

# Financial Report and Consolidated Financial Statements

For the year ended  
December 31, 2016

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, 2015. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

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

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, 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, 2015**

A handwritten signature in black ink, appearing to read "Jeffrey R. Einer".

Executive Director/CEO



# Financial Report and Consolidated Financial Statements

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TOWN OF CALEDON

# Introduction Section



# Welcome to Caledon

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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. Recognized as one of Canada's safest town and Ontario's greenest town, 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.



# Welcome to Caledon

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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.



*Cheltenham Badlands (Caledon)*



*Downtown Bolton Business Area*



*Caledon Trailway Pavilion in Caledon East*



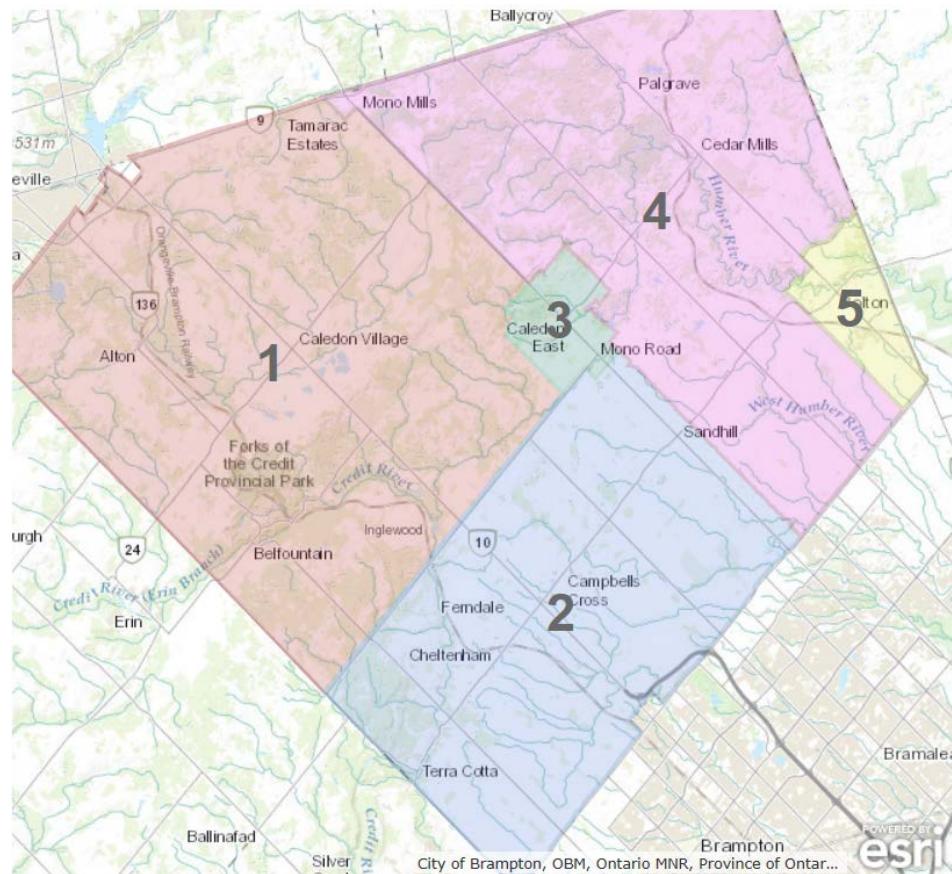
# Welcome to Caledon

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

A vibrant community of 69,500 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 km<sup>2</sup>, making it one of the largest municipalities in the Greater Toronto Area.



*Allan Thompson*  
Mayor

### Message from the Mayor

Enclosed are the Town of Caledon's 2016 Financial Statements and once again I'm proud to say that we have maintained a stable and healthy financial state.



Guided by an ambitious work plan, Council and staff are moving ahead in planning for the future sustainability and affordability of our Town. We are investing in a Town-wide fibre infrastructure buildout that will leverage Federal and Provincial funding. We are exploring and creating public and private partnerships to help us deliver innovative and cost effective services to our communities.

This report shows that the Town's financial assets are able to cover the Town's financial liabilities. In 2016 the Town's tangible capital assets increased by \$26.5 million reflecting the growth the Town is experiencing and our commitment to keeping our infrastructure in good condition.

The Town's 2016 debt servicing cost is 4.57% 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 award winning financial team here 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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#### THE CORPORATION OF THE TOWN OF CALEDON

6311 Old Church Road, Caledon East, Caledon, ON, Canada L7C 1J6  
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# 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



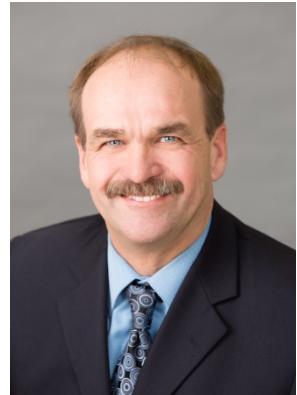
Ward 2  
Johanna Downey



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

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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.

## **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.

## **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.

# Welcome to Caledon

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## **The Natural Course of Business**

Home to over 2,300 prosperous companies, Caledon is good for business... Naturally.

Successful industry leaders in Canada and abroad know the benefits of locating in Caledon.

Husky Injection Molding Systems, Mars Canada, Sardo Foods, Cambria, Pioneer H-Bred, Pepsi and Ionics Mass Spectrometry, to name just a few, call Caledon home.

## **Green Development Program**

Our Green Development Program makes it good 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.

Unique to Caledon's program, discounts are offered for buildings that incorporate green technologies including: solar hot water systems, transpired solar collectors and solar photovoltaic systems.



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

- advanced and industrial machinery manufacturing;
- fabricated structural metal, plastic, and food and beverage products;
- professional, management, scientific and technical services;
- specialized design and engineering services;
- Tourism.

# Welcome to Caledon

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## 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.

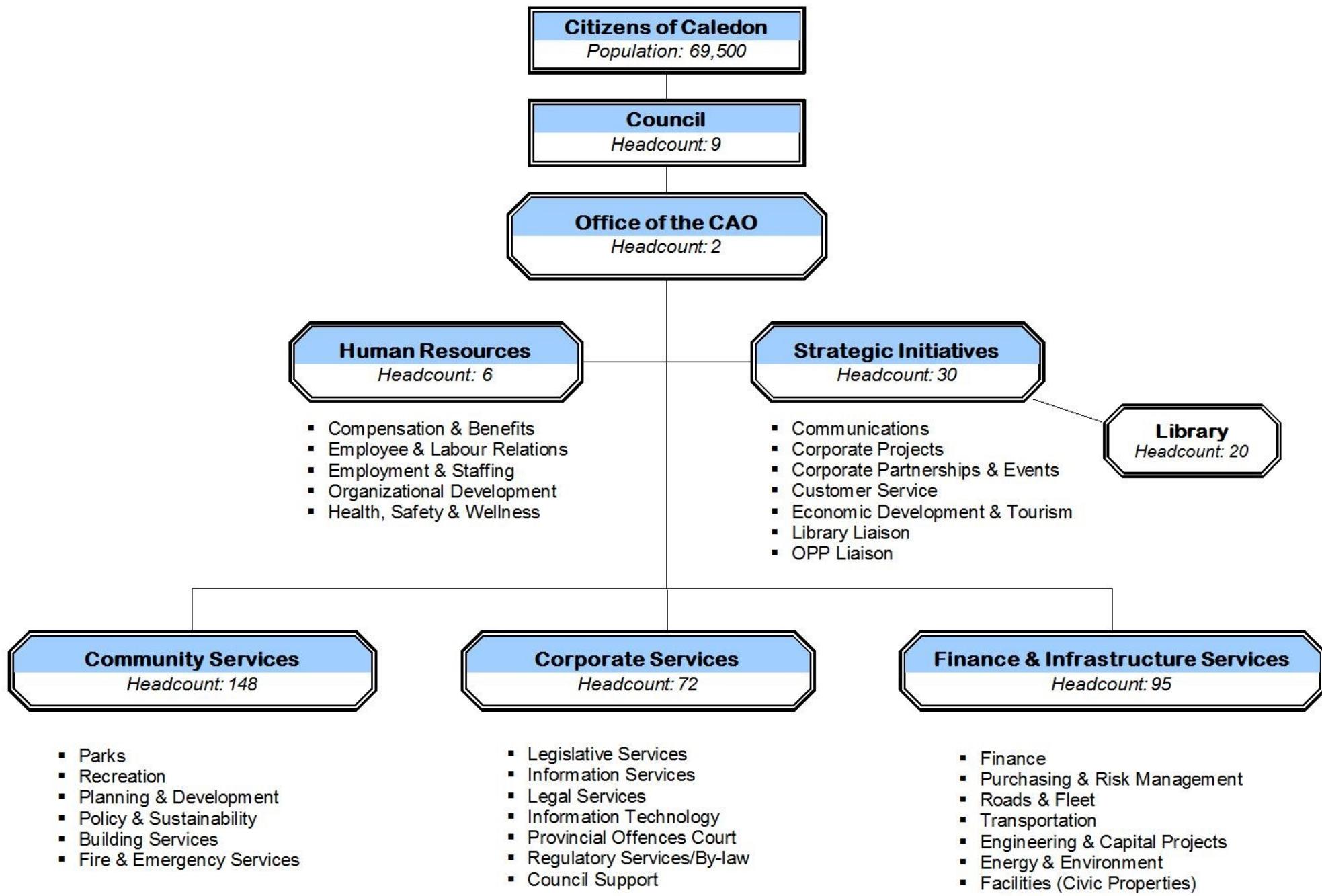


## Air

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. Over sixty-five airlines operate out of three terminals, offering passengers direct service to twenty-five Canadian, forty-three American and forty-two international cities. 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.



## Town of Caledon Organizational Chart

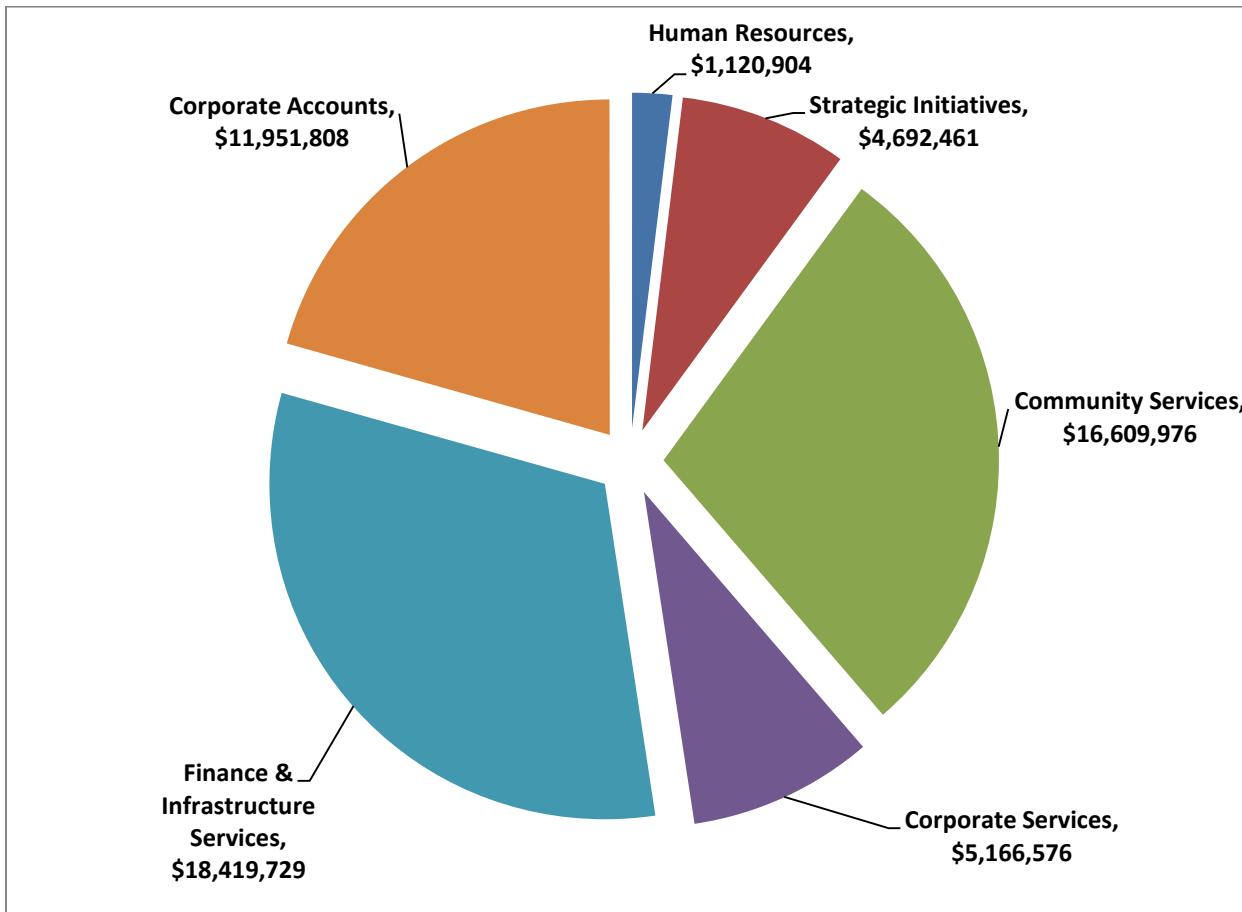


- Staff Complement is Full-time Only
- Total 2016 Approved Head Count 353 (includes two (2) full-time positions for knowledge transfer of retirees)
- Population provided by the Peel Data Centre (based on the 2016 census)

# Welcome to Caledon

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**The Town of Caledon is divided into the following departments:**



*Chart is based on the 2017 Net Budget per Department.*

## **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, Development Approval and Planning Policy, 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

# Welcome to Caledon

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to improve customer service by reducing review times and resubmissions of additional information and providing better communication with applicants and their consultants through the 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.

## **Development Approval and Planning Policy**

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

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## 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.



## 3) Human Resources Department

The department guides, facilitates, advises, coaches and coordinates corporate wide efforts to provide innovative cost effective human resource services in support of the strategic goals to recruit, retain, develop and reward Town employees.

**Town of Caledon Careers**

**make a difference**



# Welcome to Caledon

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## 4) Strategic Initiatives Department

The Strategic Initiatives department's mission is to engage in corporate and community building through service, planning and advice. The department is comprised of three teams: economic development; communications, marketing and creative services; and corporate initiatives. Economic Development supports, promotes and enables business development and investment to enhance community prosperity. Communications educates, inspires and informs through collaboration, consistency and innovative outreach. Corporate Initiatives foster innovation, creativity and excellence in business delivery through collaboration, partnerships and accountability.

### 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



## 5) 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 and advice 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/Traffic; Roads & 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.

# 2016 Financial Report

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The Town of Caledon is pleased to present its 2016 Financial Report and Consolidated Financial Statements, for the year ended December 31, 2016. 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.

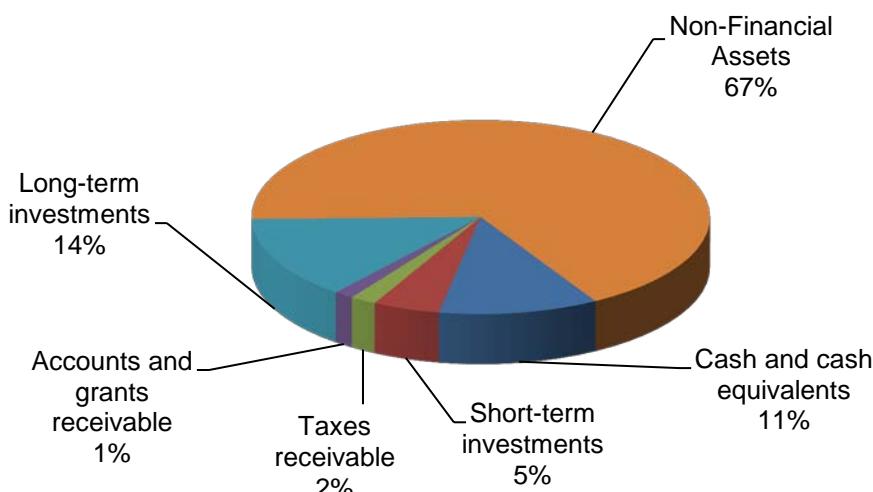
The 2016 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Town of Caledon. The financial statements have been examined by Millard, Rouse and Rosebrugh, LLP Chartered Professional Accountants, the external auditors for the Corporation. 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**

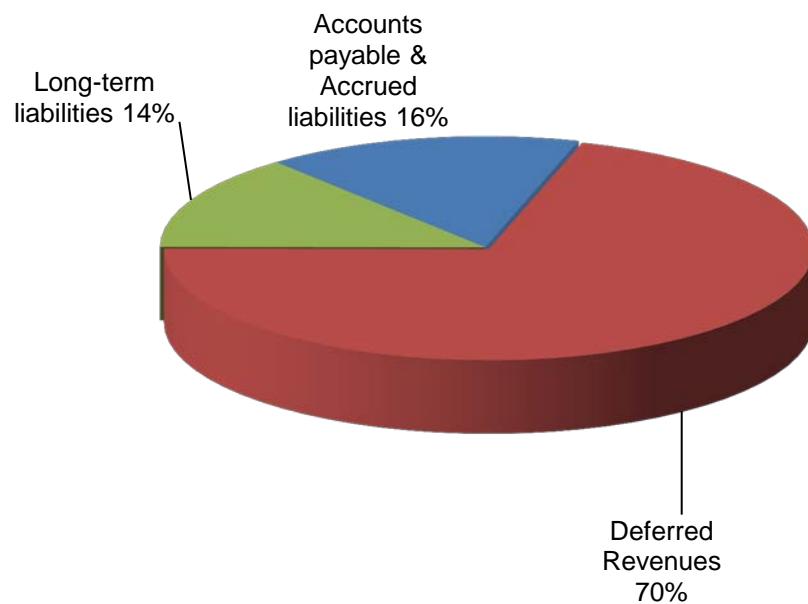
The following highlights outline the Financial Position as at December 31, 2016 (in thousands of dollars)

<b>What we own (Assets)</b>	<b>\$ 000's</b>	<b>%</b>
Cash and cash equivalents	\$ 50,125	11%
Short-term investments	21,003	5%
Taxes receivable	8,197	2%
Accounts and grants receivable	6,116	1%
Long-term investments	61,355	14%
Non-Financial Assets	298,227	67%
 <hr/>		
Total	\$ 445,023	100%



<b>What we owe (Liabilities)</b>	<b>\$ 000's</b>	<b>%</b>
Accounts payable & Accrued liabilities	\$ 18,311	16%
Deferred Revenues	81,822	70%
Long-term liabilities	16,094	14%
<b>Total</b>	<b>\$ 116,227</b>	<b>100%</b>

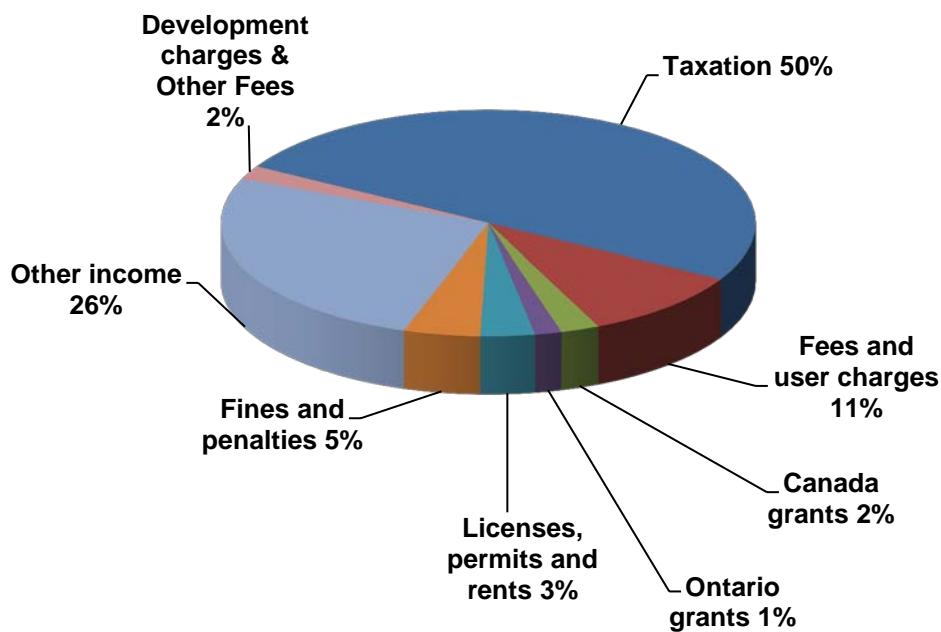
<b>Net worth</b>	<b>\$ 000's</b>	<b>%</b>
Accumulated operating surplus (deficit)	\$ (411)	0%
Investment in Tangible Capital Assets	297,155	90%
Reserves and Reserve Funds	32,052	10%
<b>Total</b>	<b>\$ 328,796</b>	<b>100%</b>



## Revenues and Expenses

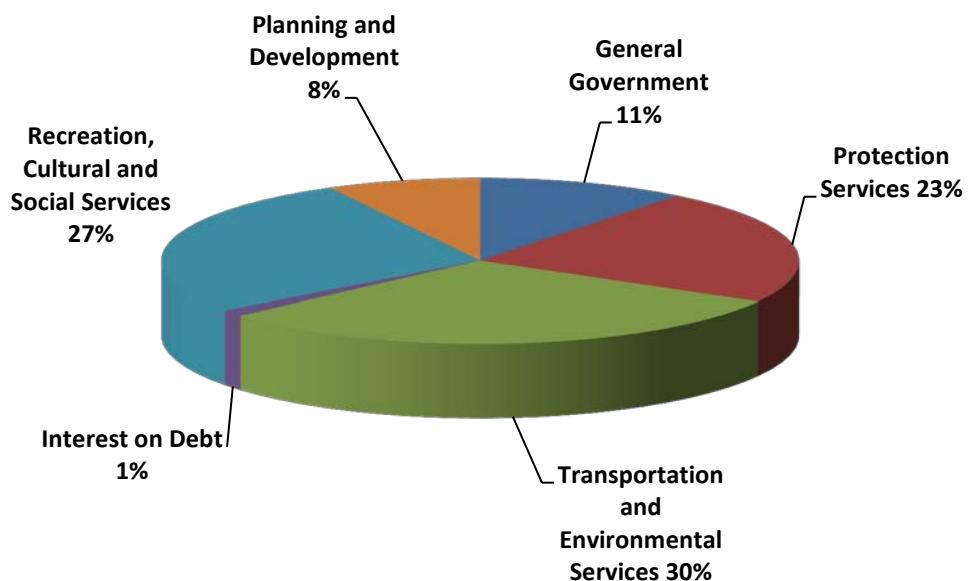
The following highlights outline the Statement of Operations as at December 31, 2016 (in thousands of dollars)

Where the money came from (Revenues)	\$ 000's	%
Taxation	\$ 56,067	50%
Fees and user charges	11,260	10%
Canada grants	2,620	2%
Ontario grants	1,810	2%
Licenses, permits and rents	3,685	3%
Fines and penalties	5,186	5%
Other income	29,496	26%
Development charges & Other Fees	2,217	2%
Total	\$ 112,341	100%



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.

<b>What the money was used for (Expenses)</b>	<b>\$ 000's</b>	<b>%</b>
General Government	\$ 8,241	11%
Protection Services	17,509	23%
Transportation and Environmental Services	23,504	30%
Interest on Debt	958	1%
Recreation, Cultural and Social Services	21,279	27%
Planning and Development	6,070	8%
<b>Total</b>	<b>\$ 77,561</b>	<b>100%</b>



In addition to the Management Discussion and Analysis and the Consolidated Financial Statements reported in previous years, the 2016 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).

# 2016 MANAGEMENT DISCUSSION AND ANALYSIS

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The Town of Caledon prepares its budget on a fund accounting basis where budgeted capital and operating expenditures are balanced with revenues. The Town of Caledon like all other municipalities 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, post-employment benefits, solid waste landfill closures and post-closure.

The Consolidated Financial Statements in the 2016 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 that impacted the 2016 financial statements include:

- A significant investment in Tangible Capital Assets of \$26.5M in infrastructure, roads, equipment and new facilities net of amortization and disposals.
- An increase in short and long-term investments of \$14.1M to better match future cash needs and to invest excess cash flow from operations.
- An increase in deferred revenue on the statement of financial position of \$13.3M which relates primarily to building activity within the Town, i.e. development charges collected in 2016.
- An increase in long-term liabilities of \$1.1M due to a new debenture issued through the Region of Peel for the 2014 enhanced road program of \$3.1M which was partially offset by the principal debt payment of \$2.0M on the Caledon Hydro debt which was funded by the Debt Retirement Fund held by the Region of Peel.
- The 2016 statement of operations reflects a full accrual surplus of \$34.8M mainly due to the contributed assets (e.g. Town assumption of public infrastructure works from completed developments) received in 2016 of \$22.6M, federal and provincial grant revenue recognized of \$4.4M, \$2.2M of development charge revenue recognized and a significant increase in planning, engineering and development revenue which surpassed the 2015 revenues by \$3.9M. For more details please see Page 34.

# 2016 FINANCIAL POSITION OF THE TOWN

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The Town's total net assets (also referred to as accumulated surplus) increased by \$34.8M in 2016 as shown in the table below:

Account Description	Change in 2016 Increase(Decrease)	
Financial Assets – e.g. cash, receivables and investments	\$18.7M	A
Financial Liabilities – e.g. payables, deferred revenues and debt	(\$10.5M)	B
Non-financial Assets – e.g. tangible capital assets	\$26.6M	C
<b>2016 Change in Total Net Assets</b>	<b>\$34.8M</b>	<b>D=A+B+C</b>

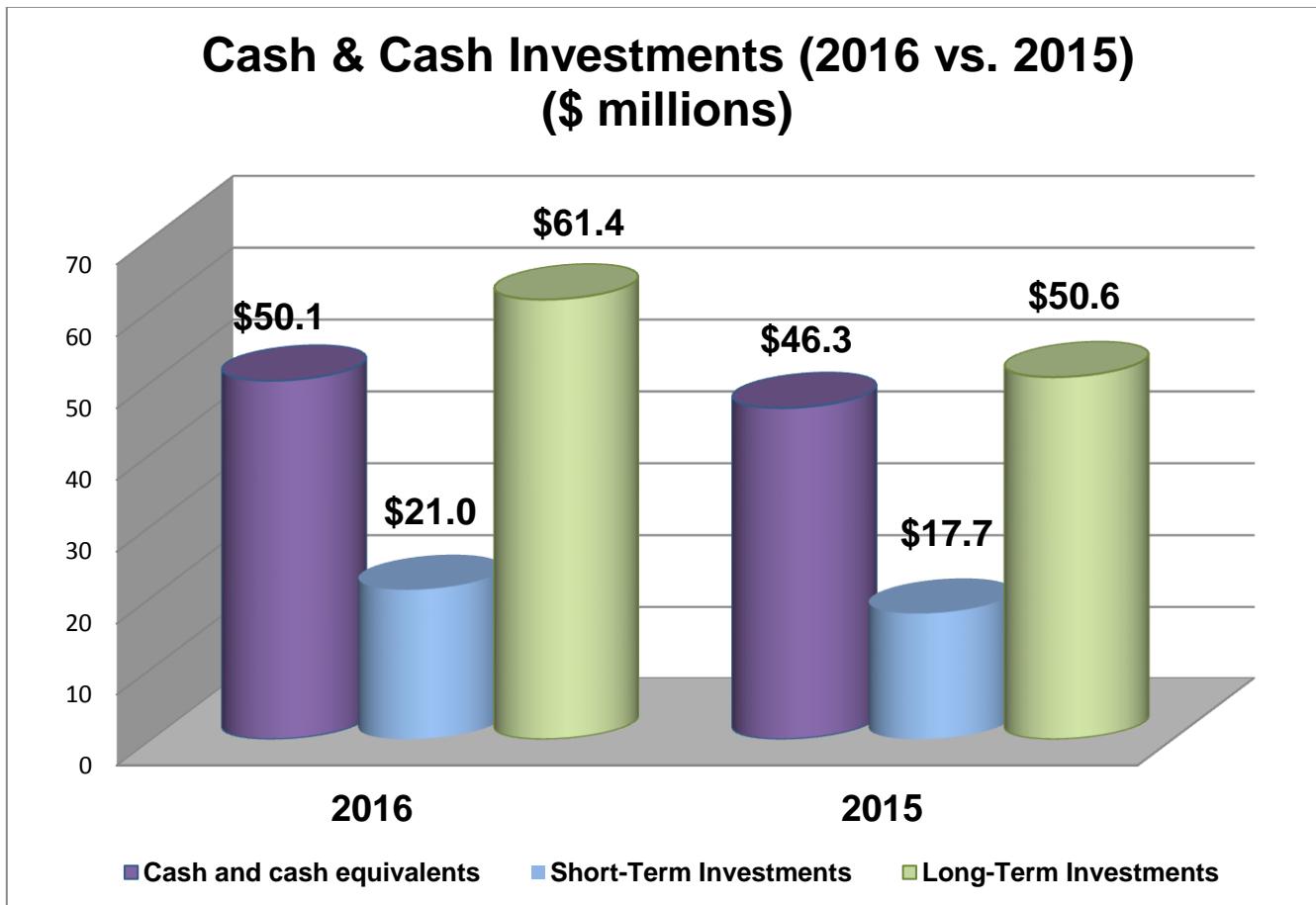
## Financial Assets

As at December 31 (\$ millions)	2016	2015	Change in 2016 Increase/ (Decrease)
Cash and Cash Equivalents	\$ 50.1	\$ 46.3	\$ 3.8
Short-term Investments	\$ 21.0	\$ 17.7	\$ 3.3
Taxes Receivable	\$ 8.2	\$ 7.6	\$ 0.6
Accounts Receivable and Grants Receivables	\$ 6.1	\$ 5.9	\$ 0.2
Long-term Investments	\$ 61.4	\$ 50.6	\$ 10.8
	<b>\$ 146.8</b>	<b>\$ 128.1</b>	<b>\$ 18.7</b>

The \$18.7M increase in financial assets for the Town is mainly attributed to the following:

- \$3.8M increase in cash and cash equivalents is mainly due to managing expected cash flow requirements from capital projects. Cash equivalents consist of highly liquid investments which amount to \$35.8M in 2016 and \$34.7M in 2015.
- \$3.3M increase in short term investments due to the collection of development charges, and some long-term investments that matured and reinvested in short-term investment opportunities.
- \$0.6M minimal increase in taxes receivable. The Town continues a proactive property tax collection process which has included selling properties in tax arrears for more than 3 years. The current collection process also provides for a special tax arrears payment program that has been in place for 5 years now and the majority of accounts previously in arrears are now current status.

- \$10.8M increase in long term investments. The Town invested excess cash into long-term investments to match the future long-term needs of the Town.



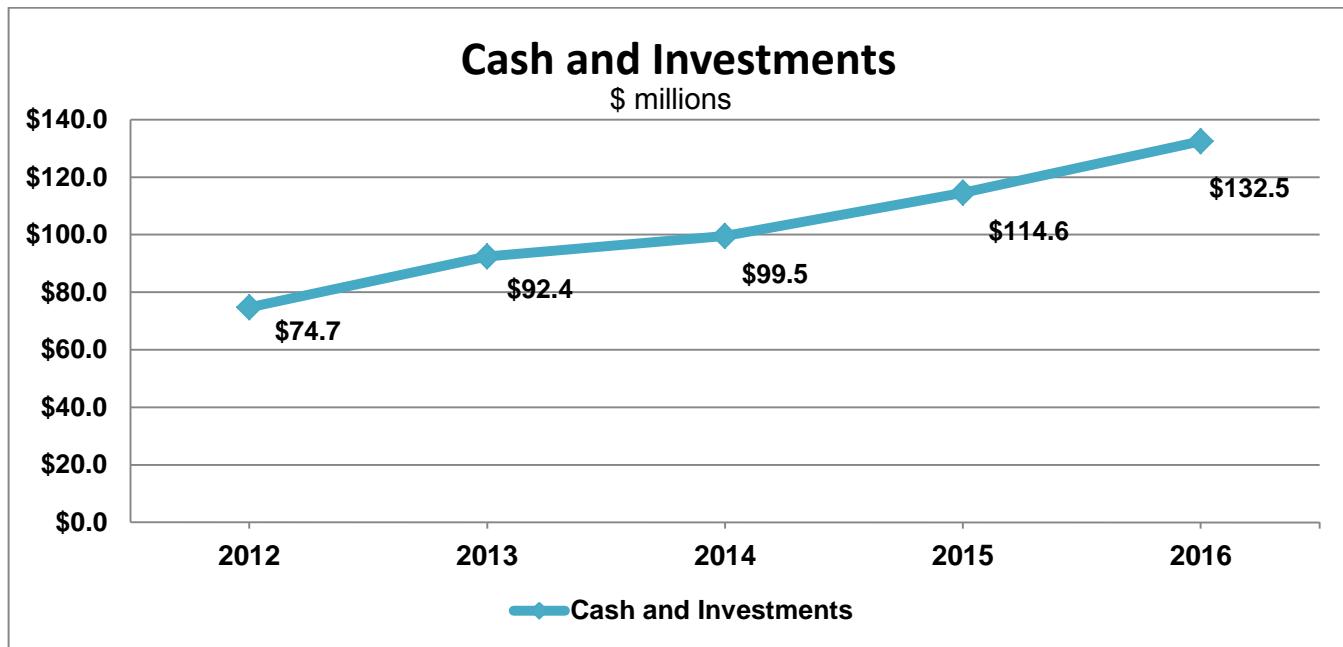
## Investments

Overall cash and investments increased by \$17.9M from 2015 to 2016 as a result of improved cash flow from:

- Increase in development activity resulting in an increase of development charges collected and parkland cash-in-lieu
- Increase in the supplementary assessment revenue received for tax assessments from the Municipal Property Assessment Corporation (MPAC)
- Income from the sale of investments and interest income from the Town's investments
- Increase in planning and development fees collected

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 available funds 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 either 3 or 5 years depending on the property type. 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 2016).

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

## Financial Liabilities

<b>As at December 31 (\$ millions)</b>	<b>2016</b>	<b>2015</b>	<b>Change in 2016 Increase/ (Decrease)</b>
			<b>(Decrease)</b>
Accounts Payable and Accrued Liabilities	\$ 18.3	\$ 22.2	\$ (3.9)
Deferred Revenue	\$ 81.8	\$ 68.5	\$ 13.3
Long-term Liabilities	\$ 16.1	\$ 15.0	\$ 1.1
	<b>\$ 116.2</b>	<b>\$ 105.7</b>	<b>\$ 10.5</b>

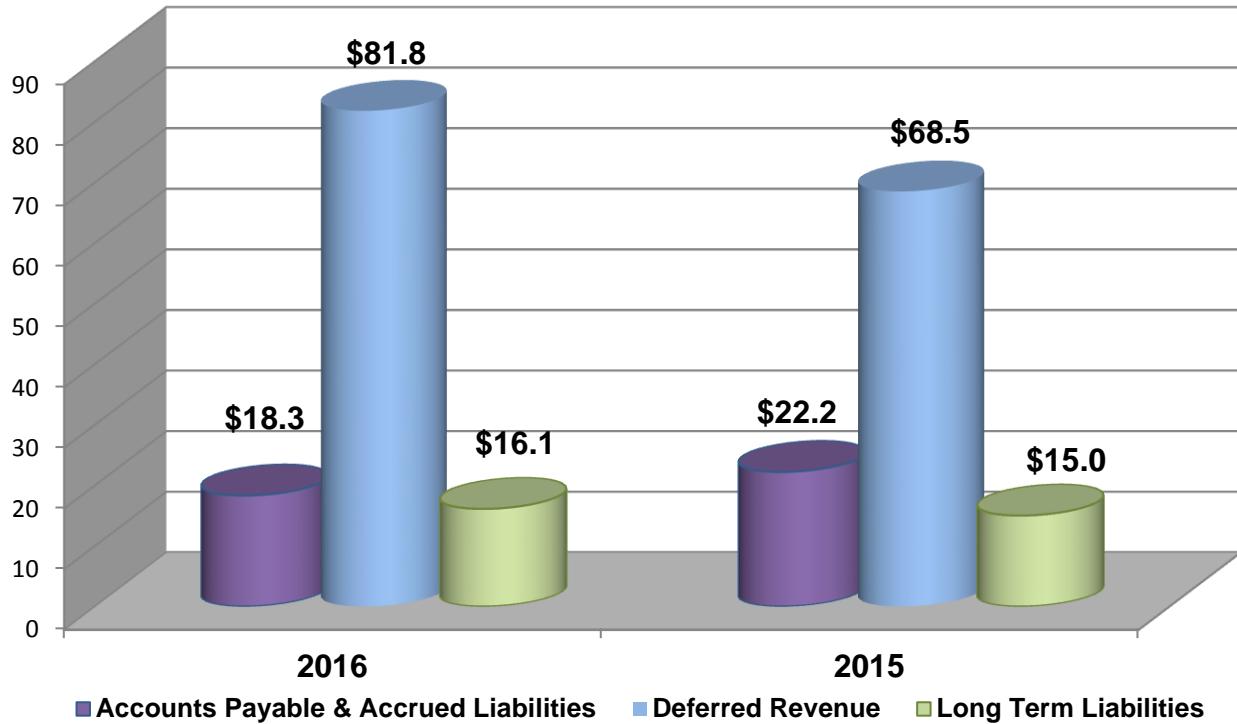
Overall, financial liabilities for the Town have increased by \$10.5M primarily due to the following:

- A decrease in accounts payable and accrued liabilities by \$3.9M which is attributed to the timing of large capital projects and commitments.
- \$13.3M increase in deferred revenues from additional development charges and cash-in-lieu of parkland dedication received from building activity.
- Long Term Liabilities was increased by \$1.1M due to a new debenture of \$3.1M for the 2014 Enhanced Roads Program partially offset by the \$2.0M payment of annual principal on the Hydro debt. Note 8 of the Town's audited financial statements shows the individual debentures and terms.

The Net Long Term liabilities balance of \$15.3M shown below represents the Town's debentures less the sinking fund assets that are included under the long-term investments in Note 6 of the Town's 2016 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 later in this Management Discussion and Analysis.

<b>As at December 31 (\$ millions)</b>	<b>2016</b>	<b>2015</b>	<b>Change in 2016 Increase/ (Decrease)</b>
			<b>(Decrease)</b>
Long-term Liabilities	\$ 16.1	\$ 15.0	\$ 1.1
Sinking Fund Assets	\$ (0.8)	\$ (0.6)	\$ (0.2)
	<b>\$ 15.3</b>	<b>\$ 14.4</b>	<b>\$ 0.9</b>

## Financial Liabilities (2016 vs. 2015) (\$ millions)



## Non-Financial Assets

As at December 31 (\$ millions)	2016	2015	Change in 2016 Increase/ (Decrease)	
Tangible Capital Assets - Net	\$ 297.2	\$ 270.7	\$ 26.5	
Inventories of Supplies	\$ 0.7	\$ 0.4	\$ 0.3	
Prepaid expenses	\$ 0.3	\$ 0.5	\$ (0.2)	
	\$ 298.2	\$ 271.6	\$ 26.6	

Total non-financial assets are predominately tangible capital assets but also include supplies of inventories and prepaid expenses. The Town had made significant investment in tangible capital assets of approximately \$40.8M with a net increase of \$26.6M in tangible capital assets in 2016 once amortization and disposals are netted.

In 2016, the Town capitalized \$40.8M in gross capital assets. Below are some of the major capital projects capitalized in 2016:

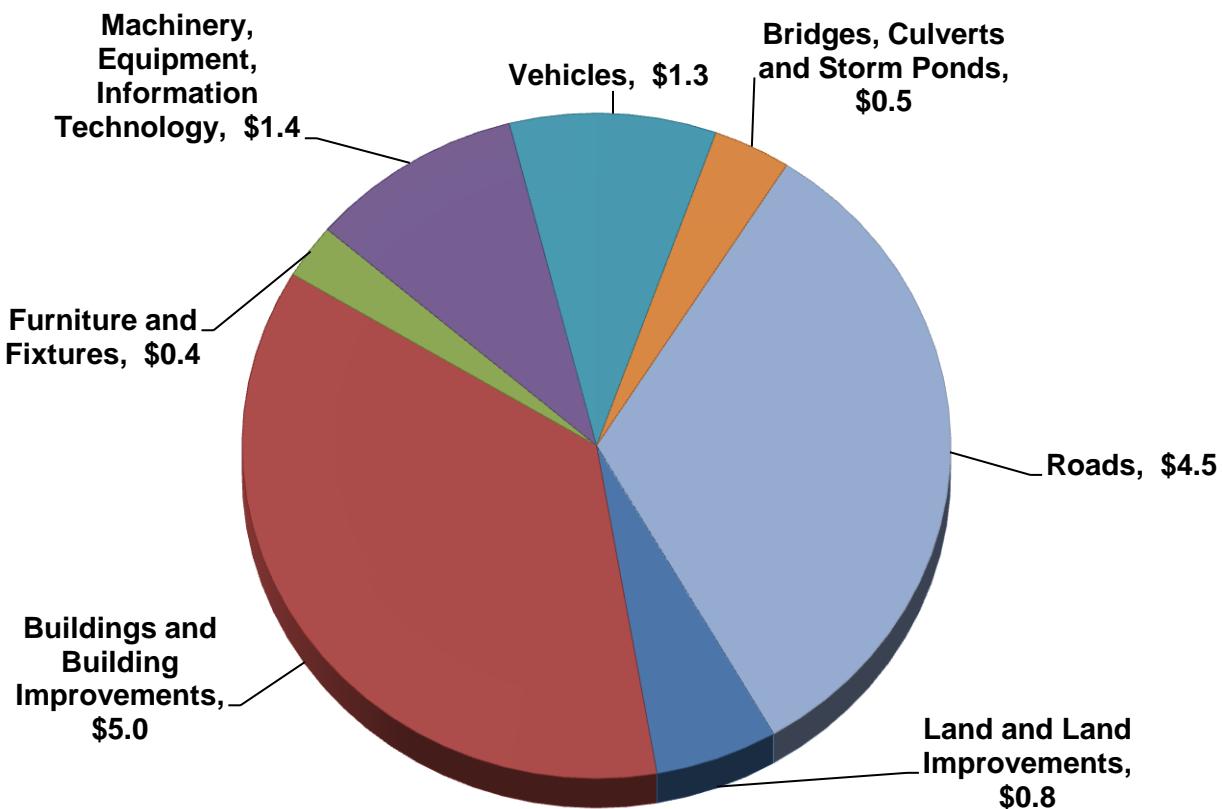
### **Major Projects Capitalized in 2016 - \$ millions**

Kennedy Road (MW 1A) Construction	\$3.60
2015 - Roads Program	\$2.10
2014 - Roads Reconstruction & Rehab (Enhanced Roads Program)	\$1.50
Johnston Sports Park Phase 2	\$1.40
Simpson Road Servicing North	\$1.30
2015 Fleet Replacement	\$1.20
Kennedy Road Land	\$1.20
Bell Air & Newlove Dr. Reconstruction	\$0.60

Net of amortization of \$13.9M and disposals of \$0.4M the net increase to the Town of Caledon's capital assets is \$26.5M. 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.

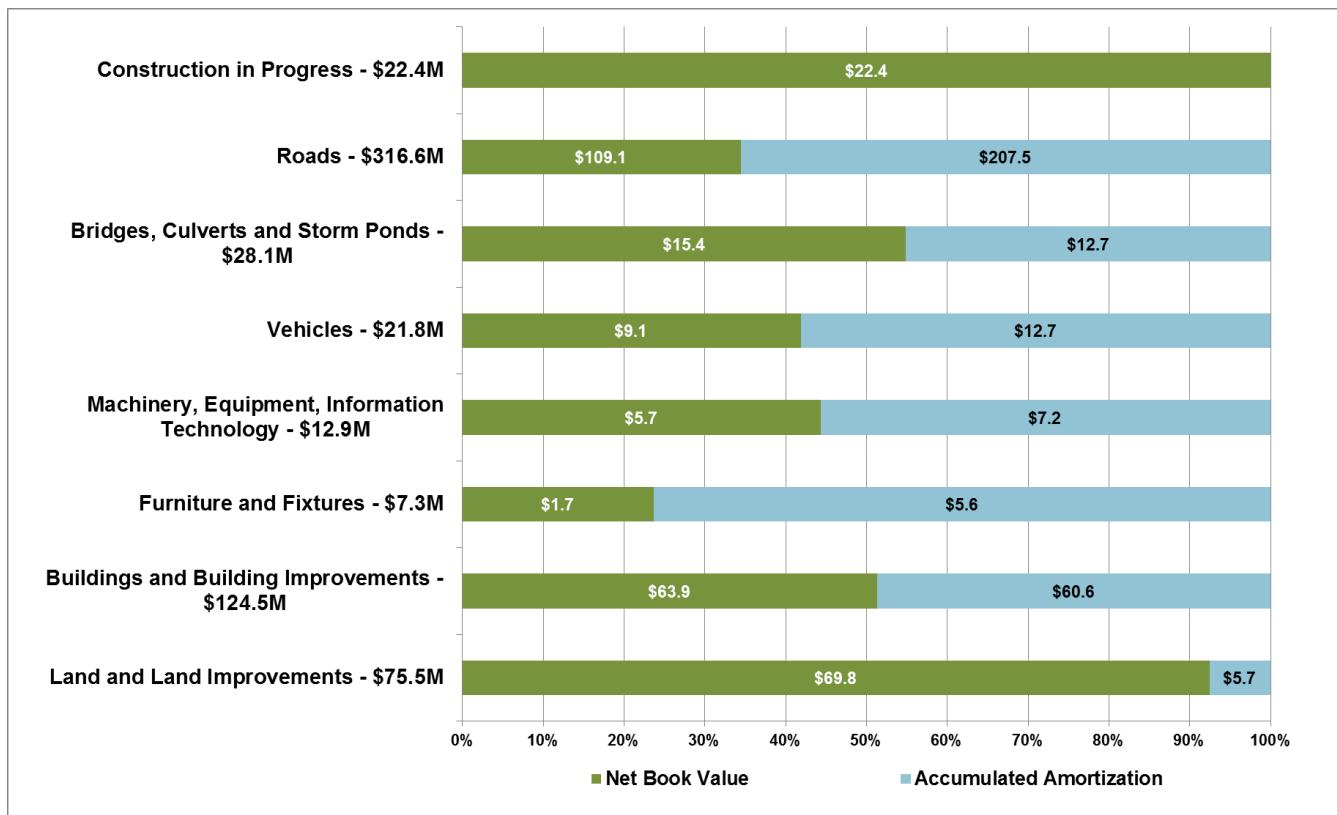
### **2016 Amortization Expense by Asset Type – Total \$13.9M**

**(\$ 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.

## 2016 Tangible Capital Assets: Historical Cost \$609.1M and Net Book Value \$297.2 (In millions)

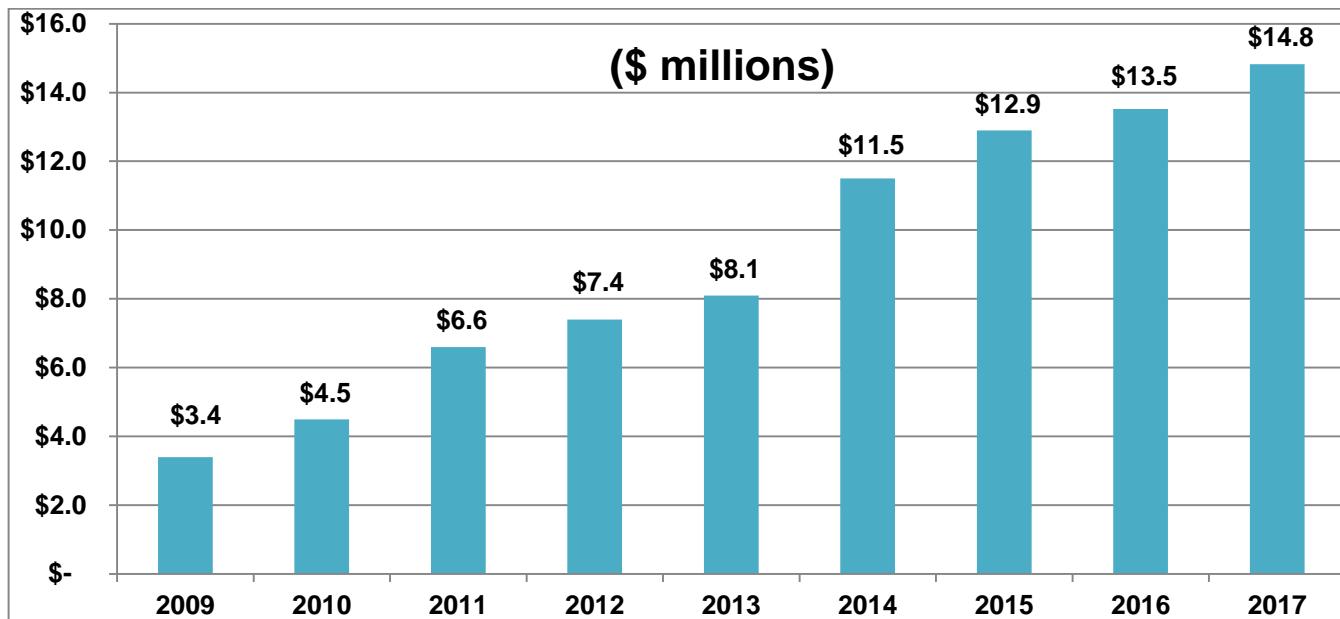


The Town's sustainable funding source for capital almost offsets the projected amortization expenses of approximately \$13.9M per year. With amortization providing an indication of how much should be set aside/spent each year to repair and replace the Town's assets, the Town needs to build-up sustainable 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 \$20.0M which is higher than the Town's annual amortization of \$13.9M since:

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

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 2017) and also includes the 2017 tax levy funded capital approved in the 2017 budget.

## Tax Funded Capital Program



## Accumulated Surplus

As at December 31 (\$ millions)	2016	2015	Change in 2016 Increase/ (Decrease)
Financial Assets	\$ 146.8	\$ 128.1	\$ 18.7 A
Financial Liabilities	\$ 116.2	\$ 105.7	\$ 10.5 B
Net Financial Assets	\$ 30.6	\$ 22.4	\$ 8.2 C=A-B
Non-Financial Assets	\$ 298.2	\$ 271.6	\$ 26.6 D
Total Net Assets	\$ 328.8	\$ 294.0	\$ 34.8 E=C+D
<b>Accumulated Surplus - End of Year</b>	<b>\$ 328.8</b>	<b>\$ 294.0</b>	<b>\$ 34.8 E</b>

The change to this position is equal to the annual surplus reported in the consolidated statement of operations. In 2016, the Town's financial position, the Town's accumulated surplus at the end of December 31, 2016, increased by \$34.8M (from \$294.0M in 2015 to \$328.8M in 2016). Other balances included in the accumulated surplus are disclosed in Note 9 of the financial statements.

# **2016 OPERATIONS AND FULL ACCRUAL ACCOUNTING SURPLUS**

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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 2016 with a surplus of \$2.3M due primarily to the gain on the sale of investments in 2016 and the additional supplementary tax revenue.

Overall the Town is showing an increase in revenue over 2015 which is attributed to additional tax revenues from an increase in supplementary assessment received from Municipal Property Association Corporation (MPAC) and an increase in the general tax levy. Supplementary tax revenue is incremental revenue mainly 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.

Further, there was less development charge revenue recognized in 2016 due to more expenses being incurred on non-growth, existing infrastructure. The Town assumed several roads, storm sewers, parks, street lights, storm water ponds, sidewalks and curbs in 2016 for a total of \$22.6M of contributed tangible capital assets recognized in 2016 which is captured under other income on the financial statements. Fees and user charges showed fluctuations as compared to budget in particular in the planning and development area due to an uptake in development activity which resulted in additional subdivision application plans materializing in 2016.

## **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 list 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, as 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 Town has a long-term plan of increasing tax funded capital to reduce the gap between sustainable tax funded capital and TCA amortization. However, by meeting this gap it only covers the historical cost of the asset and not the replacement cost.

Further, Ontario Regulation 284/09, requires that municipalities that have excluded expenses in budgets must present a report to Council providing the impact of full accrual basis of accounting on the 2016 fund accounting budget and the impact on the Town's full accrual accounting accumulated surplus. For year-end purposes the Town will include all full accrual basis of accounting to prepare and present the financial statements in accordance with Public Sector Accounting Board. The items below are to be included December 31, 2016 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 – Interest on former Caledon Hydro Corporation debt
- 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 \$2.3M to the actual full accrual surplus of \$34.8M:

	\$ Millions
<b>2016 - Fund Accounting Surplus</b>	<b>\$2.3</b>
Tangible Capital Asset Amortization	(\$13.9)
Tax Levy Funded Capital Program	\$13.5
Capital Budget Items not considered TCA	(\$2.8)
Net Book Value loss on disposal of Tangible Capital Assets	(\$0.4)
	(\$3.6)
<b>Revised deficit after accounting for TCA</b>	<b>(\$1.3)</b>
<b>Other Full Accrual Adjustments</b>	
Deferred Revenues & Other external Funding (e.g. grants)	\$30.6
Net 2016 Transfers to Reserves not considered an Expense	\$5.5
	\$36.1
<b>2016 Full Accrual Surplus</b>	<b>\$34.8</b>

As shown in the table above, deferred revenue and other full accrual adjustments for revenue are the main drivers of the full accrual surplus.

# MUNICIPAL DEBT

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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 2016 Annual Repayment Limit (ARL) statement from the Province states that the Town is utilizing 4.57% 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 currently 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 completion of 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 to 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 projected shortfall between the Debt Retirement Fund and the Town's future debt payments (towards the beginning of 2017).

The projected 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 \$7.5M 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, \$5.4M debenture issued is known as a “sinker”, where interest payments are made semi-annually and the full amount of the \$5.4M principal is due at the end of 30 years. In addition to annual internal payments the Town contributes annually to a 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 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 2040.

## **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, \$0.6M debenture issued in 2011 is also a “sinker”, described above where interest payments are made semi-annually and the full amount of the \$0.6M 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 partially funded by external debt to be issued, through the Region of Peel for \$3.1M. The ten-year debenture issued in 2016 requires annual principal payments of \$310,000 with interest costs ranging from 1.15% to 2.5%. These costs have been included in the Town’s 2016 operating budget. These debt payments have been included in the calculation of the Town’s annual repayment limit.

## **Fleet Repayment (2012)**

In 2012, Council approved a capital project for the replacement of 34 vehicles and equipment. The annual debenture payments were estimated at \$640,000 annually for a five year term (2013 to 2017), which was included in the 2013-2017 operating budgets. Due to a positive cash flow in the Town’s account the issuance of this debenture was not required however the payment will still remain as part of the base operating budget to repay the capital project over the original 5 year term of the estimated debt.

## **Trackless Equipment – Repayment (2013)**

In 2013, Council approved the purchase of (7) Seven used Trackless Sidewalk Plows and Sanding Units for \$629,691. The project is to be funded from the Infrastructure Services Operating Budget savings related to equipment rentals for 2013 to 2016. These are fixed payments beyond the term of council and are considered like internal debt obligations to be included as part of the updated annual repayment limit (ARL) the Town calculates for internal purposes.

## **Non-Material Leases**

These are fixed payments over a term that the Town has agreements with which includes leases for the OPP Orangeville location and photocopiers. These are financing agreements that the Town has entered into which are calculated as part of the ARL.

## **Annual Repayment Limit (ARL)**

Provincial policy allows municipalities to incur debt charges equivalent to 25 percent of their net revenues without prior approval of the Ontario Municipal Board. On an annual basis, the Province provides each municipality with an ARL statement that outlines the maximum debt charges allowed (25% of net revenues), the debt charges reported, and the remaining debt repayment limit. Further, as part of the 2012 Budget, Council adopted a debt policy where the Town may issue debt to a maximum projected debt servicing charges (principal and interest payments) of 10% of net revenues.

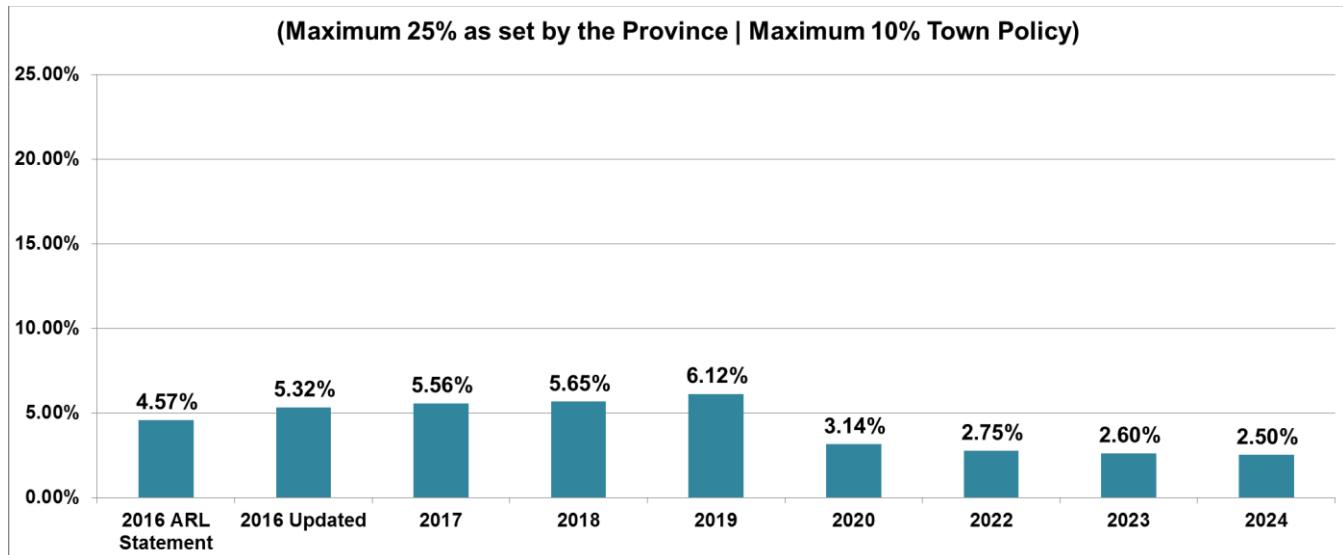
The Province provides each municipality with an ARL statement, in accordance with Regulation 403/02 of Section 401 of the Municipal Act 2001, outlining the percentage of net revenues the municipality is currently using to service debt. The calculation of the ARL for a municipality in 2016 is based on its analysis of data contained in the 2014 Financial Information Return (FIR). The Town of Caledon's 2016 ARL statement report indicates that the Town has net debt charges of \$3.1M or approximately 4.57% of the Town's net revenues. This leaves a balance of 20.43% (25% - 4.57%) or approximately \$14.0M 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:

- Future debentures assumed:
  - 2014 Reconstruction and Rehabilitation Roads Project (Enhanced) \$3.1M -2016
  - 2015 to 2018 Enhanced Road Project \$4.1M each year.
  - 2013 Caledon Equestrian Park (Town's \$1.7M investment to be funded via a Non-Tax Supported debenture following construction) - 2016
  - 2014 Caledon East Concrete Road \$0.43M - 2016
- Maturity of Caledon Hydro Debenture in 2019
- Assessment growth revenue projections for 2017 to 2024 based on the same assumptions used in the 2017 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. The annual debt repayments / debt servicing costs may not exceed 25% of revenues as set by the Province of Ontario. The Town's policy for debt is 10% of Net Revenues. 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 and the Town's internal debt repayment limits.

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 2016 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**

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

- A 10- year capital forecasting and assessment growth model 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 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.



Heather Haire, CPA, CA  
Treasurer  
Finance & Infrastructure Services  
March 20, 2017



TOWN OF CALEDON

# Financial Section





## Management Report

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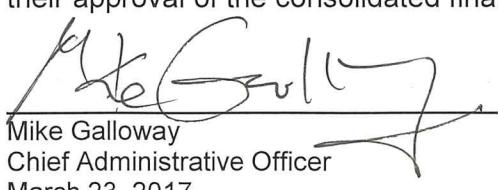
The accompanying consolidated financial statements of the Corporation of the Town of Caledon are the responsibility of the Town's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use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

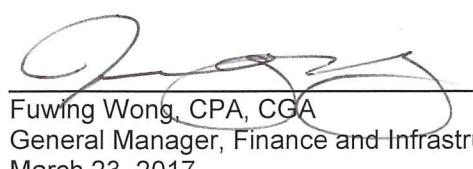
The Corporation maintains a system of internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized and the Corporation's assets are properly accounted for and adequately safeguarded.

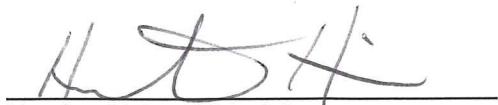
The financial statements have been examined by Millard, Rouse and Rosebrugh, LLP, Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material 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 23, 2017

  
Fuwing Wong, CPA, CGA  
General Manager, Finance and Infrastructure Services/CFO  
March 23, 2017

  
Heather Haire, CPA, CA  
Treasurer  
March 23, 2017

## 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, 2016, 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, 2016, 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 23, 2017  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# THE CORPORATION OF THE TOWN OF CALEDON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>As at December 31</b>	<b>2016</b>	<b>2015</b>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	50,124,531	46,251,430
Short-term investments (Note 3)	21,003,020	17,661,660
Taxes receivable (Note 4)	8,197,067	7,598,426
Accounts and grants receivable (Note 5)	6,115,778	5,906,043
Long-term investments (Note 6)	61,354,974	50,648,982
	<b>146,795,370</b>	<b>128,066,541</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	18,310,646	22,155,721
Deferred revenue (Note 7)	81,821,578	68,503,144
Long-term liabilities (Note 8)	16,094,365	15,040,365
	<b>116,226,589</b>	<b>105,699,230</b>
<b>Net Financial Assets</b>	<b>30,568,781</b>	<b>22,367,311</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - net (Note 10)	297,155,489	270,702,307
Inventories of supplies	703,503	459,305
Prepaid expenses	368,602	487,646
	<b>298,227,594</b>	<b>271,649,258</b>
<b>Total Net Assets</b>	<b>328,796,375</b>	<b>294,016,569</b>
<b>Accumulated Surplus - End of Year (Note 9)</b>	<b>328,796,375</b>	<b>294,016,569</b>

*See accompanying notes*

**THE CORPORATION OF THE TOWN OF CALEDON**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

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<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Taxation (Note 13)	55,521,086	56,066,630	52,711,772
Fees and user charges (Note 14)	8,725,135	11,260,168	6,957,056
Canada grants	2,685,884	2,620,011	4,545,240
Ontario grants	1,586,770	1,810,396	2,179,620
Licenses, permits and rents	4,434,008	3,684,999	3,265,851
Fines, penalties and interest on taxes	5,121,982	5,186,131	4,955,618
Other income (Note 15)	23,864,399	29,495,755	14,332,889
Development charges and other fees	1,864,590	2,216,624	8,631,949
	<b>103,803,854</b>	<b>112,340,714</b>	<b>97,579,995</b>
<b>Expenses</b>			
General government	7,976,874	8,241,408	8,755,847
Protection services	16,896,960	17,509,439	15,723,300
Transportation services	21,821,486	22,695,448	23,432,103
Environmental services	730,407	808,677	760,610
Social and family services	55,965	46,510	48,472
Recreation and cultural services	21,411,558	21,231,851	19,964,515
Planning and development	6,192,988	6,070,000	6,490,032
Interest on corporate debt (Note 8 a)	1,017,929	957,575	1,027,578
	<b>76,104,167</b>	<b>77,560,908</b>	<b>76,202,457</b>
<b>Annual Surplus from Operations</b>	<b>27,699,687</b>	<b>34,779,806</b>	<b>21,377,538</b>
<b>Accumulated Surplus - Beginning of Year</b>	<b>294,016,569</b>	<b>294,016,569</b>	<b>272,639,031</b>
<b>Accumulated Surplus - End of Year (Note 9)</b>	<b>321,716,256</b>	<b>328,796,375</b>	<b>294,016,569</b>

*See accompanying notes*

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

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<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Annual Surplus from Operations</b>	27,699,687	34,779,806	21,377,538
Amortization of tangible capital assets	14,000,000	13,915,785	13,249,052
Acquisition of tangible capital assets	(14,500,000)	(40,807,322)	(35,769,525)
Loss on disposal of tangible capital assets	-	174,836	562,921
Proceeds on disposal of tangible capital assets	-	263,519	907,056
Other	-	(125,154)	(383,719)
<b>Increase/(Decrease) in Net Financial Assets</b>	27,199,687	8,201,470	(56,677)
<b>Net Financial Assets - Beginning of Year</b>	22,367,311	22,367,311	22,423,988
<b>Net Financial Assets - End of Year</b>	49,566,998	30,568,781	22,367,311

*See accompanying notes*

# THE CORPORATION OF THE TOWN OF CALEDON

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2016	2015
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Annual Surplus from operations	34,779,806	21,377,538
Items not involving cash		
Amortization of tangible capital assets	13,915,785	13,249,052
Contributed tangible capital assets	(22,645,385)	(7,156,421)
Loss/(Gain) on disposal of tangible capital assets	174,836	562,921
Long-term bond premium amortization	-	28,510
	<u>26,225,042</u>	<u>28,061,600</u>
Changes in non-cash working capital items (Note 12)	8,539,829	16,621,642
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(18,161,937)	(28,613,104)
Proceeds on disposal of tangible capital assets	263,519	907,056
	<u>(17,898,418)</u>	<u>(27,706,048)</u>
<b>Investing Activities</b>		
Net (purchase)/redemption of investments	(14,047,352)	(33,436,222)
<b>Financing Activities</b>		
Proceeds of debenture	3,100,000	-
Repayment of long-term liabilities	(2,046,000)	(1,921,000)
	<u>1,054,000</u>	<u>(1,921,000)</u>
<b>Net Change in Cash and Cash Equivalents</b>	3,873,101	(18,380,028)
<b>Cash and Cash Equivalents - Beginning of Year</b>	46,251,430	64,631,458
<b>Cash and Cash Equivalents - End of Year</b>	<u>50,124,531</u>	<u>46,251,430</u>
<b>Cash and Cash Equivalents are Comprised of:</b>		
Cash and bank (unrestricted)	49,713,985	43,279,394
Cash and bank (restricted)	410,546	2,972,036
	<u>50,124,531</u>	<u>46,251,430</u>

*See accompanying notes*

# **THE CORPORATION OF THE TOWN OF CALEDON**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2016**

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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 and related legislation.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 de District du Centre-Sud Ouest  
Conseil Scolaire de District Catholique Centre-Sud

#### **(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, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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#### (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, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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#### (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, 2016**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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#### **(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, 2016

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### 2. CASH AND CASH EQUIVALENTS

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	<b>2016</b>	<b>2015</b>
Unrestricted	49,713,985	43,279,394
Restricted - debt retirement fund	410,546	2,972,036
	<b>50,124,531</b>	<b>46,251,430</b>

Included in unrestricted cash and cash equivalents are funds held in high interest savings accounts in the amount of \$35,754,702 (2015 - \$34,604,320).

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.

### 3. SHORT-TERM INVESTMENTS

---

	<b>2016</b>	<b>2015</b>
Short-term interest bearing investments	20,999,823	15,559,869
Short-term Provincial Government bond	-	2,092,112
Restricted - debt retirement fund investments	3,197	9,679
	<b>21,003,020</b>	<b>17,661,660</b>

Short-term investments have interest rates ranging from 0.95% to 5.75% and a market value of \$21,019,844 (2015 - \$17,930,663) 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.

### 4. TAXES RECEIVABLE

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	<b>2016</b>	<b>2015</b>
Taxes receivable	8,371,969	7,954,131
Allowance for doubtful accounts	(174,902)	(355,705)
	<b>8,197,067</b>	<b>7,598,426</b>

# **THE CORPORATION OF THE TOWN OF CALEDON**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2016**

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### **5. ACCOUNTS AND GRANTS RECEIVABLE**

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	<b>2016</b>	<b>2015</b>
Accounts receivable	5,821,721	5,728,789
Grants receivable - Federal	122,707	-
Grants receivable - Provincial	171,350	177,254
	<b>6,115,778</b>	<b>5,906,043</b>

### **6. LONG-TERM INVESTMENTS**

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	<b>2016</b>	<b>2015</b>
Long-term Government of Canada bond	-	2,032,149
Long-term interest bearing investments	60,480,508	47,905,769
Restricted - sinking fund	874,466	711,064
	<b>61,354,974</b>	<b>50,648,982</b>

The long-term investments have interest rates ranging from 1.00% to 3.04% and maturity dates from June 2018 to May 2025. The market value of the long-term investments is \$60,747,872 (2015 - \$49,888,261). There is one long-term investment where the total cost exceeds market value by \$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 \$83,797 (2015 - \$67,458) that will be amortized over the term of the debenture.

# THE CORPORATION OF THE TOWN OF CALEDON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2016

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### 7. DEFERRED REVENUE

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	Balance at December 31 2015	Contributions Received	Investment Income	Revenue Recognized	Balance at December 31 2016
<b>Obligatory Reserve Funds</b>					
Heritage property grant	21,777	468	219	-	22,464
Development charges	59,549,311	13,204,570	484,088	(2,216,624)	71,021,345
Recreational land	3,443,163	931,851	39,070	-	4,414,084
Building stabilization	4,023,076	-	39,292	(501,400)	3,560,968
Federal gas tax	806,379	3,313,106	13,026	(2,320,702)	1,811,809
	<b>67,843,706</b>	<b>17,449,995</b>	<b>575,695</b>	<b>(5,038,726)</b>	<b>80,830,670</b>
<b>User Charges and Fees</b>					
Deferred memberships	208,349	1,826,220	-	(1,840,922)	193,647
Deferred revenue	393,251	416,094	-	(114,195)	695,150
Aggregate Levy	57,838	208,866	-	(164,593)	102,111
	<b>659,438</b>	<b>2,451,180</b>	<b>-</b>	<b>(2,119,710)</b>	<b>990,908</b>
	<b>68,503,144</b>	<b>19,901,175</b>	<b>575,695</b>	<b>(7,158,436)</b>	<b>81,821,578</b>

# THE CORPORATION OF THE TOWN OF CALEDON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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### 8. LONG-TERM LIABILITIES

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- (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:

	2016	2015
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:	6,972,000	9,018,000
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:	3,100,000	-
Long-term liabilities	16,094,365	15,040,365
Less: sinking fund assets	790,669	643,606
<b>Net long-term liabilities</b>	<b>15,303,696</b>	<b>14,396,759</b>

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

	Principal	Interest	Total
2017	2,610,046	813,392	3,423,438
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 - 2026	2,029,746	1,461,877	3,491,623
Thereafter	1,343,286	3,777,736	5,121,022
Interest to be earned on sinking funds	3,594,103	-	3,594,103
	16,094,365	7,895,219	23,989,584

# **THE CORPORATION OF THE TOWN OF CALEDON**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2016**

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### **8. LONG-TERM LIABILITIES (Continued)**

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Interest expense in the amount of \$957,575 (2015 - \$1,027,578) 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 \$410,546 (2015 - \$2,972,036) in restricted cash and \$3,197 (2015 - \$9,679) in short term investments for a total of \$413,743 (2015 - \$2,981,715). The funds held by the Region are projected to have sufficient funds to make a partial interest payment in December 2017. The Town will assume the balance of the payments from 2017 - 2019 in the amount of \$7,505,084. This is comprised of \$6,972,000 in principal repayments and \$533,084 of interest repayments. This projected 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 Capital Asset Replacement Reserve Fund.
- (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 \$654,882 (2015 - \$536,451).
- (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 \$135,787 (2015 - \$107,155).

### **9. ACCUMULATED SURPLUS**

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Accumulated surplus is comprised of the following amounts:

	<b>2016</b>	<b>2015</b>
General purposes (Includes Caledon Library Board)	(442,351)	(5,047,862)
Caledon Business Improvement Area (Operations)	31,519	36,532
Invested in Tangible Capital Assets	297,155,489	270,702,307
Reserves and Reserve Funds (Note 11)	32,051,718	28,325,592
	<hr/> <b>328,796,375</b>	<hr/> <b>294,016,569</b>

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2016

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**10. 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 2016	Total 2015
<b>Cost</b>										
Balance, beginning of year	64,749,535	123,506,424	9,870,908	11,809,026	20,842,705	25,841,643	295,510,236	21,918,768	574,049,245	542,048,216
Additions during the year	10,813,651	985,071	366,824	1,462,380	1,612,310	2,431,408	22,693,691	441,987	40,807,322	35,769,525
Disposals during the year	(32,158)	-	(2,951,596)	(347,458)	(634,271)	(194,828)	(1,615,122)	-	(5,775,433)	(3,768,496)
Balance, end of year	75,531,028	124,491,495	7,286,136	12,923,948	21,820,744	28,078,223	316,588,805	22,360,755	609,081,134	574,049,245
<b>Accumulated Amortization</b>										
Balance, beginning of year	4,958,722	55,549,104	8,142,604	5,941,975	11,989,871	12,369,510	204,395,152	-	303,346,938	292,396,405
Amortization during the year	778,849	5,058,316	369,776	1,358,127	1,314,076	492,574	4,544,067	-	13,915,785	13,249,052
Accumulated amortization on disposal	(22,428)	-	(2,951,596)	(101,547)	(620,614)	(194,828)	(1,446,065)	-	(5,337,078)	(2,298,519)
Balance, end of year	5,715,143	60,607,420	5,560,784	7,198,555	12,683,333	12,667,256	207,493,154	-	311,925,645	303,346,938
Net Book Value of Tangible Capital Assets	69,815,885	63,884,075	1,725,352	5,725,393	9,137,411	15,410,967	109,095,651	22,360,755	297,155,489	270,702,307

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2016

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**10 TANGIBLE CAPITAL ASSETS (Continued)**

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a) Assets under construction:

Assets under construction having a value of \$22,360,755 (2015 - \$21,918,768) 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 \$22,645,385 (2015 - \$7,156,421). These assets consist of storm water management ponds, storm sewers, parklands, street lights, roads, sidewalks and curbs.

**11. RESERVES AND RESERVE FUNDS**

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	<b>2016</b>	<b>2015</b>
<b>Reserves set aside by Council:</b>		
Working funds	1,299,647	1,299,647
Contingencies	4,114,996	4,800,444
Current purposes	72,803	78,433
Capital purposes	5,102,166	2,461,219
	<b>10,589,612</b>	<b>8,639,743</b>

**Reserve funds set aside by Council:**

Capital asset replacement fund (formerly Caledon Hydro Reserve)	16,373,496	14,353,328
Current purposes	4,236,110	1,851,313
Debt retirement	413,743	2,981,715
Bolton Community Improvement	438,757	499,493
	<b>21,462,106</b>	<b>19,685,849</b>
	<b>32,051,718</b>	<b>28,325,592</b>

**12. CHANGE IN NON-CASH WORKING CAPITAL ITEMS**

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	<b>2016</b>	<b>2015</b>
(Increase) Decrease in taxes receivable	(598,641)	1,696,233
(Increase) Decrease in trade and other receivables	(209,735)	(867,878)
(Increase) in inventories	(244,198)	(93,129)
Decrease (Increase) in prepaid expenses	119,044	(290,590)
(Decrease) Increase in accounts payable	(3,845,075)	2,090,664
Increase in deferred revenue	13,318,434	14,086,342
	<b>8,539,829</b>	<b>16,621,642</b>

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2016

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**13. TAXATION**

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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:

	<b>2016</b>	<b>2015</b>
Taxation revenue	145,680,558	138,852,971
Amount levied and remitted to Regional Municipality of Peel	(46,478,783)	(44,555,543)
Amount levied and remitted to School Boards	(43,135,145)	(41,585,656)
Net taxation	56,066,630	52,711,772

**14. FEES AND USER CHARGES**

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	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Recreation	4,524,198	4,817,155	4,788,519
Planning and development	2,385,141	4,298,267	917,829
Public works	692,255	1,008,088	284,413
Administration and general governance	779,784	812,282	743,714
Fire services	339,057	320,011	217,620
Library services	4,700	4,365	4,961
	8,725,135	11,260,168	6,957,056

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2016

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**15. OTHER INCOME**

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	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Investment income	939,757	2,253,121	1,623,704
Donations, contributions and agreements	97,009	256,836	192,411
Recovery from other municipalities	2,404,276	2,825,611	2,178,431
Developer contributions	20,163,857	22,804,218	9,127,779
Other	259,500	1,355,970	1,210,564
	<b>23,864,399</b>	<b>29,495,756</b>	<b>14,332,889</b>

**16. PENSION AGREEMENTS**

---

Ontario Municipal Employees Retirement Fund (OMERS) provides pension services to more than 470,000 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, 2016. The results of the valuation disclosed total actuarial liabilities of \$86,959 million in respect of benefits accrued for service with actuarial assets at that date of \$81,239 million indicating an actuarial funding deficit of \$5,720 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 2016 were \$2,732,467 (2015 - \$2,589,706) on behalf of 419 employees. The contribution rate for 2016 was 9% to 15.8% depending on normal retirement age and income level (2015 - 9% to 15.8%).

**17. BUDGET AMOUNTS**

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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 2016 budget was approved by council on January 19, 2016 on the fund basis of accounting where revenues balance to expenses. Also on January 19, 2016, council received and approved a report on the full accrual accounting impact of the 2016 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, 2016**

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**18. TRUST FUNDS**

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The trust funds administered by the municipality amounting to \$5,733,850 (2015 - \$5,475,703) 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, 2016, the trust fund balances are as follows:

	<b>2016</b>	<b>2015</b>
Cemetery Perpetual Care	6,031	6,028
Developer Deposits	5,721,405	5,463,261
Heritage	6,414	6,414
	5,733,850	5,475,703

**19. CONTRACTUAL COMMITMENTS**

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The Town of Caledon has entered into the following contracts:

- a) The lease of photocopiers at all Town locations at an approximate cost of \$44,979 per year. The lease will expire January 2018 and there is an option to renew for three years.
- b) The annual lease cost for the OPP portion of the Orangeville Courthouse is \$10,195 which expires December 2017.
- c) The Town entered into an agreement with the Caledon Professional Firefighters Association in 2015 to award pre-65 post retirement employment benefits effective December 31, 2018. Currently the total estimated cost for 2019 is \$83,100. For subsequent years the total estimated annual cost is \$11,200.

The Town of Caledon has entered into contracts worth approximately \$18,050,552 as of December 31, 2016 for capital project spending in 2017 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, 2016**

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**20. CONTINGENCIES**

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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.

**21. GOVERNMENT TRANSFERS**

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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 7).

The following kinds of transfers were included in revenue:

	<b>2016</b>	<b>2015</b>
Grants with conditions	3,283,007	5,603,060
Other grants	1,147,400	1,121,800
	<b>4,430,407</b>	<b>6,724,860</b>

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2016**

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**22. PROVINCIAL OFFENCES ADMINISTRATION**

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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 \$3,044,290 for the year ended December 31, 2016 (2015 - \$2,979,450).

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, 2016, cost recovery fees of \$553,572 (2015 - \$530,700) were collected from serviced municipalities within the County of Dufferin.

**23. COMPARATIVE AMOUNTS**

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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, 2016**

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**24. SEGMENTED INFORMATION**

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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 development 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 seven branches across Caledon 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, 2016

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	Infrastructure Services	Fire and Emergency Services	Parks and Recreation	Library Services	Corporate Services	Human Resources	Other	Total 2016
<b>Revenue</b>								
Taxation	18,454,203	7,615,337	11,282,145	2,978,711	8,531,476	523,351	6,681,407	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	24,173,227	235,773	600,511	34,893	3,597,861	-	9,724,620	38,366,885
Development charges and other fees	895,568	476,066	669,372	42,363	-	-	133,255	2,216,624
	47,410,163	8,647,187	17,606,090	3,141,077	12,967,752	523,351	22,045,094	112,340,714
<b>Expenses</b>								
Salaries and benefits	6,929,242	6,840,074	8,203,890	2,432,225	6,689,700	757,307	8,985,303	40,837,741
Interest on debt	334,781	23,097	-	-	599,697	-	-	957,575
Materials and supplies	6,253,207	1,191,056	3,381,904	285,435	2,553,273	125,863	1,346,264	15,137,002
Contracted services	1,612,962	441,395	560,558	99,829	2,045,248	72,693	693,641	5,526,326
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	6,287,149	1,575,404	4,310,262	244,254	1,057,632	-	441,083	13,915,784
	21,903,800	10,071,026	16,456,614	3,066,173	13,468,054	955,863	11,639,378	77,560,908
<b>Net Surplus (Deficit)</b>	<b>25,506,363</b>	<b>(1,423,839)</b>	<b>1,149,476</b>	<b>74,904</b>	<b>(500,302)</b>	<b>(432,512)</b>	<b>10,405,716</b>	<b>34,779,806</b>

**THE CORPORATION OF THE TOWN OF CALEDON**  
**CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION**  
For the year ended December 31, 2015

	Infrastructure Services	Fire and Emergency Services	Parks and Recreation	Library Services	Corporate Services	Human Resources	Other	Total 2015
<b>Revenue</b>								
Taxation	18,340,060	6,038,721	11,014,477	2,482,088	8,104,959	469,662	6,261,805	52,711,772
Fees and user charges	284,413	217,620	4,788,519	4,961	511,856	-	1,149,687	6,957,056
Specific grants	3,801,211	-	1,547,297	98,962	106,124	-	1,171,267	6,724,861
Other revenue	10,632,289	154,258	1,264,935	30,958	3,511,917	-	6,960,001	22,554,358
Development charges and other fees	5,527,639	65,184	2,562,069	-	-	-	477,056	8,631,948
	38,585,612	6,475,783	21,177,297	2,616,969	12,234,856	469,662	16,019,816	97,579,995
<b>Expenses</b>								
Salaries and benefits	6,391,802	6,179,760	7,754,958	2,331,477	6,118,073	705,048	7,936,217	37,417,335
Interest on debt	277,037	23,097	-	-	727,444	-	-	1,027,578
Materials and supplies	6,823,989	1,139,815	3,152,626	234,295	3,098,213	117,884	1,661,934	16,228,756
Contracted services	2,004,426	429,141	555,900	104,650	1,471,604	79,059	732,285	5,377,065
Other transfers	18,968	-	-	-	66,382	-	112,646	197,996
Rents and financial expenses	1,490,124	-	-	7,118	502,775	-	704,658	2,704,675
Amortization on tangible capital assets	6,078,904	1,372,742	4,116,132	255,500	984,905	-	440,869	13,249,052
	23,085,250	9,144,555	15,579,616	2,933,040	12,969,396	901,991	11,588,609	76,202,457
<b>Net Surplus (Deficit)</b>	<b>15,500,362</b>	<b>(2,668,772)</b>	<b>5,597,681</b>	<b>(316,071)</b>	<b>(734,540)</b>	<b>(432,329)</b>	<b>4,431,207</b>	<b>21,377,538</b>



TOWN OF CALEDON

## Statistical Section



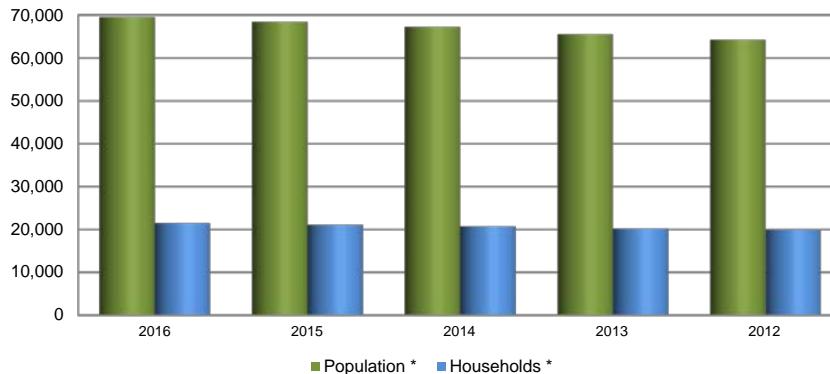
## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2016	2015	2014	2013	2012
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### MUNICIPALITY STATISTICS

Population *	69,500	68,400	67,200	65,500	64,200
Households *	21,500	21,100	20,800	20,200	19,900
Area in hectares *	68,717	68,717	68,717	68,717	68,717
Construction activity (value)	\$ 18,050,553	\$ 20,113,516	\$ 17,035,074	\$ 11,867,474	\$ 11,581,437

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



Staffing Statistics					
Full Time Staff	353	332	308	298	298
per 1000 people	0.51%	0.49%	0.46%	0.45%	0.46%
Part Time Staff	398	324	348	337	338

Taxable Assessment upon which the year's rates of taxation were set					
Residential, farm, multi-residential	12,573,716,770	11,858,096,542	11,082,039,296	10,345,924,627	9,675,607,730
Commercial, industrial and other	2,623,399,932	2,433,233,703	2,261,796,217	2,047,675,541	1,646,595,694
<b>Total Taxable Assessment</b>	<b>15,197,116,702</b>	<b>14,291,330,245</b>	<b>13,343,835,513</b>	<b>12,393,600,168</b>	<b>11,322,203,424</b>
<i>Total per capita</i>	<i>218,664</i>	<i>208,938</i>	<i>198,569</i>	<i>189,215</i>	<i>176,358</i>

### TOP TEN CORPORATE TAXPAYERS (by taxes paid)

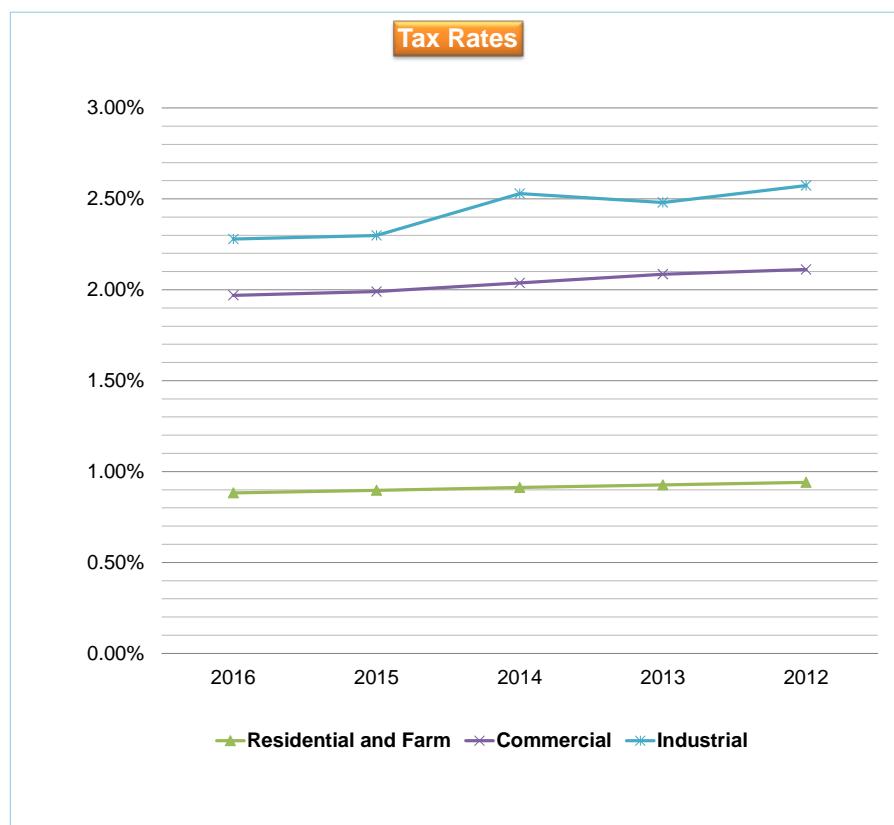
1. AMB AIRPORT ROAD CANCO INC
2. GREYPAN 4 PROPERTIES GP INC
3. CALLOWAY REIT (BOLTON) INC
4. BK PRIME ONTARIO 1 LP
5. PIRET(86 PILLSWORTH)HOLDINGS INC
6. CANADIAN TIRE CORPORATION
7. ACKLANDS-GRAINGER INC
8. DESJARDINS FINANCIAL SECURITY
9. HUSKY INJECTION MOLDING SYSTEMS LTD
10. GWL REALTY ADVISORS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

## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2016	2015	2014	2013	2012
<b>TAX RATE STATISTICS</b>					
<b>Residential and Farm</b>					
Town purposes (including Broadband Levy)	0.375693%	0.374407%	0.370122%	0.366249%	0.360371%
Region purposes	0.319267%	0.327139%	0.338600%	0.348476%	0.359716%
School purposes	0.188000%	0.195000%	0.203000%	0.212000%	0.221000%
<b>Total - Residential and Farm</b>	<b>0.882960%</b>	<b>0.896546%</b>	<b>0.911722%</b>	<b>0.926725%</b>	<b>0.941087%</b>

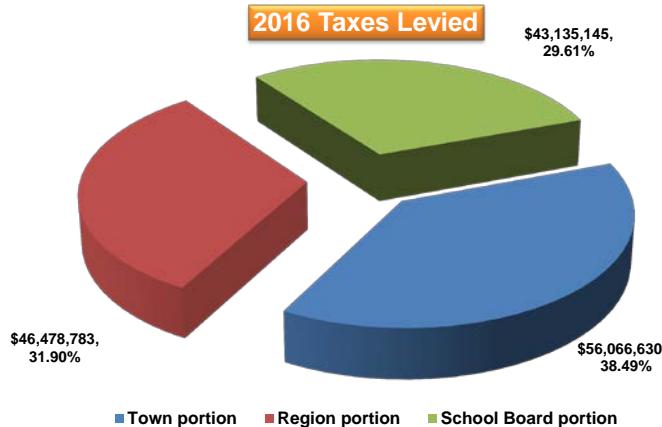
<b>Commercial</b>					
Town purposes (including Broadband Levy)	0.493045%	0.491358%	0.485734%	0.480651%	0.467437%
Region purposes	0.418994%	0.429325%	0.444366%	0.457327%	0.466588%
School purposes	1.057399%	1.069252%	1.107083%	1.147477%	1.177386%
<b>Total - Commercial</b>	<b>1.969438%</b>	<b>1.989935%</b>	<b>2.037183%</b>	<b>2.085455%</b>	<b>2.111411%</b>

<b>Industrial</b>					
Town purposes (including Broadband Levy)	0.593782%	0.591751%	0.578857%	0.529745%	0.530208%
Region purposes	0.504602%	0.517044%	0.550766%	0.528783%	0.543887%
School purposes	1.180000%	1.190000%	1.399256%	1.421817%	1.499357%
<b>Total - Industrial</b>	<b>2.278384%</b>	<b>2.298795%</b>	<b>2.528879%</b>	<b>2.480345%</b>	<b>2.573452%</b>



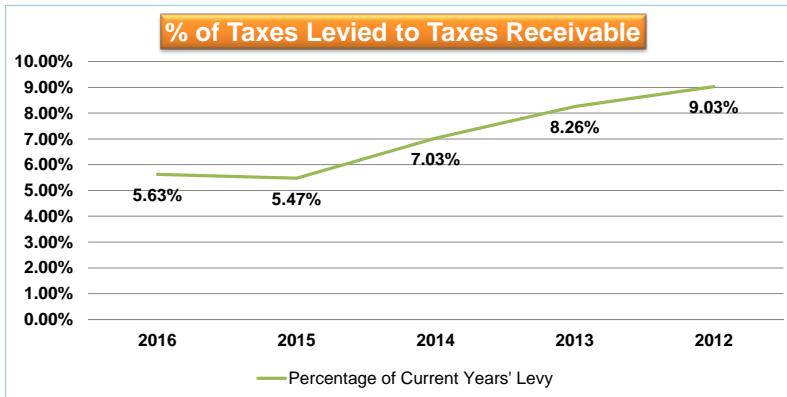
## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2016	2015	2014	2013	2012
<b>TAX INFORMATION</b>					
<b>Taxes Levied</b>					
Town portion	\$ 56,066,630	\$ 52,711,772	\$ 47,585,276	\$ 43,985,488	\$ 41,076,937
Region portion	46,478,783	44,555,543	43,532,603	41,851,006	41,002,284
School Board portion	43,135,145	41,585,656	41,149,789	40,114,171	40,193,951
<b>Total</b>	<b>\$ 145,680,558</b>	<b>\$ 138,852,971</b>	<b>\$ 132,267,668</b>	<b>\$ 125,950,665</b>	<b>\$ 122,273,172</b>



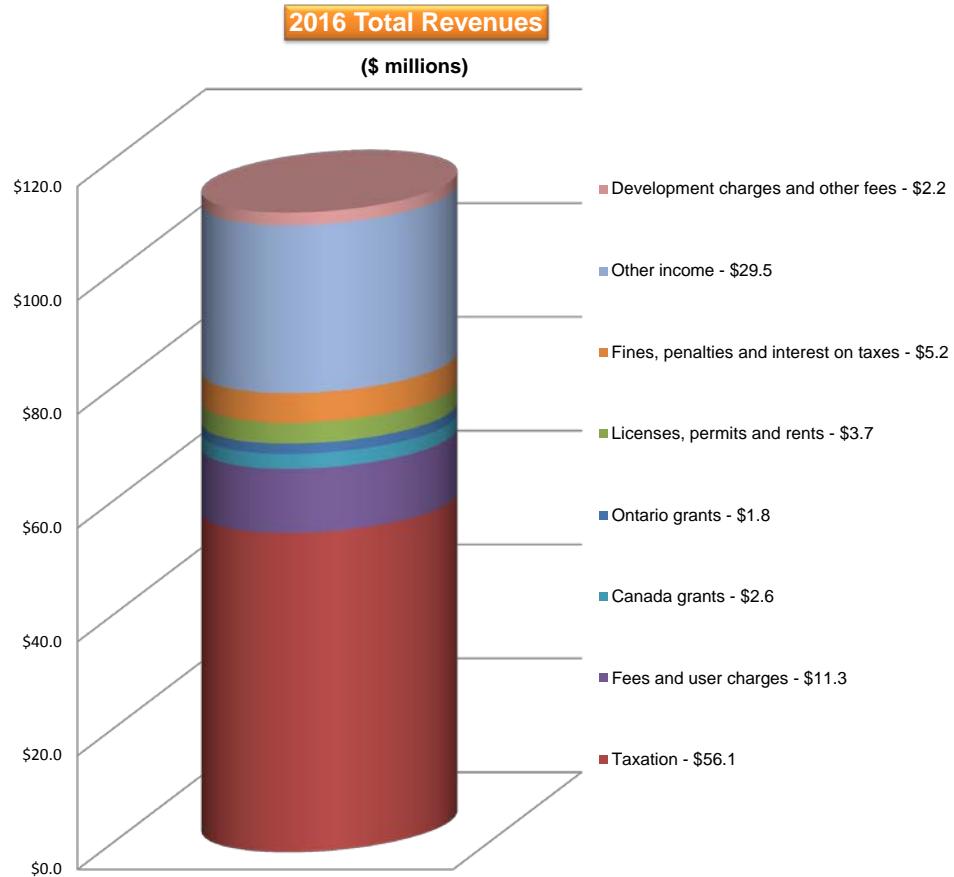
<b>Taxes Collected</b>					
Town collection	\$ 54,535,122	\$ 51,296,238	\$ 47,484,573	\$ 43,020,004	\$ 36,656,384
Taxes transferred to the Region	46,344,402	44,820,213	43,018,166	41,999,274	40,371,511
Taxes transferred to the School Boards	44,043,089	42,477,505	40,558,272	41,131,444	40,655,091
<b>Total</b>	<b>\$ 144,922,613</b>	<b>\$ 138,593,956</b>	<b>\$ 131,061,011</b>	<b>\$ 126,150,722</b>	<b>\$ 117,682,986</b>

<b>Taxes Receivable, End of Year</b>					
Taxes Receivable	\$ 8,197,067	\$ 7,598,426	\$ 9,294,659	\$ 10,401,613	\$ 11,040,251
Taxes Receivable <i>per capita</i>	117.94	111.09	138.31	158.80	171.97
Percentage of Current Years' Levy	5.63%	5.47%	7.03%	8.26%	9.03%



## FIVE YEAR REVIEW SUMMARY

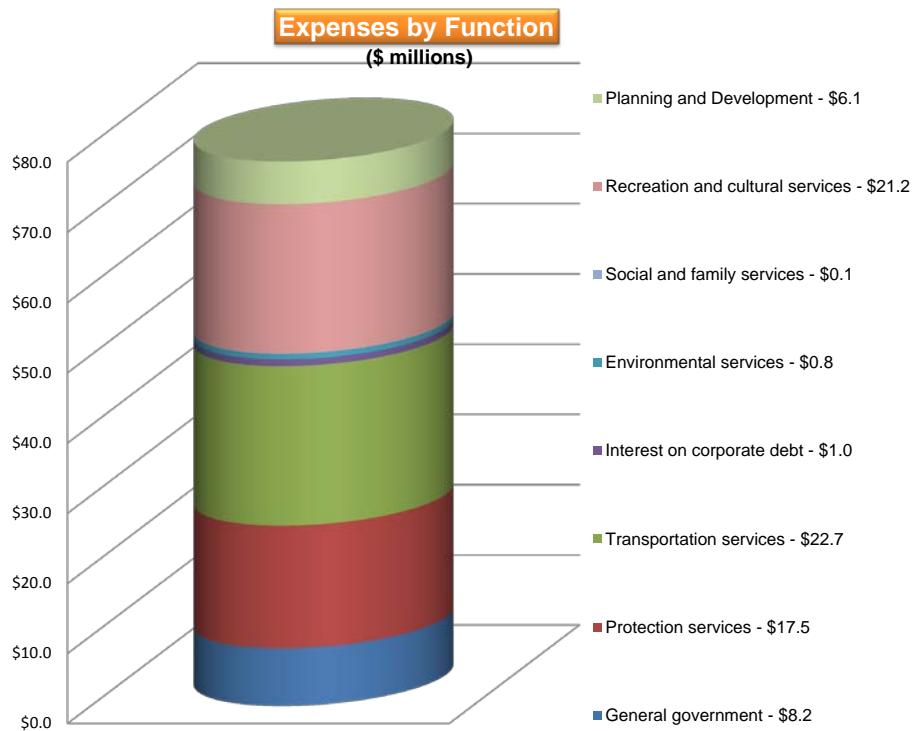
Fiscal Year	2016	2015	2014	2013	2012
<b>FINANCIAL INFORMATION</b>					
<b>Consolidated Revenues</b>					
Taxation	\$ 56,066,630	\$ 52,711,772	\$ 49,103,995	\$ 45,125,535	\$ 40,568,240
Fees and user charges	11,260,168	6,957,056	7,889,940	6,052,130	7,659,916
Canada grants	2,620,011	4,545,240	5,603,289	5,044,194	3,707,309
Ontario grants	1,810,396	2,179,621	1,513,234	1,205,319	1,825,211
Licenses, permits and rents	3,684,999	3,265,851	3,236,226	3,916,969	4,225,780
Fines, penalties and interest on taxes	5,186,131	4,955,617	4,671,500	4,307,797	4,859,597
Other income	29,495,756	14,332,889	5,869,636	8,485,386	9,414,159
Development charges and other fees	2,216,623	8,631,948	2,886,281	3,395,488	2,461,735
<b>Total</b>	<b>\$ 112,340,714</b>	<b>\$ 97,579,994</b>	<b>\$ 80,774,101</b>	<b>\$ 77,532,818</b>	<b>\$ 74,721,947</b>



## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2016	2015	2014	2013	2012
<b>Consolidated Expense by Function</b>					
General government	\$ 8,241,408	\$ 8,755,847	\$ 9,627,315	\$ 7,322,504	7,112,784
Protection services	17,509,439	15,723,300	14,278,137	13,822,735	13,495,243
Transportation services	22,695,448	23,432,103	22,131,455	25,895,788	25,987,977
Interest on corporate debt	957,575	1,027,578	1,280,442	1,258,586	1,362,727
Environmental services	808,677	760,610	670,910	682,177	134,015
Social and family services	46,510	48,472	55,913	48,686	41,392
Recreation and cultural services	21,231,851	19,964,515	18,470,131	19,195,002	18,357,310
Planning and Development	6,070,000	6,490,032	6,062,680	6,320,270	5,156,184
(Gain)/Loss on disposal of capital assets*	-	-	-	-	-
Amortization of tangible capital assets*	-	-	-	-	-
<b>Total before loss due to transfer to upper tier</b>	<b>\$ 77,560,908</b>	<b>\$ 76,202,457</b>	<b>\$ 72,576,983</b>	<b>\$ 74,545,748</b>	<b>\$ 71,647,632</b>
Loss due to transfer to upper tier			33,206,818		
<b>Total</b>	<b>\$ 77,560,908</b>	<b>\$ 76,202,457</b>	<b>\$ 105,783,801</b>	<b>\$ 74,545,748</b>	<b>\$ 71,647,632</b>

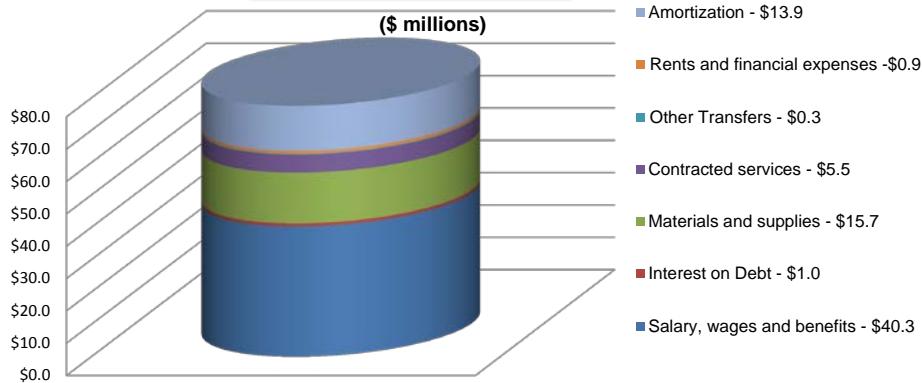
\* (Gain)/ Loss on disposal and Amortization has been consolidated to the functional groups



## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2016	2015	2014	2013	2012
<b>FINANCIAL INFORMATION</b>					
<b>Consolidated Expenses by Object</b>					
Salary, wages and benefits	\$ 40,278,922	\$ 37,283,762	\$ 34,098,344	\$ 33,394,570	\$ 32,198,435
Interest on Debt	957,575	1,027,578	1,280,442	1,258,586	1,362,727
Materials and supplies	15,695,821	16,362,329	16,227,115	16,444,905	13,726,698
Contracted services	5,526,326	5,377,065	5,954,009	4,365,072	3,420,115
Other transfers	287,770	197,996	187,242	259,253	809,284
Rents and financial expenses	898,710	2,704,675	1,548,796	582,104	650,468
Amortization	13,915,784	13,249,052	13,281,035	17,739,846	19,517,787
Loss due to transfer to upper tier			33,206,818		
Loss on disposal of assets				-	(37,882)
<b>Total</b>	<b>\$ 77,560,908</b>	<b>\$ 76,202,457</b>	<b>\$ 105,783,801</b>	<b>\$ 74,044,336</b>	<b>\$ 71,647,632</b>

### 2016 Expenses by Object



Long-Term Liabilities	2016	2015	2014	2013	2012
Gross long term debt	\$ 16,094,831	\$ 15,040,365	\$ 16,961,365	\$ 18,765,365	\$ 20,459,365
Per capita	231.58	219.89	252.40	286.49	318.68
Interest on Long-term debt	\$ 957,575	\$ 1,027,578	\$ 1,280,442	\$ 1,258,586	\$ 1,362,727
Per capita	13.78	15.02	19.05	19.22	21.23
<b>Sources of Debt Repayment</b>					
Debt Retirement Fund *	\$ 2,567,972	\$ 2,648,444	\$ 2,650,508	\$ 2,652,312	\$ 2,653,252
Development Charges	47,535	174,085	174,085	174,085	132,431
Tax Supported	196,309	196,309	196,309	196,309	196,309
<b>Total - Funding</b>	<b>\$ 2,811,816</b>	<b>\$ 3,018,838</b>	<b>\$ 3,020,902</b>	<b>\$ 3,022,706</b>	<b>\$ 2,981,992</b>

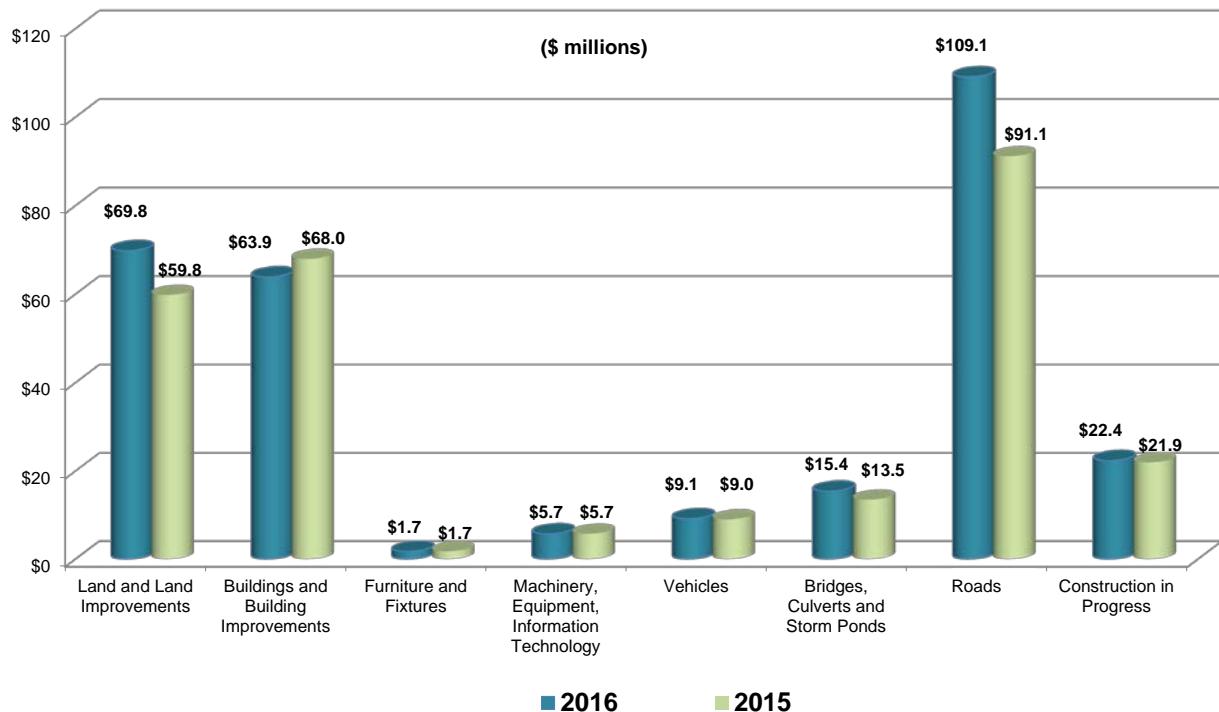
\*Debt Retirement Fund held by the Region of Peel

FIR schedule 81					
Annual Debt Repayment Limit (ARL) (as determined by the Province of Ontario)	\$ 13,982,588	\$ 13,385,424	\$ 11,482,724	\$ 10,744,056	\$ 10,182,235
ARL as a % of Net Revenues	4.57%	4.65%	5.47%	5.91%	5.90%

## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2016	2015	2014	2013	2012
<b>Tangible Capital Asset Net Book Value</b>					
Land and Land Improvements	\$ 69,815,885	\$ 59,790,813	\$ 55,260,589	\$ 53,861,598	\$ 51,254,227
Buildings and Building Improvements	63,884,075	67,957,320	65,094,931	65,447,272	58,594,643
Furniture and Fixtures	1,725,352	1,728,304	1,235,837	1,434,207	1,516,423
Machinery, Equipment, Information Technology	5,725,393	5,733,490	4,381,750	3,088,033	3,110,008
Vehicles	9,137,411	8,986,394	9,014,003	10,212,054	9,985,218
Bridges, Culverts and Storm Ponds	15,410,967	13,472,133	9,820,259	8,939,670	9,255,971
Roads	109,095,651	91,115,085	86,905,056	117,746,187	123,677,260
Construction in Progress	22,360,755	21,918,768	17,939,386	10,926,665	16,501,103
<b>Total</b>	<b>\$ 297,155,489</b>	<b>\$ 270,702,307</b>	<b>\$ 249,651,811</b>	<b>\$ 271,655,686</b>	<b>\$ 273,894,853</b>

**2016 TCA Net Book Value \$297.1M  
(2015 - \$270.7M)**



**FIVE YEAR REVIEW SUMMARY**

Fiscal Year	2016	2015	2014	2013	2012
<b>Tangible Capital Asset Cost</b>					
Assets - Beginning of Year	\$ 574,049,245	\$ 542,048,216	\$ 560,438,471	\$ 545,318,623	\$ 528,733,753
Additions	40,807,322	35,769,525	25,260,428	26,334,380	18,135,692
Disposals and Transfers	(5,775,433)	(3,768,496)	(43,650,683)	(11,214,532)	(1,550,822)
<b>Assets - End of Year</b>	<b>\$ 609,081,134</b>	<b>\$ 574,049,245</b>	<b>\$ 542,048,216</b>	<b>\$ 560,438,471</b>	<b>\$ 545,318,623</b>
<b>Tangible Capital Asset Amortization</b>					
Accumulated Amortization - Beginning of Year	\$ 303,346,938	\$ 292,396,405	\$ 288,782,784	\$ 271,423,770	\$ 253,320,881
Amortization during the year	13,915,785	13,249,052	13,281,035	17,739,846	19,517,787
Accumulated Amortization on disposal	(5,337,078)	(2,298,519)	(9,667,414)	(380,832)	(1,414,898)
<b>Accumulated Amortization - End of Year</b>	<b>\$ 311,925,645</b>	<b>\$ 303,346,938</b>	<b>\$ 292,396,405</b>	<b>\$ 288,782,784</b>	<b>\$ 271,423,770</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 297,155,489</b>	<b>\$ 270,702,307</b>	<b>\$ 249,651,811</b>	<b>\$ 271,655,687</b>	<b>\$ 273,894,853</b>
<b>Net Financial Assets</b>					
Net Financial Assets - Beginning of Year	\$ 22,367,311	\$ 22,423,988	\$ 25,494,698	\$ 20,365,907	\$ 15,378,282
Net Financial Assets	8,201,470	(56,677)	(3,070,710)	5,128,791	4,987,625
<b>Net Financial Assets - End of Year</b>	<b>\$ 30,568,781</b>	<b>\$ 22,367,311</b>	<b>\$ 22,423,988</b>	<b>\$ 25,494,698</b>	<b>\$ 20,365,907</b>
<b>ACCUMULATED SURPLUS &amp; TANGIBLE CAPITAL ASSETS</b>					
Accumulated Surplus - Beginning of Year	\$ 294,016,569	\$ 272,639,031	\$ 297,648,731	\$ 294,661,662	\$ 291,587,347
Annual Surplus (Deficit)	34,779,806	21,377,538	(25,009,700)	2,987,069	3,074,315
<b>Accumulated Surplus - End of Year</b>	<b>\$ 328,796,375</b>	<b>\$ 294,016,569</b>	<b>\$ 272,639,031</b>	<b>\$ 297,648,731</b>	<b>\$ 294,661,662</b>
<b>Trust Funds</b>	<b>\$ 5,733,850</b>	<b>\$ 5,475,703</b>	<b>\$ 6,261,959</b>	<b>\$ 4,034,878</b>	<b>\$ 3,425,082</b>



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