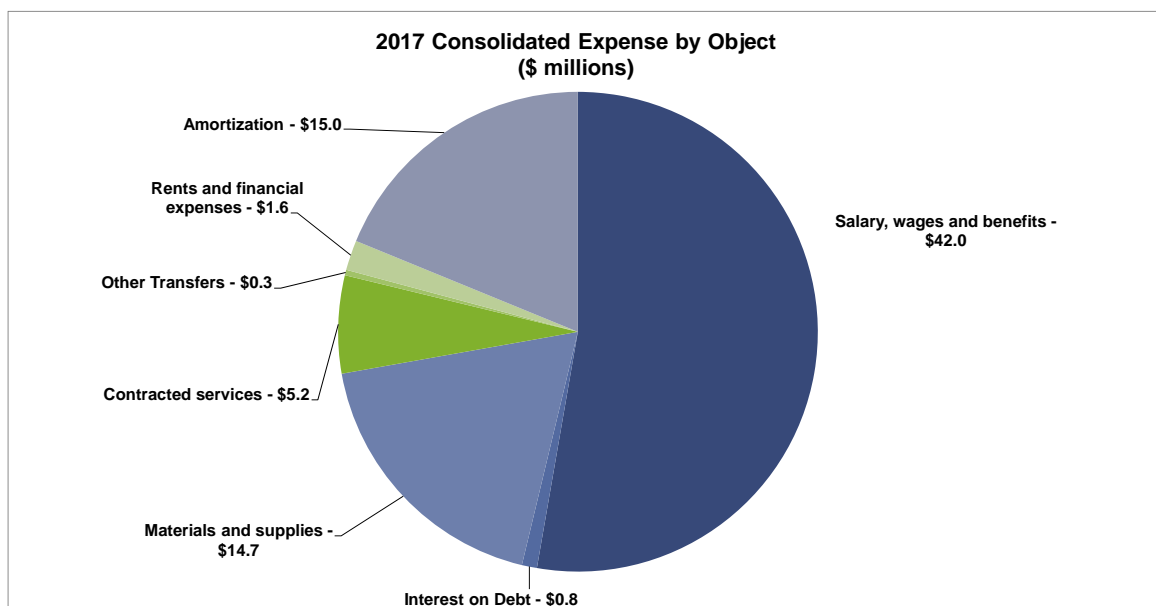
* (Gain)/ Loss on disposal and Amortization has been consolidated to the functional groups



FIVE YEAR REVIEW SUMMARY

Fiscal Year	2017	2016	2015	2014	2013
FINANCIAL INFORMATION					
Consolidated Expenses by Object					
Salary, wages and benefits	\$ 41,988,649	\$ 40,837,741	\$ 37,283,762	\$ 34,098,344	\$ 33,394,570
Interest on Debt	818,724	957,575	1,027,578	1,280,442	1,258,586
Materials and supplies	14,692,749	15,266,506	16,362,329	16,226,227	16,444,905
Contracted services	5,247,274	5,396,821	5,377,065	5,954,009	4,365,072
Other transfers	295,609	287,770	197,996	187,242	259,253
Rents and financial expenses	1,601,296	898,710	2,704,675	1,548,796	582,104
Amortization	14,986,775	14,072,672	13,405,939	13,411,118	17,739,846
Loss due to transfer to upper tier*				33,206,818	
Total	\$ 79,631,076	\$ 77,717,795	\$ 76,359,344	\$ 105,912,996	\$ 74,044,336

*Expenses maintained steady growth mainly due to the increasing population. The population growth rate of 11.8% (Ontario average 4.6%) has a positive correlation to the expense growth rate due to a higher demand for Town managed services and maintenance required for Town infrastructure. In 2014 the Town uploaded a major road, Bolton Arterial Route to the Region of Peel, who will maintain the road in the future.



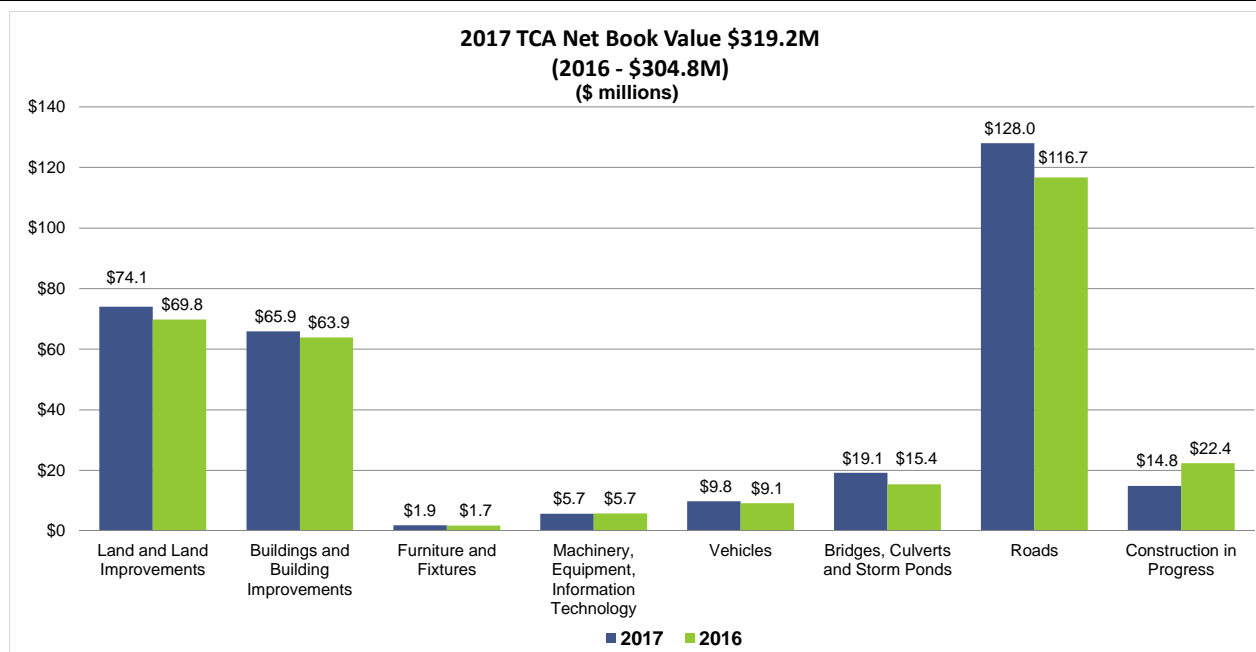
Long-Term Liabilities	2017	2016	2015	2014	2013
Gross long term debt	\$ 13,605,365	\$ 16,094,831	\$ 15,040,365	\$ 16,961,365	\$ 18,765,365
<i>Per capita</i>	190.02	231.58	219.89	252.40	286.49
Interest on Long-term debt	\$ 818,724	\$ 957,575	\$ 1,027,578	\$ 1,280,442	\$ 1,258,586
<i>Per capita</i>	11.43	13.78	15.02	19.05	19.22
Sources of Debt Repayment					
Debt Retirement Fund *	\$ 413,743	\$ 2,567,972	\$ 2,648,444	\$ 2,650,508	\$ 2,652,312
Reserves	\$ 2,221,705	-	-	-	-
Development Charges	47,535	47,535	174,085	174,085	174,085
Tax Supported	559,180	223,636	196,309	196,309	196,309
Total - Funding	\$ 3,242,163	\$ 2,839,143	\$ 3,018,838	\$ 3,020,902	\$ 3,022,706

*Debt Retirement Fund held by the Region of Peel

FIR schedule 81					
ARL as a % of Net Revenues	4.11%	4.57%	4.65%	5.47%	5.91%

FIVE YEAR REVIEW SUMMARY

Fiscal Year	2017	2016	2015	2014	2013
Tangible Capital Asset Net Book Value					
Land and Land Improvements	\$ 74,057,302	\$ 69,815,885	\$ 59,790,813	\$ 55,260,589	\$ 53,861,598
Buildings and Building Improvements	65,872,603	63,884,075	67,957,320	65,094,931	65,447,272
Furniture and Fixtures	1,892,629	1,725,352	1,728,304	1,235,837	1,434,207
Machinery, Equipment, Information Technology	5,662,442	5,725,393	5,733,490	4,381,750	3,088,033
Vehicles	9,758,191	9,137,411	8,986,394	9,014,003	10,212,054
Bridges, Culverts and Storm Ponds	19,152,165	15,410,967	13,472,133	9,820,259	8,939,670
Roads	128,008,621	116,691,499	98,867,820	94,814,678	117,746,187
Construction in Progress	14,836,117	22,360,755	21,918,768	17,939,386	10,926,665
Total	\$ 319,240,070	\$ 304,751,337	\$ 278,455,042	\$ 257,561,433	\$ 271,655,686



FIVE YEAR REVIEW SUMMARY

Fiscal Year	2017	2016	2015	2014	2013
Tangible Capital Asset Cost					
Assets - Beginning of Year	\$ 617,120,839	\$ 582,088,950	\$ 550,087,921	\$ 560,438,471	\$ 545,318,623
Additions	38,079,568	40,807,322	35,769,525	33,300,133	26,334,380
Disposals and Transfers	(15,957,188)	(5,775,433)	(3,768,496)	(43,650,683)	(11,214,532)
Assets - End of Year	\$ 639,243,219	\$ 617,120,839	\$ 582,088,950	\$ 550,087,921	\$ 560,438,471
Tangible Capital Asset Amortization					
Accumulated Amortization - Beginning of Year	\$ 312,369,502	\$ 303,633,908	\$ 292,526,488	\$ 288,782,784	\$ 271,423,770
Amortization during the year	14,986,775	14,072,672	13,405,939	13,411,118	17,739,846
Accumulated Amortization on disposal	(7,353,128)	(5,337,078)	(2,298,519)	(9,667,414)	(380,832)
Accumulated Amortization - End of Year	\$ 320,003,149	\$ 312,369,502	\$ 303,633,908	\$ 292,526,488	\$ 288,782,784
Net Book Value of Tangible Capital Assets	\$ 319,240,070	\$ 304,751,337	\$ 278,455,042	\$ 257,561,433	\$ 271,655,687
Net Financial Assets					
Net Financial Assets - Beginning of Year	\$ 30,568,781	\$ 22,367,311	\$ 22,423,988	\$ 25,494,698	\$ 20,365,907
Net Financial Assets	2,832,525	8,201,470	(56,677)	(3,070,710)	5,128,791
Net Financial Assets - End of Year	\$ 33,401,306	\$ 30,568,781	\$ 22,367,311	\$ 22,423,988	\$ 25,494,698
ACCUMULATED SURPLUS & TANGIBLE CAPITAL ASSETS					
Accumulated Surplus - Beginning of Year	\$ 336,392,223	\$ 301,769,304	\$ 280,548,653	\$ 297,648,731	\$ 294,661,662
Annual Surplus (Deficit)	17,951,915	34,622,919	21,220,651	(17,100,078)	2,987,069
Accumulated Surplus - End of Year	\$ 354,344,138	\$ 336,392,223	\$ 301,769,304	\$ 280,548,653	\$ 297,648,731
Trust Funds	\$ 5,283,709	\$ 5,733,850	\$ 5,475,703	\$ 6,261,959	\$ 4,034,878



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