



# Financial Report and Consolidated Financial Statements

For the year ended  
December 31, 2018

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, 2017. 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, 2017**

*Christopher P. Morill*

Executive Director/CEO



# Financial Report and Consolidated Financial Statements

For the year ended  
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Caledon, Ontario, Canada

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*Allan Thompson*  
Mayor



## Message from the Mayor

Enclosed are the Town of Caledon's 2018 Financial Statements. As we embark on a new term of council we look at our financial stability from last year as a way forward.

Last term, we completed many of the priorities in our Council Workplan. And, we explored and implemented several service and program efficiencies that provided our tax payers with a good return on their investment. We're committed to continuing to embrace new, innovative and cost-effective ways of serving our communities.

This report outlines our financial assets as well as our financial liabilities. In 2018 the Town's tangible capital assets increased by \$34.4 million and reflect the growth we continue to experience as well as our commitment to keeping our infrastructure in good condition.

The Town's current debt servicing costs are 4.05% of net revenues. This is below the maximum of 25% set by the Province and the 10% set by our own Council policy.

Thank you to the professional and dedicated team here at the Town of Caledon for their sound financial management and for helping us build a strong and sustainable Caledon for today and tomorrow.

Sincerely,

Allan Thompson, Mayor

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### THE CORPORATION OF THE TOWN OF CALEDON

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T. 905.584.2272 | 1.888.225.3366 | F. 905.584.1444 | [www.caledon.ca](http://www.caledon.ca) | [allan.thompson@caledon.ca](mailto:allan.thompson@caledon.ca)

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TOWN OF CALEDON

# Introduction

2018



# 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. For several years running, Caledon made the Maclean's magazine's annual rankings of "Canada's Safest Cities". Caledon was named by MoneySense magazine as "one of the top places to live in Canada." It has also been awarded "Ontario's Greenest Community" twice by TVO – Ontario's public television organization. Caledon is a blend of urban and rural, modern and historic, all nestled between the Hills of the Headwaters, Oak Ridges Moraine and the Niagara Escarpment.

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

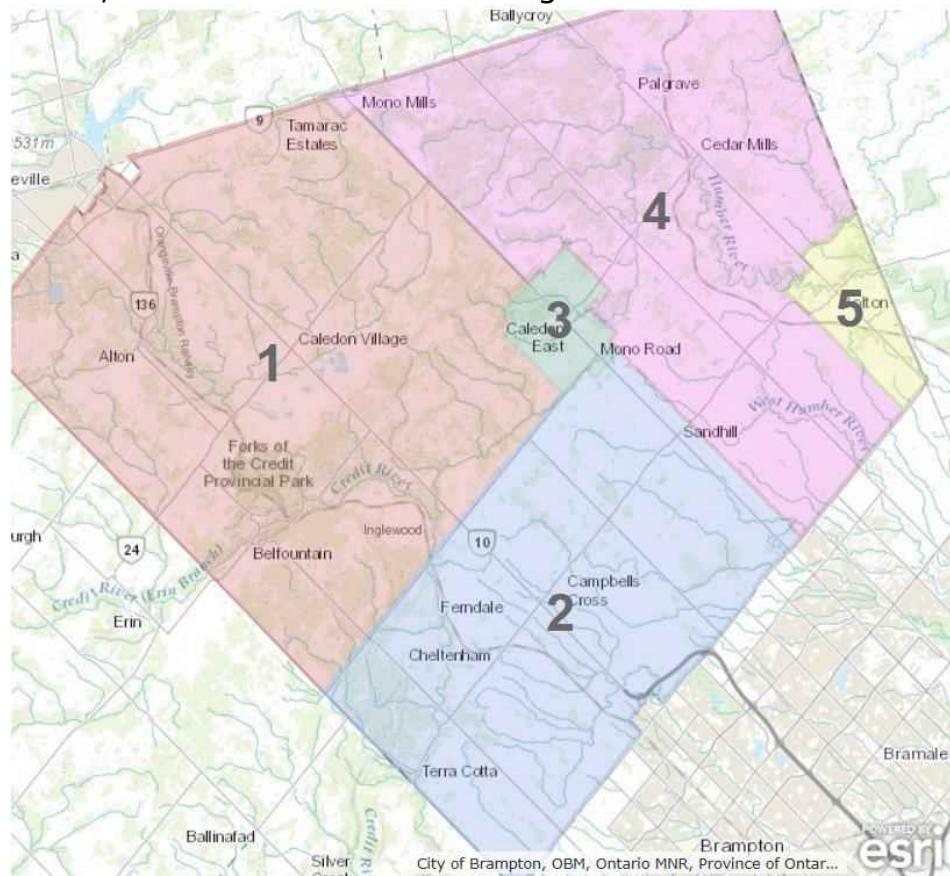
Caledon is one of three local area municipalities which combined, makes up the upper tier Region of Peel.

## Welcome to Caledon

A vibrant community of 72,900 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 2018.



Caledon covers nearly 700 km<sup>2</sup>, making it one of the largest municipalities in the Greater Toronto Area.

# Welcome to Caledon

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Ward	Regional Councillors	Area Councillors
Mayor	Allan Thompson	
Ward 1	Ian Sinclair	Lynn Kiernan
Ward 2	Johanna Downey	Christina Early
Ward 3 & 4	Jennifer Innis	Nick deBoer
Ward 5	Annette Groves	Tony Rosa



Ward 1  
Ian Sinclair



Ward 1  
Lynn Kiernan



Ward 2  
Johanna Downey



Ward 2  
Christina Early



Ward 3 & 4  
Jennifer Innis



Ward 3 & 4  
Nick deBoer



Ward 5  
Annette Groves



Ward 5  
Tony Rosa

# 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.

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

## **Lifestyle - The Best of All Worlds**

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

- **Housing Options**

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

- **Shopping**

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

- **Schools**

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

- **Healthcare**

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

- **Arts and Lifestyle**

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

# Welcome to Caledon

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## **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.

## **Green Development Program**

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

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



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

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

# 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.

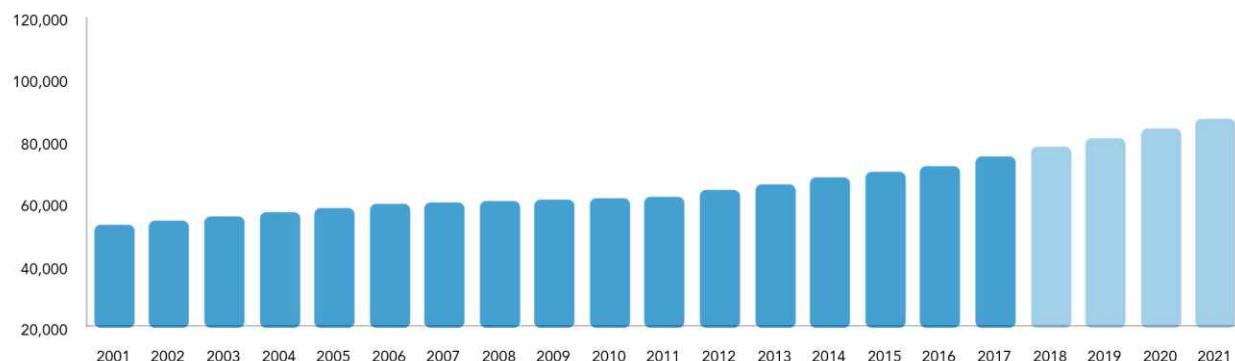
## **Air**

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. Passengers can fly non-stop or with same plane service to more than 174 cities around the world. Caledon's centrally-located regional airport offers convenient air taxi service to major Ontario destinations and thousands of other North American airports. Companies can also take advantage of executive and priority express delivery services for small packages.

# Welcome to Caledon

## Demographics

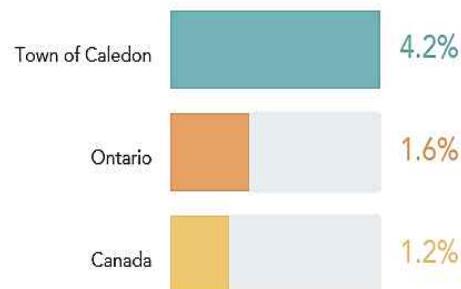
Town of Caledon Population



Source: Peel Region Open Data 2017

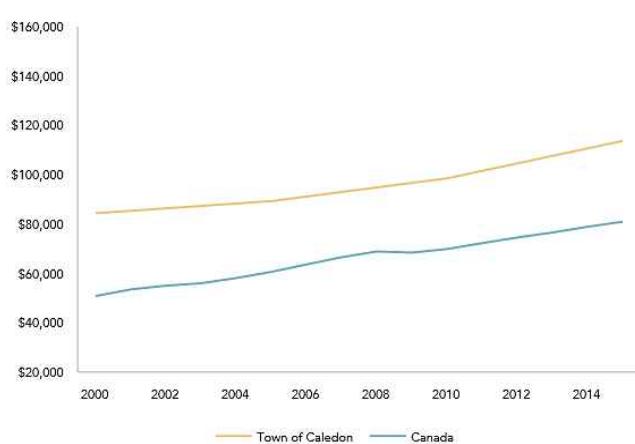
Over the last decade, the Town's population has significantly increased by 19.3%. At this rate of growth, the population is expected to exceed 87,000 people in 2021. By 2041 Caledon will have a population of 160,000 people and 80,000 new jobs, as prescribed by the Province of Ontario Places to Grow Plan. The incredible development of the Town over the last decade has encouraged more residents of the GTA to choose Caledon as their new home. With 518 new home developments in 2016, the total dwellings in Caledon have risen to 22,021. This number is also on an upward trend, growing 2.41% annually.

Population Growth Rates  
2016-2017



Source: Statistics Canada 2016

Median Household Income



Source: Statistics Canada 2018

Part of the Town's growing population contributes to the strong and diverse labour force in Caledon, which was reported to be over 38,000 people in 2016. The average hourly wage is \$26.61, which is on par with most major cities in Ontario. However, the median household income, on average, has been 37% higher than the Canadian median since before 2000.

# Welcome to Caledon

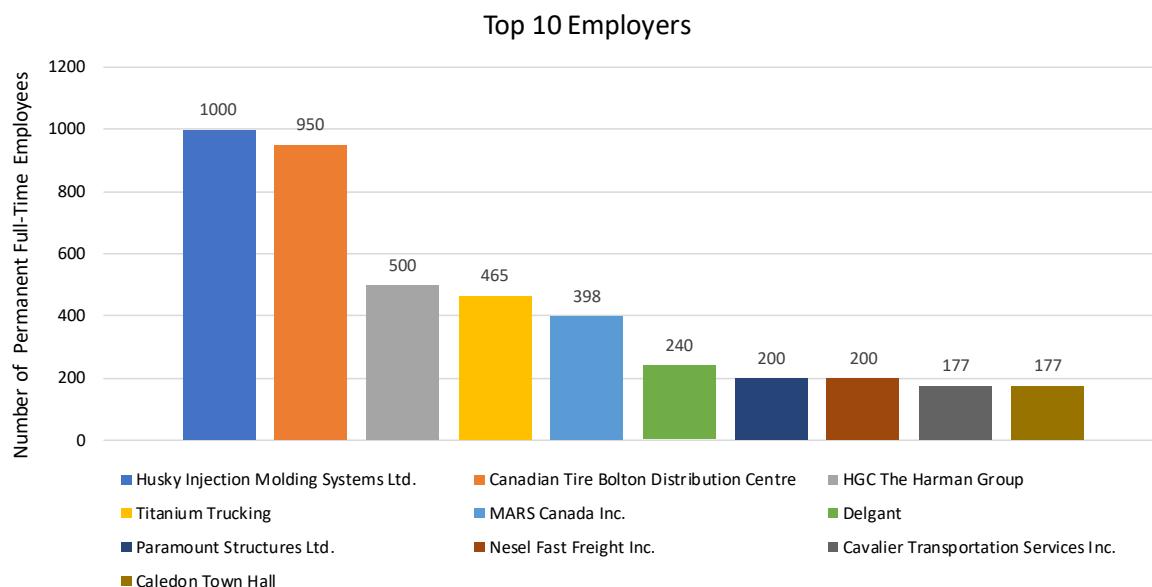
## Business Climate

Over the years, many large companies have chosen to set up business in Caledon. Today, the Town is home to 2,300 companies from a wide range of industry sectors. These companies have helped to further strengthen Caledon's economy. The list below outlines Caledon's top ten corporate taxpayers.

### Top 10 Corporate Taxpayers

1. CANADIAN TIRE PROPERTIES INC
2. AMB AIRPORT ROAD CANCO INC
3. GREYPAN 4 PROPERTIES GP INC
4. CALLOWAY REIT (BOLTON) INC
5. BK PRIME ONTARIO I GP INC
6. PIRET (86 PILLSWORTH) HOLDING INC
7. 2281140 ONTARIO INC, 2278372 ONTARIO INC, NF REAL ESTATE LIMITED
8. HUSKY INJECTION MOLDING SYSTEMS LTD
9. ACKLANDS-GRAINGER INC
10. DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

Due to Caledon's prosperous business environment, there are a range of employment and career growth opportunities available in the Town. Below is a chart depicting the Town's top 10 employers.



# Town of Caledon Senior Management Team

## OFFICE OF THE CAO



**Mike Galloway**  
CAO

## COMMUNITY SERVICES

- Parks
- Recreation
- Planning & Development
- Policy & Sustainability
- Building Services
- Fire & Emergency Services



**Peggy Tollett**  
General Manager,  
Community Services

## CORPORATE SERVICES

- Legislative & Information Services
- Legal Services
- Information Technology
- Provincial Offences Court
- Regulatory Services
- Mayor & Council Support



**Carey Herd**  
General Manager,  
Corporate Services /  
Town Clerk

## FINANCE & INFRASTRUCTURE SERVICES

- Finance
- Purchasing & Risk Management
- Roads & Fleet
- Transportation Engineering
- Engineering Services
- Energy & Environment
- Facilities



**Fuwing Wong**  
General Manager,  
Finance & Infrastructure Services  
CFO

## STRATEGIC INITIATIVES

- Communications
- Corporate Initiatives
- Corporate Partnerships & Events
- Service Caledon
- Economic Development
- Human Resources
- Library Liaison
- OPP Liaison



**David Arbuckle**  
General Manager,  
Strategic Initiatives

# Welcome to Caledon

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

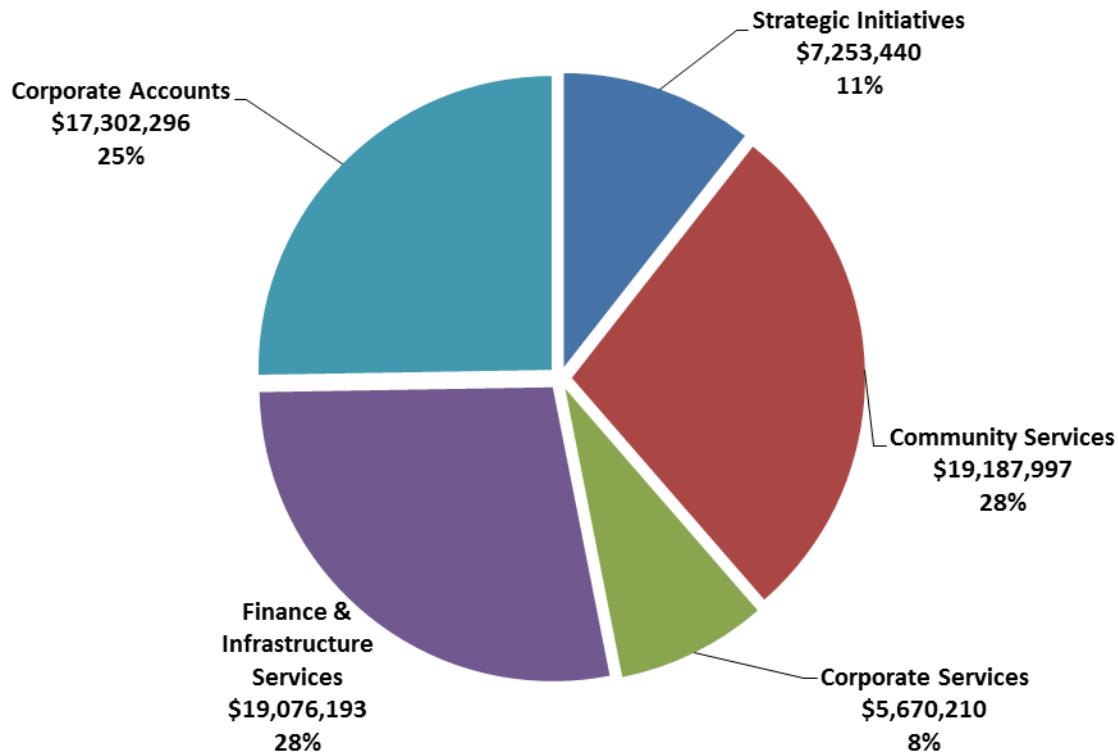


Chart is based on the 2019 Net Budget per Department and excludes Taxation Revenue.

## **1) Corporate Services Department**

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

## **2) Community Services Department**

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

### **Building Services**

Administering and enforcing the *Building Code Act* and the Ontario Building Code with respect to buildings while maintaining mandatory legislative requirements and providing an excellent level of service. The division helps to improve customer service by reducing review times and resubmissions of additional information and providing better communication with applicants and their consultants through the permit application process. Bill 124 amended the *Building Code Act* by requiring

# Welcome to Caledon

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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. That is, Building Services operate on a full cost recovery from building permit fees and does not have a property tax subsidy.

## **Planning and Development**

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

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

## **Policy & Sustainability**

The Policy & Sustainability division's role is to set the long-term policy framework to assist Town Council through studies, policy development for Caledon through the Town's Official Plan. The division is also responsible for the management of Heritage/Cultural Resources through the processes of listing and designating heritage properties, reviewing and commenting on planning applications, advocacy & public outreach, management of grants to support property stewardship

## **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 75 parks, many playgrounds, picnic areas, splash pads, tennis courts, sports fields, a leash-free dog park, a skateboard park and many other amenities.



# Welcome to Caledon

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## **3) Strategic Initiatives Department**

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

## **Caledon Public Library**

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



The Caledon Public Library serves and benefits Caledon by:

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

# Welcome to Caledon

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## **4) Finance and Infrastructure Services Department**

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

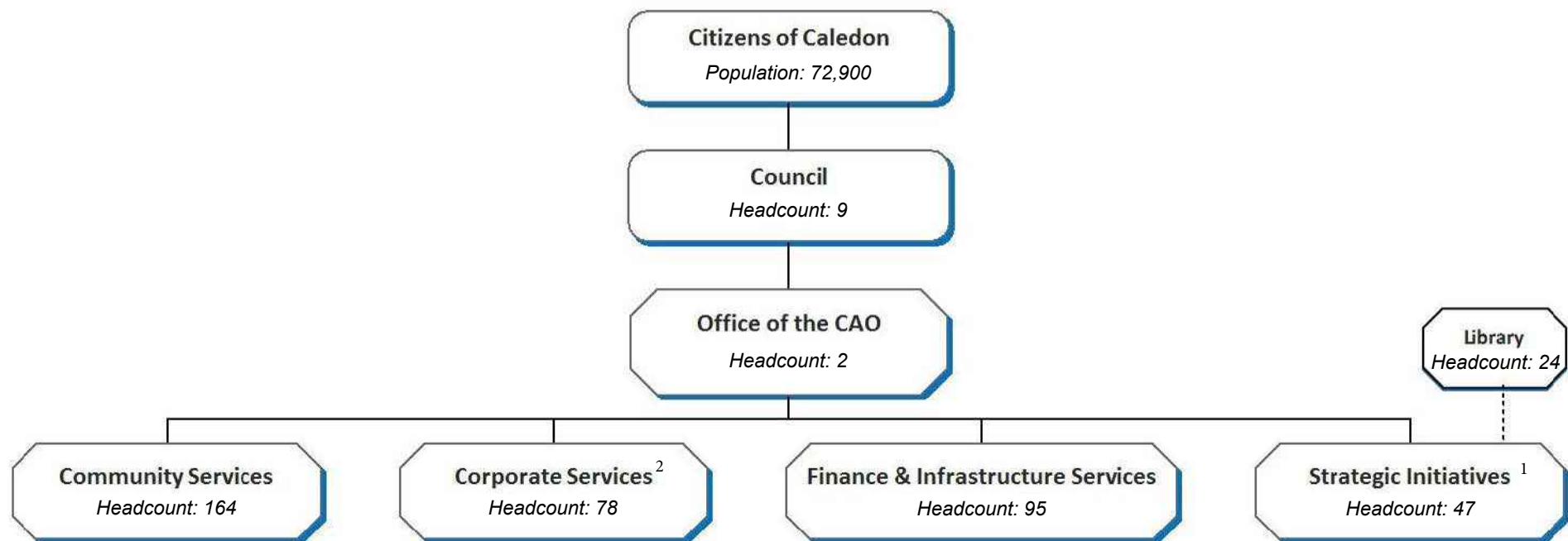
Finance and Infrastructure Services strives to be a recognized leader in the delivery of public services through diligent management of the Town's infrastructure (including roads, fleet, storm water management infrastructure, sidewalks and streetlights).

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





## Town of Caledon Organizational Chart



- Parks
- Open Space Design
- Recreation
- Planning & Development
- Policy & Sustainability
- Building Services
- Fire & Emergency Services
- Legislative Services
- Information Services
- Legal Services
- Information Technology
- Provincial Offences Court
- Regulatory Services/By-law
- Council Support
- Finance
- Purchasing & Risk Management
- Roads & Fleet
- Transportation
- Engineering & Capital Projects
- Energy & Environment
- Facilities (Civic Properties)
- Communications
- Corporate Projects
- Corporate Partnerships & Events
- Customer Service
- Economic Development & Tourism
- Human Resources
- Library Liaison
- OPP Liaison

- Staff Complement is Full-time Only
- Details of divisions within each department available in Departmental Business tabs
- Total 2018 Approved Headcount 386 (includes two (2) full-time positions for knowledge transfer of retirees)
- Population taken from the Peel Data Centre 2017 (based on 2016 census)
- Police services are provided contractually through the Ontario Provincial Police and are not shown above
- <sup>1</sup>Strategic Initiatives Headcount includes Library's headcount
- <sup>2</sup>Corporate Services Headcount includes the Office of the CAO and Council's Headcount

# **2018 FINANCIAL REPORT**

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The Town of Caledon is pleased to present its 2018 Financial Report and Consolidated Financial Statements, for the year ended December 31, 2018. 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.

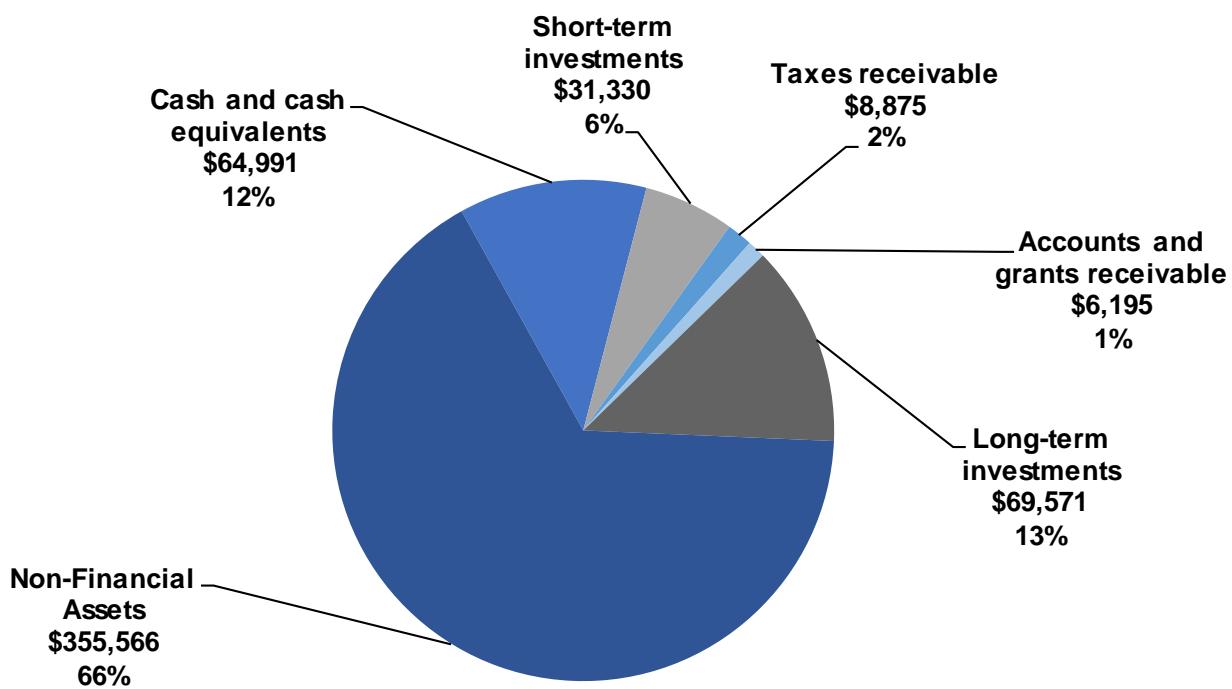
The 2018 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Town of Caledon. The financial statements have been examined by Millard, Rouse and Rosebrugh, LLP Chartered Professional Accountants, the external auditors for the Corporation. 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.

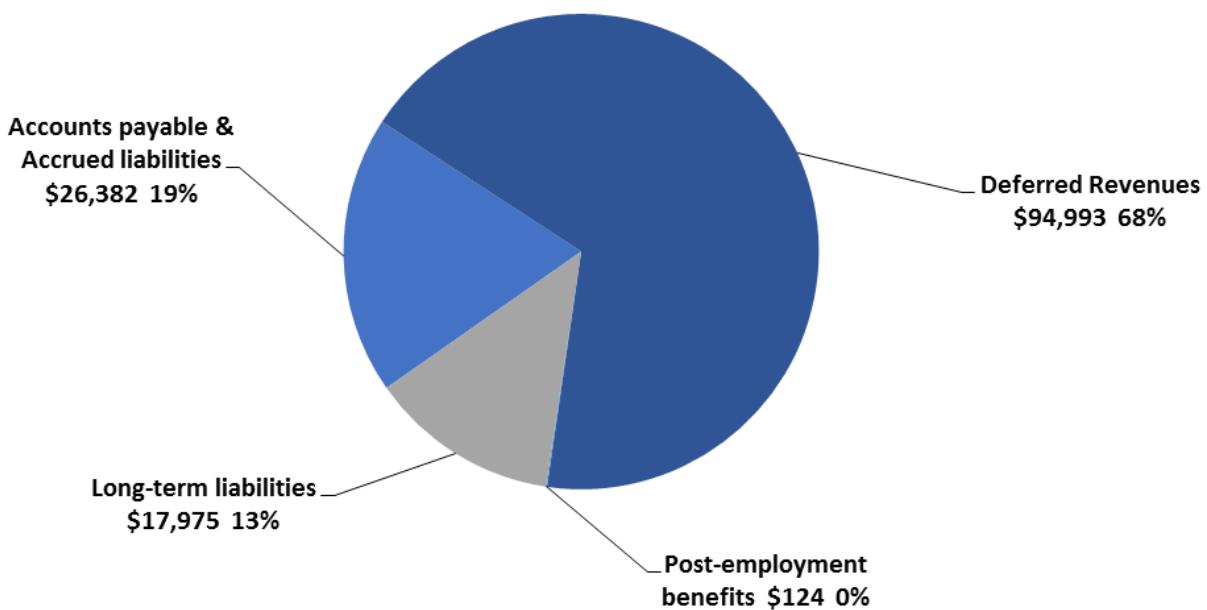
## Statement of Financial Position

The following highlights outline the Financial Position as at December 31, 2018  
(In thousands of dollars)

<b>What we own (Assets)</b>	<b>\$ 000's</b>	<b>%</b>
Cash and cash equivalents	\$ 64,991	12%
Short-term investments	31,330	6%
Taxes receivable	8,875	2%
Accounts and grants receivable	6,195	1%
Long-term investments	69,571	13%
Non-Financial Assets	355,566	66%
<b>Total</b>	<b>\$ 536,528</b>	<b>100%</b>



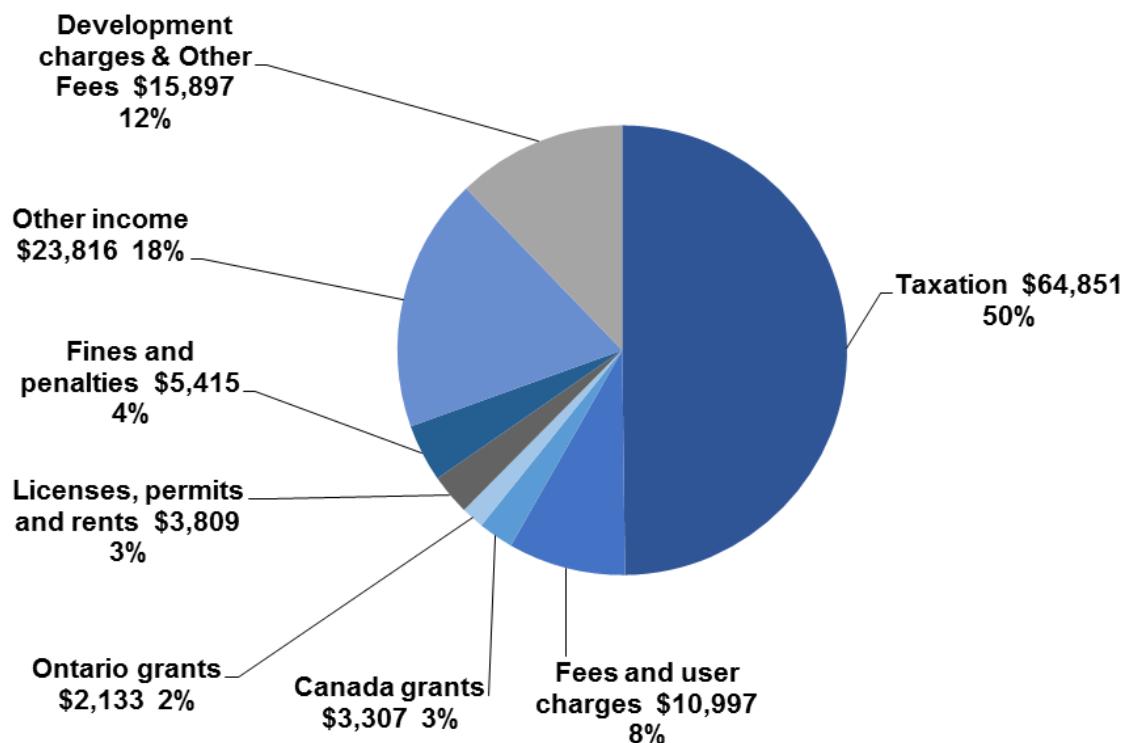
<b>What we owe (Liabilities)</b>	<b>\$ 000's</b>	<b>%</b>
Accounts payable & Accrued liabilities	\$ 26,382	19%
Deferred Revenues	94,993	68%
Post-employment benefits	124	0%
Long-term liabilities	17,975	13%
<b>Total</b>	<b>\$ 139,474</b>	<b>100%</b>
<hr/>		
<b>Net worth</b>	<b>\$ 000's</b>	<b>%</b>
Accumulated operating surplus	\$ 3,936	1%
Investment in Tangible Capital Assets	354,143	89%
Reserves and Reserve Funds	38,975	10%
<b>Total</b>	<b>\$ 397,054</b>	<b>100%</b>
<hr/>		
<b>Total Liabilities and Net Worth</b>	<b>\$ 536,528</b>	



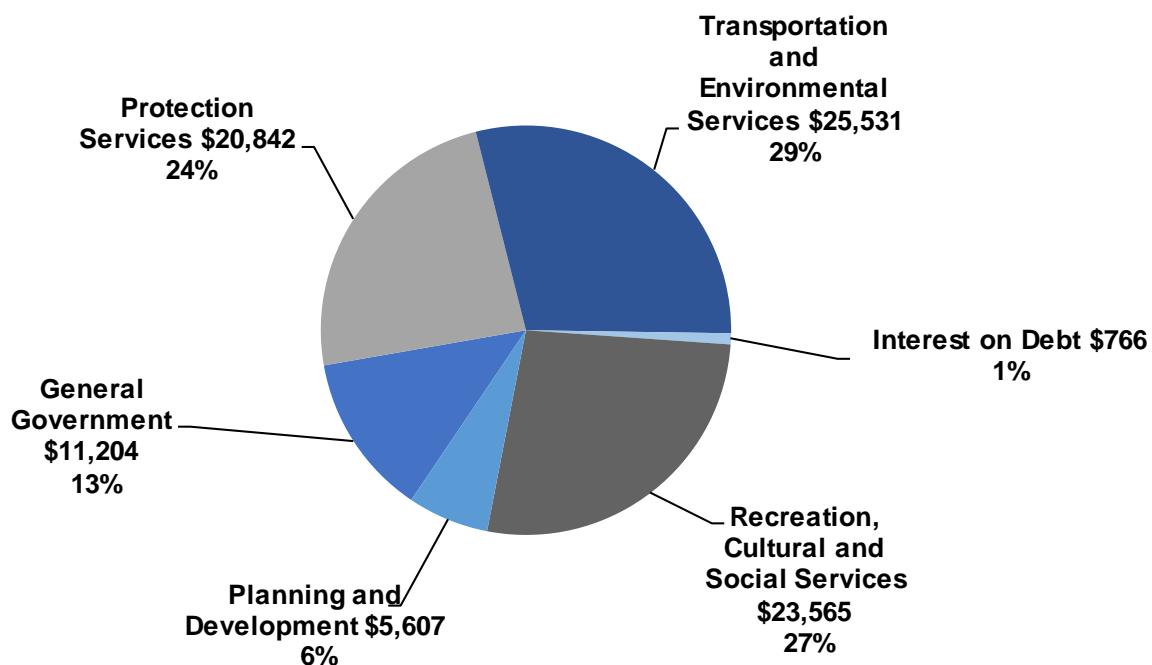
## Revenues and Expenses

The following highlights outline the Statement of Operations as at December 31, 2018 (in thousands of dollars)

Where the money came from (Revenues)	\$ 000's	%
Taxation	\$ 64,851	50%
Fees and user charges	10,997	8%
Canada grants	3,307	3%
Ontario grants	2,133	2%
Licenses, permits and rents	3,809	3%
Fines and penalties	5,415	4%
Other income	23,816	18%
Development charges & Other Fees	15,897	12%
<b>Total</b>	<b>\$ 130,225</b>	<b>100%</b>



<b>What the money was used for (Expenses)</b>	<b>\$ 000's</b>	<b>%</b>
General Government	\$ 11,204	13%
Protection Services	20,842	24%
Transportation and Environmental Services	25,531	29%
Interest on Debt	766	1%
Recreation, Cultural and Social Services	23,565	27%
Planning and Development	5,607	6%
<b>Total</b>	<b>\$ 87,515</b>	<b>100%</b>



In addition to the Management Discussion and Analysis and the Consolidated Financial Statements, the 2018 Financial Report contains supplementary financial, non-financial and statistical information about the Town in order to provide more information in a consolidated format to the Town's various stakeholders (see Statistical Section).

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

# 2018 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. Like all other municipalities, the Town of Caledon is required under the Public Sector Accounting Board rules to prepare financial statements on the full accrual basis of accounting, including amortization, tangible capital assets and post-employment benefits.

The Consolidated Financial Statements in the 2018 Financial Report have been prepared in accordance with general accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. By converting the Town's statements to a full accrual basis, it changes the budget from a balanced budget to recognize either a surplus or deficit. The statements and related information are the responsibility of management and include the financial activities of all entities deemed to be controlled by the Town of Caledon.

Some highlights of the 2018 financial statements include:

- A significant net investment in Tangible Capital Assets of \$34.4 million in infrastructure, roads, equipment and facilities.
- An increase in cash and short-term investments of \$27.8 million to better match future cash needs related to debt, capital investments, and preliminary work on the Town's Asset Management Plan.
- An increase in deferred revenue on the statement of financial position of \$8.9 million which relates primarily to development charges, building permit revenue and cash-in-lieu parkland dedication received and not spent.
- An increase in long-term liabilities of \$4.4 million due to a \$7 million debt issuance relating to the 2015 and 2016 enhanced road programs which is partially offset with \$2.6 million of debt repayments related to the 2014 enhanced roads program and the Caledon Hydro debt.
- The 2018 statement of operations reflects a full accrual surplus of \$42.7 million mainly due to federal and provincial capital grant revenue recognized of \$4.3 million, contributed assets (e.g. Town assumption of public infrastructure works from completed developments) received in 2018 of \$14.8 million, and \$15.9 million of development charge revenue recognized relating to growth-related construction projects such as the Growth Related Roads Program, Humberview Secondary School Turf Field/Track Facility, Southfields Community Centre and Public Works Yard 1 Expansion. The Town saw a favourable variance to budget of planning, development and engineering revenue of \$1.0 million. Compared to budget there was also a significant increase of \$1.4 million in investment income, \$0.6 million increase in supplementary taxation revenue, and a \$0.5 million increase in penalties and interest collected on tax arrears.

# 2018 FINANCIAL POSITION OF THE TOWN

The Town's total net assets (also referred to as accumulated surplus) increased by \$42.7 million in 2018 as shown in the table below:

Description	Change in 2018 Increase/(Decrease) (\$ millions)	
Financial Assets – e.g. cash, receivables and investments	\$26.9	A
Financial Liabilities – e.g. payables, deferred revenues and debt	\$18.8	B
Non-financial Assets – e.g. tangible capital assets	\$34.6	C
<b>2018 Change in Total Net Assets</b>	<b>\$42.7</b>	<b>D=A-B+C</b>

## Financial Assets

As at December 31 (\$ millions)	2018	2017	Change in 2018 Increase/ (Decrease)
Cash and Cash Equivalents	\$65.0	\$40.2	\$24.8
Short-term Investments	\$31.3	\$28.3	\$3.0
Taxes Receivable	\$8.9	\$8.6	\$0.3
Trade and other receivables	\$6.2	\$6.5	(\$0.3)
Long-term Investments	\$69.6	\$70.5	(\$0.9)
	<b>\$181.0</b>	<b>\$154.1</b>	<b>\$26.9</b>

The \$26.9 million increase in financial assets for the Town is mainly attributed to the following:

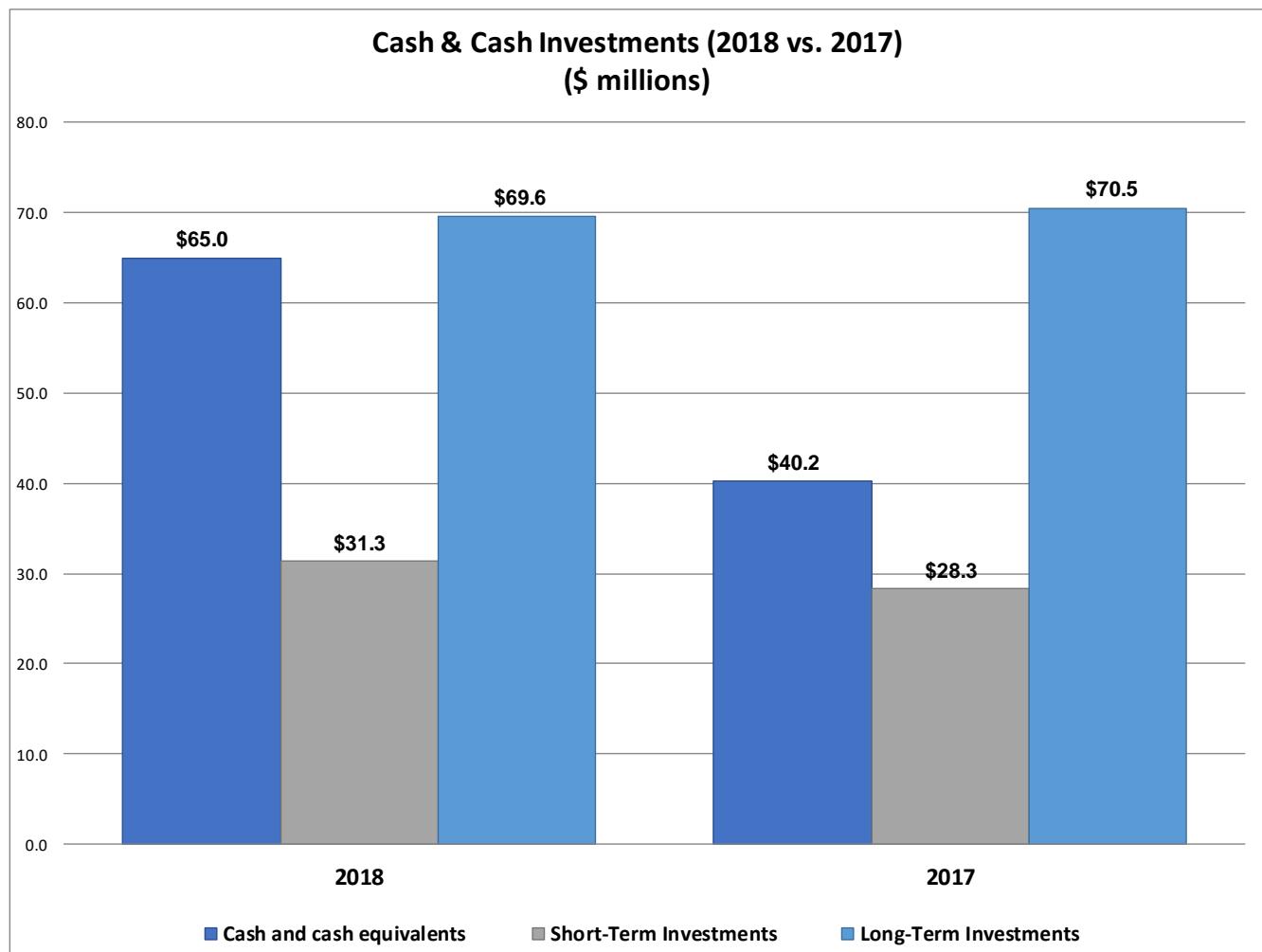
- \$24.8 million increase in cash and cash equivalents mainly due to investing in high interest savings account, which have the high interest rates and negligible liquidity trade-offs. Cash equivalents consist of highly liquid investments which amount to \$49.3 million in 2018 and \$27.1 million in 2017.
- \$3.0 million increase in short term investments due to the collection of development charges, and some long-term investments that are nearing maturity.
- \$0.3 million minimal increase in taxes receivable, corresponding with an increase in the overall property tax levy. The Town continues a proactive property tax collection process which has included selling properties more than 3 years in tax arrears. The current collection process also provides for a tax arrears payment program where Town staff assist taxpayers, in arrears, develop a financial payment plan to be current in 3 years.

- \$0.9 million decrease in long term investments due to investments nearing maturity which are reclassified as short term investments

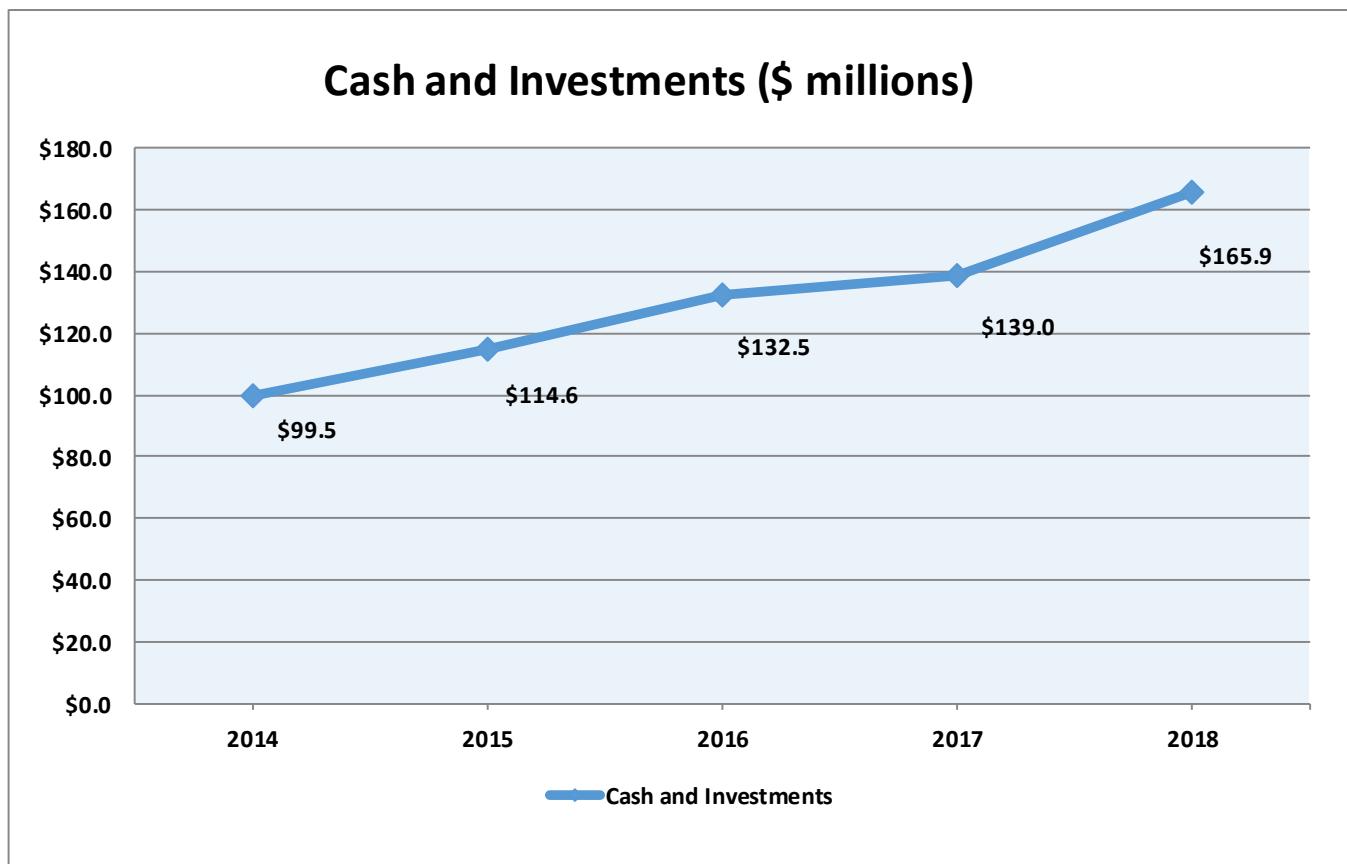
## Investments

Overall cash and investments increased by \$26.9 million from 2017 to 2018 as a result of improved cash flow from:

- Increase in development activity resulting in an increase of development charges, building permit revenue and cash-in-lieu parkland dedication that was collected in 2018 but not spent
- Increase in the supplementary assessment revenue received for new tax assessments from the Municipal Property Assessment Corporation (MPAC)
- Interest income from the Town's investments and penalties and interest collected on tax arrears
- More cash at year end than expected due to the timing of accounts payable and accrued liabilities
- Additional planning, development and engineering revenues collected from subdivision and site plan applications than expected



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



## Taxes Receivable

The Town has made progress in reducing its property taxes receivable over the years by offering special payment plans for residents in arrears and proactively conducting tax sales on properties in arrears. The payment plans are offered to both residential and commercial properties for a period of 3 years. These plans came into effect in 2012 and positive results are being realized over the years. Completing tax sales on properties in arrears brings those properties back into productive use and has also been an effective tool to bring taxes receivable as a percentage of total taxes down considerably. (9% in 2012 vs 5.4% at the end of 2018).

	2018	2017	2015	2014	2013	2012
Taxes Receivable (\$ millions)	8.9	8.6	7.6	9.3	10.4	11.0
Taxes Receivable % of Total Taxes	5.4%	5.6%	5.5%	7.0%	8.3%	9.0%

## Financial Liabilities

<b>As at December 31 (\$ millions)</b>	<b>2018</b>	<b>2017</b>	<b>Change in 2018 Increase/ (Decrease)</b>
Accounts Payable and Accrued Liabilities	\$26.4	\$21.0	\$5.4
Deferred Revenue	\$95.0	\$86.1	\$8.9
Post-employment benefits	\$0.1	\$0.0	\$0.1
Long-term Liabilities	\$18.0	\$13.6	\$4.4
	<b>\$139.5</b>	<b>\$120.7</b>	<b>\$18.8</b>

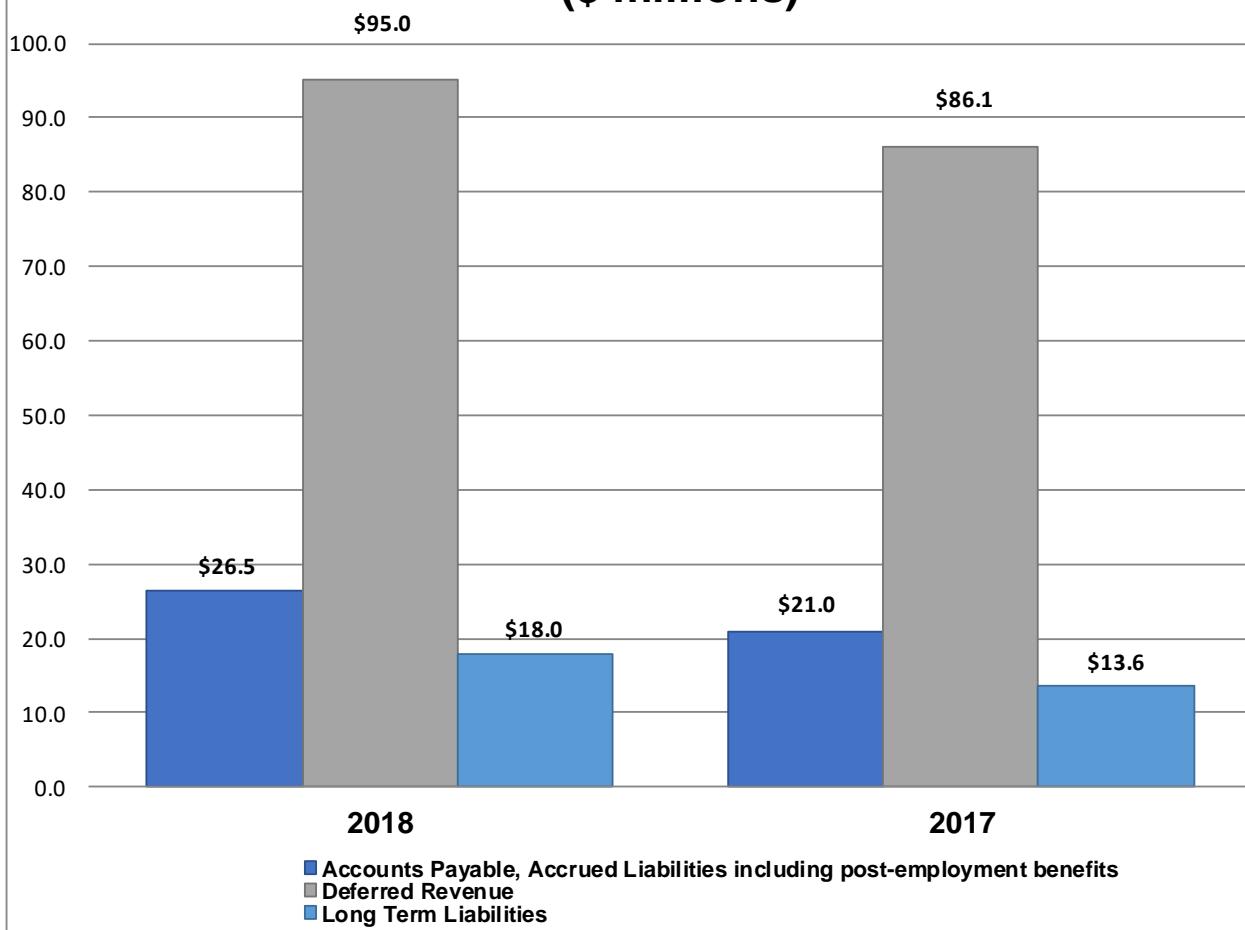
Overall, financial liabilities for the Town have increased by \$18.8 million primarily due to the following:

- An increase in accounts payable and accrued liabilities by \$5.4 million that is attributed to the timing of large capital projects and commitments at year-end.
- \$8.9 million increase in deferred revenues primarily from development charges, building permit revenue and parkland cash-in-lieu collected but not yet spent.
- Long Term Liabilities increased by \$4.4 million due to \$7 million of debt issuance relating to the 2015 and 2016 Enhanced roads program, partially offset by principal debt repayments of \$0.3 million for the 2014 Enhanced Roads Program and \$2.3 million principal payment on the Hydro debt. Note 9 of the Town's audited financial statements shows the individual debentures and terms.

The Net Long-Term liabilities balance of \$16.9 million shown below represents the Town's debentures net of sinking fund assets that are included under the long-term investments in Note 9 of the Town's 2018 financial statements. These sinking funds increase every year due to the Town's sinking fund contributions and the interest earned on the sinking fund investments. More details of the Town's outstanding debt, issued through the Region of Peel, is provided in the Municipal Debt section of this Management Discussion and Analysis.

<b>As at December 31 (\$ millions)</b>	<b>2018</b>	<b>2017</b>	<b>Change in 2018 Increase/ (Decrease)</b>
Long-term Liabilities	\$18.0	\$13.6	\$4.4
Sinking Fund Assets	(\$1.1)	(\$0.9)	(\$0.2)
Net Long-Term Liabilities	<b>\$16.9</b>	<b>\$12.7</b>	<b>\$4.2</b>

## Financial Liabilities (2018 vs. 2017) (\$ millions)



## Non-Financial Assets

As at December 31 (\$ millions)	2018	2017	Change in 2018 Increase/ (Decrease)
Tangible Capital Assets - Net	\$354.1	\$319.7	\$34.4
Inventory	\$0.7	\$0.7	(\$0.0)
Prepaid expenses	\$0.8	\$0.6	\$0.2
	<b>\$355.6</b>	<b>\$321.0</b>	<b>\$34.6</b>

Total non-financial assets are predominately tangible capital assets but also include operating supplies counted as inventory and prepaid expenses. The Town had made significant investment in tangible capital assets of approximately \$51.6 million with a net increase of \$34.4 million in tangible capital assets in 2018 once amortization and disposals are accounted for \$16.0 million, \$1.2 million respectively.

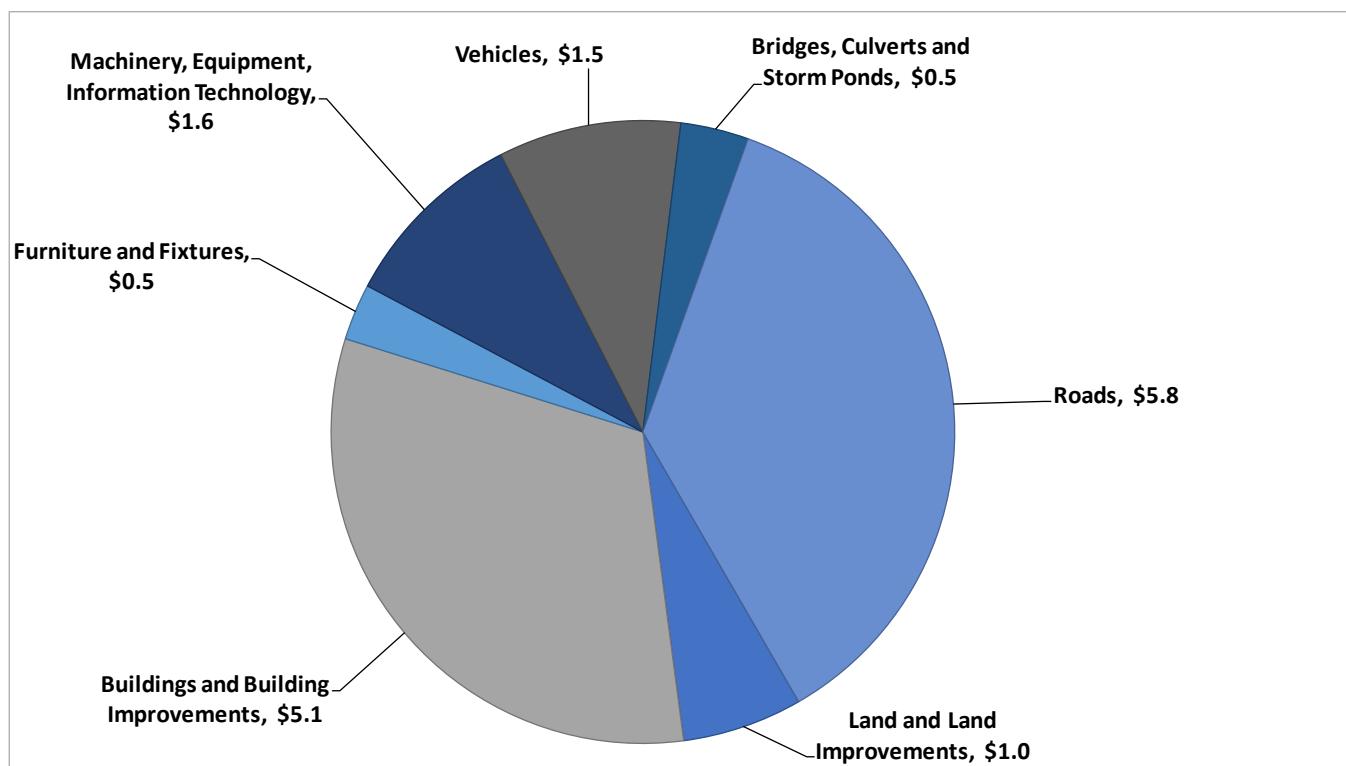
In 2018, the Town capitalized \$42.6 million in gross capital assets (excluding construction-in-progress), meaning these assets are substantially complete. Below are some of the major capital projects capitalized in 2018:

#### **Major Projects Capitalized in 2018 - \$ millions**

2017 Growth-related roads program	\$6.3
2018 Enhanced roads program	\$3.7
Yard 1 renovation and expansion	\$2.3
2018 Road rehabilitation and reconstruction	\$1.9
2018 Bridge & culvert construction program	\$1.2
2017 Bridge construction program	\$1.1
The Grange Road bridge rehabilitation	\$0.8
Pumper/Tanker replacement	\$0.7
Tandem axle dump truck replacement	\$0.7
Stormwater Management program	\$0.6

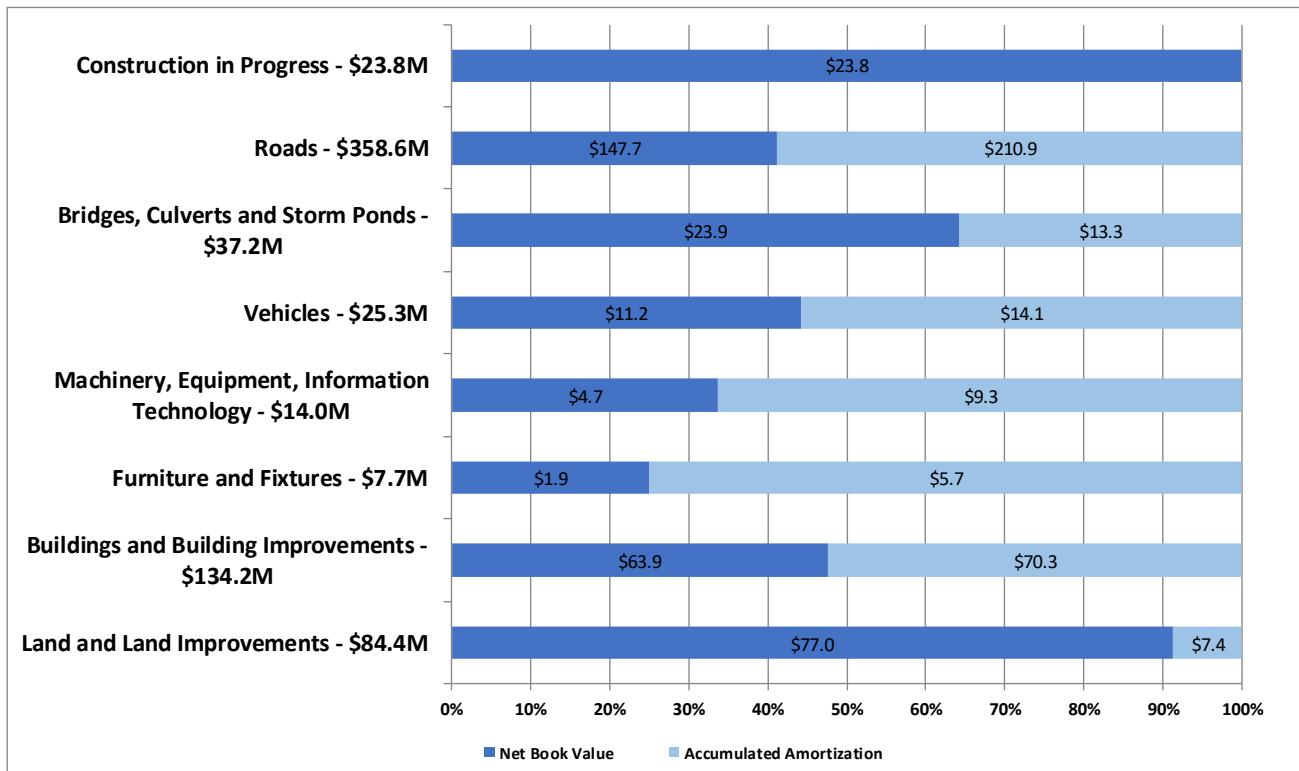
The amount amortized by asset provides an indication of how much should be set aside each year for repair or replacement of Town assets. The chart below shows the breakdown of amortization expense by asset.

#### **2018 Amortization Expense by Asset Type – Total \$16.0 (\$ millions)**



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

## 2018 Tangible Capital Assets: Historical Cost \$685.2 and Net Book Value \$354.1 (In millions)



The Town's sustainable funding source for capital almost offsets the projected amortization expenses of approximately \$16.0 million per year. With amortization providing an indication of how much should be set aside/spent each year to repair and replace the Town's assets, the Town needs to build-up sustainable funding for capital. In recent years, the Town has actively worked to reduce the infrastructure funding shortfall by levying more property tax dollars for capital purposes. The goal for the Town's tax funded capital program in the past was \$20 million which was based upon annual amortization levels in 2009/2010.

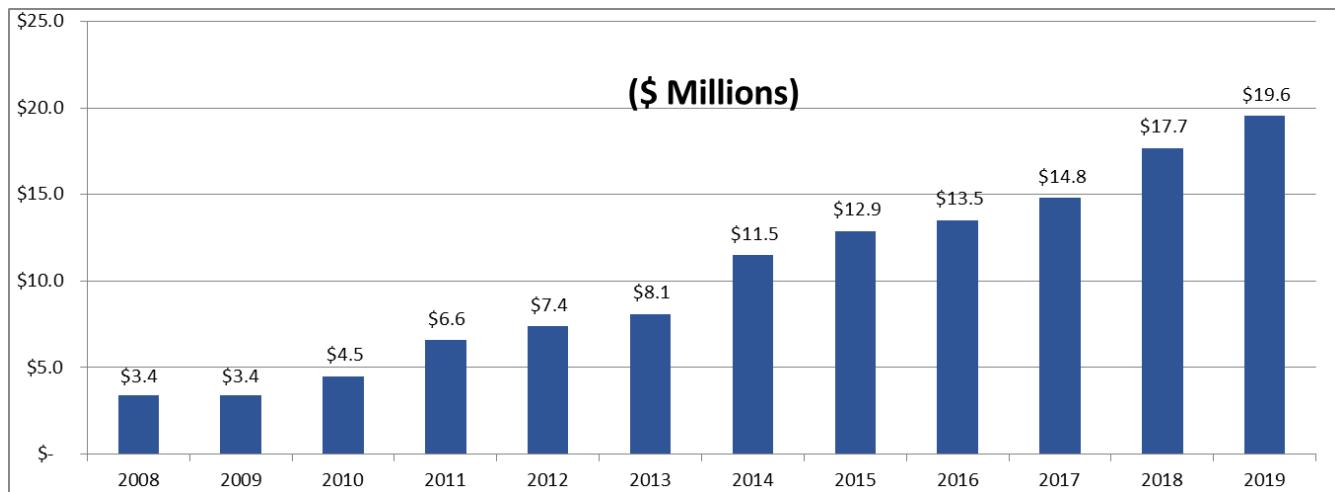
Through the Town's 2018 Asset Management Plan (AMP) a new target of \$36 million has been identified as the Average Annual Investment Required to maintain the Town's infrastructure based on replacement cost.

As noted above, the previous target was established using amortization as a proxy at the time. However, amortization is based on historical cost of assets and the future cost to replace an asset (such as a bridge) will cost more than what the Town paid for it more than 50 years ago. The recent AMP work looks at assets, asset conditions, asset life cycles and projects future costs of replacement. The preliminary target projection is \$36 million annually but this will be refined as the Town continues to complete the AMP per provincial regulations.

As the Town continues to work towards a comprehensive AMP, the Average Annual Investment Required will be refined, and the infrastructure gap will be quantified with the goal of creating a long-term strategy to fund the gap. This strategy will continue to look at best practices to maintain assets using a proactive approach to avoid the large costly repairs that can occur when assets need to be completely replaced vs maintained. The cost of the growth assets will also eventually be incorporated into the Asset Management plan along with levels of service.

The Town of Caledon has made significant progress towards developing a sustainable funding source for capital infrastructure. To illustrate the Town's commitment to funding the Town's infrastructure gap, the following chart outlines the Town's base tax levy contributions to capital over the past twelve years (2008 to 2019) and includes the 2019 tax levy funded capital approved in the 2019 budget.

## Tax Funded Capital Program



## Accumulated Surplus

As at December 31 (\$ millions)	2018	2017	Change in 2018 Increase/ (Decrease)	
Financial Assets	\$ 181.0	\$ 154.1	\$ 26.9	A
Financial Liabilities	\$ 139.5	\$ 120.7	\$ 18.8	B
Net Financial Assets	\$ 41.5	\$ 33.4	\$ 8.1	C=A-B
Non-Financial Assets	\$ 355.6	\$ 321.0	\$ 34.6	D
Total Net Assets	\$ 397.1	\$ 354.4	\$ 42.7	E=C+D
<b>Accumulated Surplus - End of Year</b>	<b>\$ 397.1</b>	<b>\$ 354.4</b>	<b>\$ 42.7</b>	<b>E</b>

The 2018 accumulated surplus change is equal to the 2018 annual surplus from operations reported in the consolidated statement of operations and outlined in detail on the next section of this Management Discussion and Analysis. In 2018, the Town's financial position, the Town's accumulated surplus at the end of December 31, 2018, increased by \$42.7 million (from \$354.4 million in 2017 to \$397.1 million in 2018). Other balances included in the accumulated surplus are disclosed in Note 11 of the financial statements.

# **2018 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 2018 with a surplus of \$2.9 million due primarily to the investment income, additional supplementary tax revenue, higher than estimated penalties and interest collected on tax arrears, salary gapping, and various contract savings.

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

Overall the Town has a 2018 year-end full accrual surplus of \$42.7 million which is higher than the 2017 year end surplus of \$18.0 million primarily due to the extensive list of assets that were assumed by the Town in 2018 of \$14.8 million in contributed tangible capital assets. The revenue from Town assumed infrastructure in 2018 is captured under other income on the financial statements. In 2018, there was more development charge revenue recognized of \$15.9 million due to more expenditures being incurred on growth-related infrastructure.

## **Conversion to Full Accrual Accounting**

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

The items below are included in the December 31, 2018 financial statements:

- Amortization of tangible capital assets
- Accumulated Surplus/(Deficit) from Operations
- Net Book Value loss on disposal of Tangible Capital Assets
- Revenue – Grants (including Federal Gas Tax)/Development Charges/Recoveries from other municipalities/Other - for Capital
- Revenue – Contributed Assets (assets assumed by the Town)
- Expenditures – Removal of debt principal on former Caledon Hydro Corporation debt and Enhanced Roads Program debt
- 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 \$2.9 million to the actual full accrual surplus of \$42.7 million:

	\$ Millions
2018 Fund Accounting Operating Budget Surplus	\$2.9
<b>Tangible Capital Asset (TCA) Adjustments</b>	
Tangible Capital Asset Amortization	(\$16.0)
2018 Tax Levy Funded Capital Program	\$17.7
Capital Budget Items not considered Tangible Capital Assets	(\$5.1)
Net Book Value loss on Disposal of Tangible Capital Assets	<u>(\$1.1)</u>
	<u>(\$4.5)</u>
Deficit after accounting for TCA	(\$1.6)
<b>Other Full Accrual Adjustments</b>	
Transfers to Reserves not considered an expense	\$4.4
Deferred Revenues & Other external Funding (e.g. grants)	\$37.3
Long Term debt (External) not considered as expenditures	<u>\$2.6</u>
	<u>\$44.3</u>
<b>2018 Full Accrual Surplus</b>	<u><b>\$42.7</b></u>

As shown in the table above, deferred revenue and other full accrual adjustments for revenue are the main drivers of the fund accounting surplus of \$2.9 million becoming a full accrual surplus of \$42.7 million.

# 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 2019 Annual Repayment Limit (ARL) statement from the Province states that the Town is utilizing 4.05% 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 (BAR) – Phase 3 on Coleraine Drive
3. Caledon East Concrete Road
4. The 2011 Fire Aerial Apparatus purchase.
5. The completion of the 2014-2016 Enhanced Roads Programs.

## 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 shortfall between the Debt Retirement Fund beginning in 2017 and the Town's future debt payments.

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

## **Bolton Arterial Route Debenture (2010)**

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

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

## **Caledon East Concrete Road (2010)**

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

## **Fire Aerial Apparatus (2011)**

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

## **Enhanced Roads Program (2016)**

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

## **Enhanced Roads Programs (2018)**

In 2015 and 2016, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel for \$7.0 million. The ten-year debenture was issued in 2018 and requires annual debt repayments ranging from \$0.8 million to \$0.6 million with interest costs ranging from 1.8% to 3.05%. These debt payments have been included in the calculation of the Town’s updated annual repayment limit.

## **Non-Material Leases**

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

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

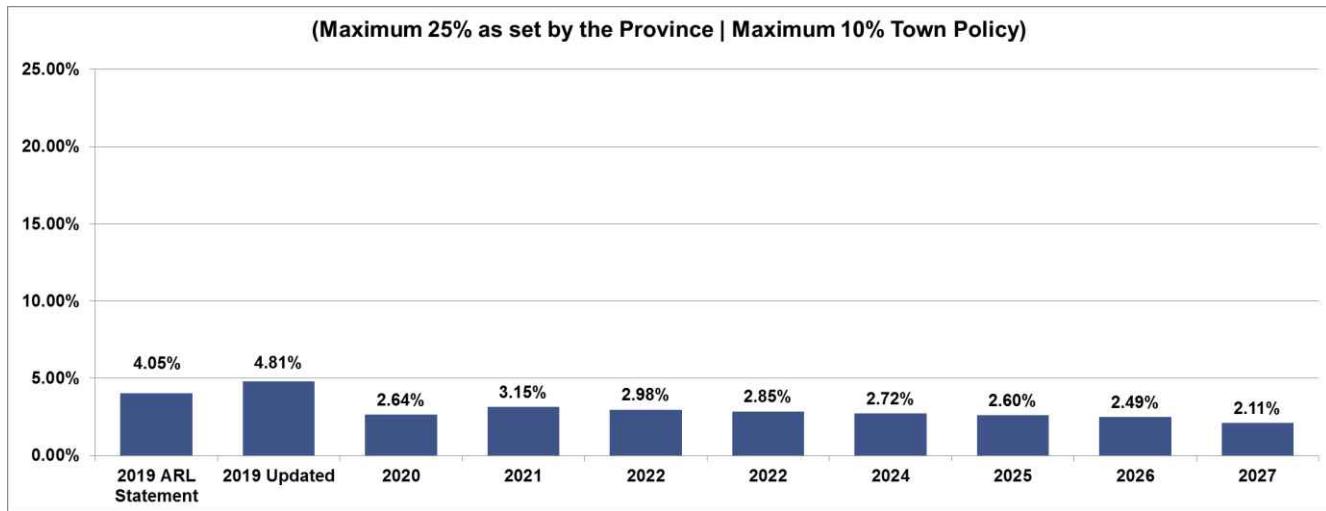
The Province provides each municipality with an ARL statement, in accordance with Regulation 403/02 of Section 401 of the Municipal Act 2001, outlining the percentage of net revenues the municipality is currently using to service debt. The calculation of the ARL for a municipality in 2019 is based on its analysis of data contained in the 2017 Financial Information Return (FIR). The Town of Caledon's 2019 ARL statement report indicates that the Town has net debt charges of \$3.4 million or approximately 4.05% of the Town's net revenues. This leaves a balance of 20.95% (25% - 4.05%) or approximately \$17.4 million of the ARL available.

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

- Photocopier and OPP Property lease costs;
- Future debentures assumed: 2017 to 2018 Enhanced Road Project \$4.1 million each year beginning in 2019
- Maturity of Caledon Hydro Debenture in 2019
- Assessment growth revenue projections for 2019 to 2027 based on the same assumptions used in the 2019 budget

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

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



As noted in the chart above, there is an increase in debt servicing costs in the updated 2019 ARL due to the 2018 debt issuance of \$7 million for the 2015 and 2016 Enhanced Roads Program and the planned 2019 debt issuance for the 2017 Enhanced Roads Program. The decrease in 2020 relates to the Town's debt financing payments for Hydro debenture ending in 2019, when the hydro debt matures. The increase in 2021 is as a result of the assumed continuation of debt issuance for the Town's Enhanced roads program of \$4.1 million per year.

## **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 seven financial principles to ensure fiscal sustainability. These principles include the use of:

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

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



**Heather Haire, CPA, CA**  
Treasurer  
Finance & Infrastructure Services  
April 23, 2019

TOWN OF CALEDON

# Financial Information

2020





## Management Report

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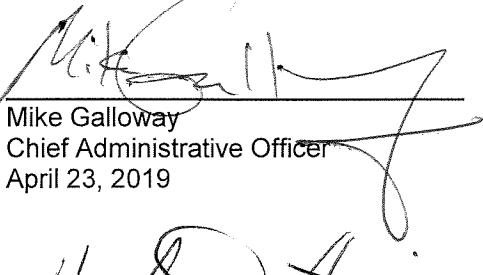
The accompanying consolidated financial statements of the Corporation of the Town of Caledon are the responsibility of the Town's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use 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.

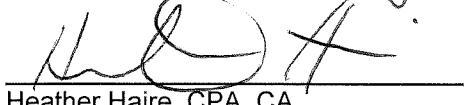
The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.



Mike Galloway  
Chief Administrative Officer  
April 23, 2019



Fuwing Wong, CPA, CGA  
General Manager, Finance and Infrastructure Services/CFO  
April 23, 2019



Heather Haire, CPA, CA  
Treasurer  
April 23, 2019

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Caledon (the 'Entity'), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information – Annual Report

Management is responsible for the other information contained in the Annual Financial Report. The financial report comprises management's financial report, management discussion and analysis and other management reports. The annual report also includes the consolidated financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the annual Financial Report prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



April 23, 2019  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# THE CORPORATION OF THE TOWN OF CALEDON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2018	2017
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	64,991,315	40,185,976
Short-term investments (Note 3)	31,329,681	28,271,567
Taxes receivable (Note 4)	8,875,112	8,596,989
Trade and other receivable (Note 5)	6,194,943	6,501,959
Long-term investments (Note 6)	69,571,452	70,563,162
	<u>180,962,503</u>	<u>154,119,653</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	26,381,407	20,954,962
Deferred revenue (Note 7)	94,993,209	86,158,020
Post-employment benefits (Note 8)	123,765	-
Long-term liabilities (Note 9)	17,975,365	13,605,365
	<u>139,473,746</u>	<u>120,718,347</u>
<b>Net Financial Assets</b>	<b>41,488,757</b>	<b>33,401,306</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - net (Note 10)	354,142,531	319,677,502
Inventories of supplies	676,525	724,180
Prepaid expenses	746,622	541,150
	<u>355,565,678</u>	<u>320,942,832</u>
<b>Total Net Assets</b>	<b>397,054,435</b>	<b>354,344,138</b>
<b>Accumulated Surplus - End of Year (Note 11)</b>	<b>397,054,435</b>	<b>354,344,138</b>

*See accompanying notes*

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

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For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
<b>Revenue</b>			
Taxation (Note 14)	64,765,461	64,850,482	59,848,401
Fees and user charges (Note 15)	9,523,607	10,996,854	11,090,465
Canada grants	2,154,112	3,307,394	1,542,955
Ontario grants	1,942,433	2,132,827	2,372,298
Licenses, permits and rents	3,975,048	3,809,405	3,828,279
Fines, penalties and interest on taxes	5,279,058	5,415,054	4,998,817
Other income (Note 16)	13,726,815	23,816,100	7,721,240
Development charges and other fees	10,257,127	15,896,634	6,180,536
	<b>111,623,661</b>	<b>130,224,750</b>	<b>97,582,991</b>
<b>Expenses</b>			
General government	11,347,634	11,203,642	9,662,109
Protection services	19,554,387	20,841,803	18,208,692
Transportation services	22,516,248	24,651,107	22,648,978
Environmental services	836,124	880,165	793,374
Social and family services	63,236	46,324	49,111
Recreation and cultural services	24,012,604	23,518,696	21,891,266
Planning and development	5,716,781	5,606,929	5,558,822
Interest on corporate debt (Note 9 a)	1,556,882	765,787	818,724
	<b>85,603,896</b>	<b>87,514,453</b>	<b>79,631,076</b>
<b>Annual Surplus from Operations</b>	<b>26,019,765</b>	<b>42,710,297</b>	<b>17,951,915</b>
<b>Accumulated Surplus - Beginning of Year</b>	<b>354,344,138</b>	<b>354,344,138</b>	<b>336,392,223</b>
<b>Accumulated Surplus - End of Year (Note 11)</b>	<b>380,363,903</b>	<b>397,054,435</b>	<b>354,344,138</b>

*See accompanying notes*

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

<b>For the year ended December 31</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Annual Surplus from Operations</b>	26,019,765	42,710,297	17,951,915
Amortization of tangible capital assets	14,900,000	15,989,932	14,986,775
Acquisition of tangible capital assets (net of changes in construction in progress)	(17,739,296)	(36,814,214)	(30,057,667)
(Gain)/Loss on disposal of tangible capital assets	-	(573,335)	575,765
Contributed tangible capital assets	-	(14,769,257)	(934,795)
Proceeds on disposal of tangible capital assets	-	1,701,845	503,657
Other	-	(157,817)	(193,125)
<b>Increase/(Decrease) in Net Financial Assets</b>	23,180,469	8,087,451	2,832,525
<b>Net Financial Assets - Beginning of Year</b>	33,401,306	33,401,306	30,568,781
<b>Net Financial Assets - End of Year</b>	56,581,775	41,488,757	33,401,306

*See accompanying notes*

# THE CORPORATION OF THE TOWN OF CALEDON

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2018	2017
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Annual Surplus from operations	42,710,297	17,951,915
Items not involving cash		
Amortization of tangible capital assets	15,989,932	14,986,775
Contributed tangible capital assets	(14,769,257)	(934,795)
(Gain)/Loss on disposal of tangible capital assets	(573,335)	575,765
	<u>43,357,637</u>	<u>32,579,660</u>
Changes in non-cash working capital items (Note 13)	14,256,475	6,001,530
<b>Capital Activities</b>		
Acquisition of tangible capital assets (Net of changes in Construction in Progress)	(36,814,214)	(30,057,667)
Proceeds on disposal of tangible capital assets	1,701,845	503,657
	<u>(35,112,369)</u>	<u>(29,554,010)</u>
<b>Investing Activities</b>		
Net (purchase)/redemption of investments	(2,066,404)	(16,476,735)
<b>Financing Activities</b>		
Proceeds of debenture	7,000,000	-
Repayment of long-term liabilities	(2,630,000)	(2,489,000)
	<u>4,370,000</u>	<u>(2,489,000)</u>
<b>Net Change in Cash and Cash Equivalents</b>	24,805,339	(9,938,555)
<b>Cash and Cash Equivalents - Beginning of Year</b>	40,185,976	50,124,531
<b>Cash and Cash Equivalents - End of Year</b>	<u>64,991,315</u>	<u>40,185,976</u>

*See accompanying notes*

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

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

**For the year ended December 31, 2018**

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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, 2001 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 Viamonde  
Conseil Scolaire Catholique mon Avenir

#### **(b) Basis of Accounting**

##### **(i) Accrual Basis of Accounting**

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

##### **(ii) Cash and Cash Equivalents**

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

##### **(iii) Inventory Held for Resale**

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

# THE CORPORATION OF THE TOWN OF CALEDON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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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	10-50 years	Information technology	2-7 years
Buildings	40 years	Fibre Optic Cabling System	25 years
Building improvements	10-40 years	Roads	7-50 years
Vehicles	5-20 years	Machinery and equipment	2-25 years
Furniture and fixtures	5-10 years	Bridges, culverts, storm sewers and storm ponds	20-75 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, historical artifacts and artwork 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, 2018

---

### 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, 2018**

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

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#### **(b) Basis of Accounting (Continued)**

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##### **(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.

##### **(xiii) 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.

##### **(xiv) 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) Post-Employment Benefits**

The municipality provides post-employment health, dental and life insurance benefits to eligible Caledon Firefighters. The cost of the benefits earned by employees are actuarially determined using the accrued benefit method.

##### **(xvi) 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.

##### **(xvii) 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, 2018

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### 2. CASH AND CASH EQUIVALENTS

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	2018	2017
Unrestricted	64,991,315	40,185,976

Included in unrestricted cash and cash equivalents are funds held in high interest savings accounts in the amount of \$49,320,808 (2017 - \$27,058,938).

### 3. SHORT-TERM INVESTMENTS

---

	2018	2017
Short-term interest bearing investments	31,329,681	28,271,567

Short-term investments have interest rates ranging from 1.45% to 3.04% and a market value of \$31,241,407 (2017 - \$28,271,963) at the end of the year.

There are short-term investments where the amortized cost exceeds market value by \$88,936 (2017- NIL) however these investments mature shortly and have a fixed maturity amount.

### 4. TAXES RECEIVABLE

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	2018	2017
Taxes receivable	9,578,806	8,790,411
Allowance for doubtful accounts	(703,694)	(193,422)
	<u>8,875,112</u>	<u>8,596,989</u>

### 5. TRADE AND OTHER RECEIVABLES

---

	2018	2017
Accounts receivable	6,218,943	6,886,891
Allowance for doubtful accounts	(24,000)	(384,932)
	<u>6,194,943</u>	<u>6,501,959</u>

### 6. LONG-TERM INVESTMENTS

---

	2018	2017
Long-term Provincial Government bond	2,066,624	2,023,276
Long-term interest bearing investments	66,287,342	67,519,033
Restricted - sinking fund	1,217,486	1,020,853
	<u>69,571,452</u>	<u>70,563,162</u>

# THE CORPORATION OF THE TOWN OF CALEDON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 6. LONG-TERM INVESTMENTS (CONTINUED)

The long-term investments have interest rates ranging from 1.00% to 3.08% and maturity dates from April 2020 to May 2025. The market value of the long-term investments is \$68,094,005 (2017 - \$69,444,620). There are long-term investments where the total cost exceeds market value by \$251,865 (2017- \$233,383) however these investments are intended to be held to maturity and have a fixed maturity amount, therefore the decline in market value is considered temporary.

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 \$117,101 (2017- \$78,466) that will be amortized over the term of the debenture.

### 7. DEFERRED REVENUE

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	Balance at December 31 2017	Contributions Received	Investment Income	Revenue Recognized	Balance at December 31 2018
<b>Obligatory Reserve Funds</b>					
Heritage property grant	1,824	1,441	9	(1,824)	1,450
Development charges	73,160,946	20,520,571	674,749	(15,896,634)	78,459,632
Recreational land	4,981,842	1,218,310	55,350	-	6,255,502
Building stabilization	3,011,354	1,910,971	27,544	(268,728)	4,681,141
Federal gas tax	3,861,795	3,470,874	39,988	(3,196,961)	4,175,696
	<b>85,017,761</b>	<b>27,122,167</b>	<b>797,640</b>	<b>(19,364,147)</b>	<b>93,573,421</b>
<b>User Charges and Fees</b>					
Deferred memberships	210,462	1,883,287	-	(1,791,214)	302,535
Deferred revenue	919,662	1,275,276	1,547	(1,130,534)	1,065,951
Aggregate Levy	10,135	181,666	-	(140,499)	51,302
	<b>1,140,259</b>	<b>3,340,229</b>	<b>1,547</b>	<b>(3,062,247)</b>	<b>1,419,788</b>
	<b>86,158,020</b>	<b>30,462,396</b>	<b>799,187</b>	<b>(22,426,394)</b>	<b>94,993,209</b>

### 8. POST-EMPLOYMENT BENEFITS

---

The Town entered into an agreement with the Caledon Professional Firefighters Association in 2015 to provide post retirement employment benefits including health, dental and life insurance effective December 31, 2018 to age 65. Using the information contained in an independent actuarial valuation dated October 19th, 2018, management has estimated the post retirement benefits liability for 2018 at \$123,765 (2017 - NIL).

In 2018, the Town established and funded a Firefighter Post-Retirement Benefits Reserve in the amount of \$83,100 to partially fund this liability.

# THE CORPORATION OF THE TOWN OF CALEDON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 9. 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:

	2018	2017
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:	2,473,000	4,793,000
2010 sinking fund debenture. The long-term debt has an interest rate of 5.1% and a maturity date of June 29, 2040. At the end of the year the outstanding principal amount of the liability is:	5,381,277	5,381,277
2011 sinking fund debenture. The long-term debt has an interest rate of 3.5% and a maturity date of December 31, 2021. At the end of the year the outstanding principal amount of the liability is:	641,088	641,088
Long-term debt, issued in 2016 in the amount of \$3,100,000, has annual principal payments of \$310,000 with interest rates ranging from 1.15% to 2.5% and a maturity date of June 1, 2026. At the end of the year the outstanding principal amount of the liability is:	2,480,000	2,790,000
Long-term debt, issued in 2018 in the amount of \$7,000,000, has annual principal payments ranging from \$624,000 to \$789,000 with interest rates ranging from 1.80% to 3.05% and a maturity date of March 27, 2028. At the end of the year the outstanding principal amount of the liability is:	7,000,000	-
Long-term liabilities	17,975,365	13,605,365
Less: sinking fund assets	1,100,385	942,387
<b>Net long-term liabilities</b>	<b>16,874,980</b>	<b>12,662,978</b>

# THE CORPORATION OF THE TOWN OF CALEDON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 9. LONG-TERM LIABILITIES (CONTINUED)

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

	Principal	Interest	Total
2019	3,528,046	685,164	4,213,210
2020	1,072,046	503,940	1,575,986
2021	1,085,046	484,638	1,569,684
2022	1,074,949	440,883	1,515,832
2023	1,091,949	417,494	1,509,443
2024 - 2028	5,135,745	1,690,116	6,825,861
Thereafter	1,151,388	3,156,118	4,307,506
Interest to be earned on sinking funds	3,836,196	-	3,836,196
	17,975,365	7,378,353	25,353,718

Interest expense in the amount of \$765,787 (2017 - \$818,724) has been recognized on the consolidated statement of operations.

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

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

- (b) For the 1999 debt issuance, the Town's debt retirement reserve held by the Region of Peel has a balance of Nil (2017 - \$-) in restricted cash and Nil (2017 - \$-) in short term investments. As planned and communicated in prior years, the Town has assumed the balance of the payments from 2018 - 2019 in the amount of \$5,276,189. This is comprised of \$4,793,000 in principal repayments and \$483,189 of interest repayments which will be covered from the Town's Capital Asset Replacement Reserve Fund (formerly the Caledon Hydro Reserve Fund, where the original net proceeds from the sale of Caledon Hydro assets were originally deposited.)
- (c) For the 2010 debt issuance, the Town is contributing \$95,949 annually to a sinking fund held at the Region of Peel. It is anticipated that the principal will be fully funded by maturity in 2040 of \$5,381,277 with the combined sinking fund contributions and investment income. The balance in the restricted fund is \$905,428 (2017 - \$777,453).
- (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 \$194,957 (2017 - \$164,934).

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2018

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**10. TANGIBLE CAPITAL ASSETS**

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	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 2018	Total 2017
<b>Cost</b>										
Balance, beginning of year	80,480,982	131,375,768	7,337,177	13,424,731	24,131,751	32,418,693	335,675,432	14,836,117	639,680,651	617,120,839
Additions during the year	4,067,357	3,396,055	486,712	1,086,828	2,392,169	5,321,263	25,876,043	8,957,044	51,583,471	38,517,000
Disposals/transfers during the year	(122,386)	(557,907)	(167,021)	(507,302)	(1,232,794)	(524,175)	(2,921,067)	-	(6,032,652)	(15,957,188)
Balance, end of year	84,425,953	134,213,916	7,656,868	14,004,257	25,291,126	37,215,781	358,630,408	23,793,161	685,231,470	639,680,651
<b>Accumulated Amortization</b>										
Balance, beginning of year	6,527,684	65,503,165	5,444,548	8,151,521	13,546,896	13,162,525	207,666,810	-	320,003,149	312,369,502
Amortization during the year	998,162	5,105,946	468,162	1,551,840	1,515,112	564,321	5,786,389	-	15,989,932	14,986,775
Accumulated amortization on disposal	(82,610)	(318,982)	(167,021)	(420,850)	(957,518)	(399,248)	(2,557,913)	-	(4,904,142)	(7,353,128)
Balance, end of year	7,443,236	70,290,129	5,745,689	9,282,511	14,104,490	13,327,598	210,895,286	-	331,088,939	320,003,149
Net Book Value of Tangible Capital Assets	76,982,717	63,923,787	1,911,179	4,721,746	11,186,636	23,888,183	147,735,122	23,793,161	354,142,531	319,677,502

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2018

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**10. TANGIBLE CAPITAL ASSETS (Continued)**

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a) Assets under construction:

Assets under construction having a value of \$23,793,161 (2017 - \$14,836,117) 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 \$14,769,257 (2017 - \$934,795). These assets consist of storm water management ponds, storm sewers, parklands, street lights, roads, sidewalks and curbs.

**11. ACCUMULATED SURPLUS**

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Accumulated surplus is comprised of the following amounts:

	<b>2018</b>	<b>2017</b>
General purposes (Includes Caledon Library Board)	3,914,179	1,639,661
Caledon Business Improvement Area (Operations)	22,561	35,504
Invested in Tangible Capital Assets	354,142,531	319,677,502
Reserves and Reserve Funds (Note 12)	38,975,164	32,991,471
	<hr/>	<hr/>
	397,054,435	354,344,138

**12. RESERVES AND RESERVE FUNDS**

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	<b>2018</b>	<b>2017</b>
<b>Reserves set aside by Council:</b>		
Working funds	1,299,647	1,299,647
Contingencies	7,916,857	4,566,024
Current purposes	72,803	72,803
Capital purposes	6,934,409	4,612,041
	<hr/>	<hr/>
	16,223,716	10,550,515

**Reserve funds set aside by Council:**

Capital asset replacement fund (formerly Caledon Hydro Reserve)	15,591,357	16,192,254
Current purposes	6,947,187	5,873,891
Community Improvement Plan	212,904	374,811
	<hr/>	<hr/>
	22,751,448	22,440,956
	<hr/>	<hr/>
	38,975,164	32,991,471

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2018

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

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	<b>2018</b>	<b>2017</b>
Increase in taxes receivable	(278,123)	(399,922)
Decrease (Increase) in trade and other receivables	307,016	(386,181)
Decrease (Increase) in inventories	47,655	(20,677)
Increase in prepaid expenses	(205,472)	(172,448)
Increase in accounts payable	5,426,445	2,644,316
Increase in post-employment benefits	123,765	-
Increase in deferred revenue	8,835,189	4,336,442
	14,256,475	6,001,530

**14. TAXATION**

---

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

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

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

	<b>2018</b>	<b>2017</b>
Taxation revenue	163,574,375	154,741,126
Amount levied and remitted to Regional Municipality of Peel	(50,503,343)	(49,124,685)
Amount levied and remitted to School Boards	(48,220,550)	(45,768,040)
Net taxation	64,850,482	59,848,401

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2018

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**15. FEES AND USER CHARGES**

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	2018 Budget	2018 Actual	2017 Actual
Recreation	5,217,076	5,075,601	4,859,476
Planning and development	2,625,512	3,550,201	4,220,467
Public works	716,012	998,811	651,396
Administration and general governance	680,767	808,071	710,557
Fire services	272,140	546,587	634,316
Library services	12,100	17,583	14,253
	9,523,607	10,996,854	11,090,465

**16. OTHER INCOME**

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	2018 Budget	2018 Actual	2017 Actual
Investment income	1,437,143	2,867,062	1,509,976
Donations, contributions and agreements	50,734	211,448	163,250
Recovery from other municipalities	1,893,789	2,940,814	2,888,133
Developer contributions	10,223,907	15,845,147	2,041,388
Other	121,242	1,951,629	1,118,493
	13,726,815	23,816,100	7,721,240

**17. PENSION AGREEMENTS**

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The Ontario Municipal Employees Retirement System (OMERS) provides pension services to more than 482,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of the valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial funding deficit of \$4,191 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 2018 were \$3,059,284 (2017 - \$2,906,008) on behalf of 443 employees. The contribution rate for 2018 was 9% to 15.8% depending on normal retirement age and income level (2017 - 9% to 15.8%).

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2018**

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**18. 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 2018 budget was approved by council on December 12, 2017 on the fund basis of accounting where revenues balance to expenses. Also on December 12, 2017, council received and approved a report on the full accrual accounting impact of the 2018 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.

**19. TRUST FUNDS**

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The trust funds administered by the municipality amounting to \$6,474,571 (2017 - \$5,283,709) 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, 2018, the trust fund balances are as follows:

	<b>2018</b>	<b>2017</b>
Cemetery Perpetual Care	6,037	6,034
Developer Deposits	6,462,120	5,271,261
Heritage	6,414	6,414
	<b>6,474,571</b>	<b>5,283,709</b>

**20. 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 2021.
- b) The annual lease cost for the OPP portion of the Orangeville Courthouse is \$10,473 which expires May 2023.

The Town of Caledon has entered into contracts worth approximately \$19,280,397 as of December 31, 2018 for capital project spending in 2019 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, 2018**

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**21. 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 asset or 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 or on behalf of 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 favourably or unfavourably.

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

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

**22. GOVERNMENT TRANSFERS**

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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>2018</b>	<b>2017</b>
Grants with stipulation criteria	4,457,321	2,758,953
Other grants	982,900	1,156,300
	<b>5,440,221</b>	<b>3,915,253</b>

**THE CORPORATION OF THE TOWN OF CALEDON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2018**

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**23. 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 \$2,983,354 for the year ended December 31, 2018 (2017 - \$2,766,406).

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, 2018, cost recovery fees of \$612,634 (2017 - \$579,111) were collected from serviced municipalities within the County of Dufferin.

**24. 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, 2018**

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**25. 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, facilities, storm water management, sidewalks, streetscapes, streetlights and engineering design standards.

**Fire and Emergency Services**

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

**Parks and Recreation**

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

**Library Services**

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

**Corporate Services**

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

**Development and Building Services**

Development Approval and Planning Policy responsible for long term policy planning through its Official Plan, the Town's zoning bylaw, development applications, and heritage resources as required under the *Planning Act*. Building Services is responsible for the process and review of permit applications and enforcement of the *Building Code Act* and the Ontario Building Code.

**Other**

Other includes:

- 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.
- Human Resources provides human resource advice, counsel and solutions to meet the goals and challenges facing Town staff.
- 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, 2018

	Infrastructure Services	Fire and Emergency Services	Parks and Recreation	Library Services	Corporate Services	Development and Building Services	Other	Total 2018
<b>Revenue</b>								
Taxation	21,750,251	7,168,032	13,911,238	2,433,941	12,510,025	4,286,637	2,790,358	64,850,482
Fees and user charges	998,811	546,587	5,075,601	17,583	378,686	3,979,586	-	10,996,854
Specific grants	4,225,851	-	55,221	61,290	101,268	13,691	982,900	5,440,221
Other revenue	19,838,085	148,025	869,557	31,848	3,605,951	3,691,329	4,855,764	33,040,559
Development charges and other fees	6,983,434	613,326	6,203,831	1,117,957	-	978,086	-	15,896,634
	53,796,432	8,475,970	26,115,448	3,662,619	16,595,930	12,949,329	8,629,022	130,224,750
<b>Expenses</b>								
Salaries and benefits	6,301,964	7,606,132	9,505,259	2,573,379	9,566,256	5,833,629	3,950,574	45,337,193
Interest on debt	423,955	23,097	-	-	318,735	-	-	765,787
Materials and supplies	7,060,059	1,225,423	3,286,917	298,390	4,131,225	1,000,243	344,177	17,346,434
Contracted services	1,622,733	491,191	708,953	74,258	2,631,463	243,559	324,626	6,096,783
Other transfers	32,433	-	-	-	106,083	211,907	41,743	392,166
Rents and financial expenses	1,177,073	-	-	-	409,086	-	-	1,586,159
Amortization on tangible capital assets	8,134,151	1,617,770	4,398,836	345,485	1,493,148	-	541	15,989,931
	24,752,368	10,963,613	17,899,965	3,291,512	18,655,996	7,289,338	4,661,661	87,514,453
<b>Net Surplus (Deficit)</b>	<b>29,044,064</b>	<b>(2,487,643)</b>	<b>8,215,483</b>	<b>371,107</b>	<b>(2,060,066)</b>	<b>5,659,991</b>	<b>3,967,361</b>	<b>42,710,297</b>

**THE CORPORATION OF THE TOWN OF CALEDON**  
**CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION**  
For the year ended December 31, 2017

	Infrastructure Services	Fire and Emergency Services	Parks and Recreation	Library Services	Corporate Services	Development and Building Services	Other	Total 2017
<b>Revenue</b>								
Taxation	21,501,227	6,441,253	12,633,758	2,350,315	9,984,956	4,156,067	2,780,825	59,848,401
Fees and user charges	651,396	634,316	4,859,476	14,253	355,487	4,575,537	-	11,090,465
Specific grants	1,854,067	-	723,354	95,072	82,299	4,161	1,156,300	3,915,253
Other revenue	5,210,502	290,001	1,241,805	31,466	3,345,517	2,944,841	3,484,204	16,548,336
Development charges and other fees	3,824,484	778,334	1,273,538	141,678	-	162,502	-	6,180,536
	33,041,676	8,143,904	20,731,931	2,632,784	13,768,259	11,843,108	7,421,329	97,582,991
<b>Expenses</b>								
Salaries and benefits	6,296,725	6,994,373	8,714,378	2,556,099	7,736,896	5,811,054	3,879,124	41,988,649
Interest on debt	331,989	23,097	-	-	463,638	-	-	818,724
Materials and supplies	6,246,531	570,674	2,965,140	275,916	3,103,522	1,191,512	339,454	14,692,749
Contracted services	1,260,853	508,255	585,343	74,182	2,199,229	232,258	387,154	5,247,274
Other transfers	28,100	-	-	-	109,100	113,946	44,463	295,609
Rents and financial expenses	1,118,896	-	-	-	482,400	-	-	1,601,296
Amortization on tangible capital assets	7,528,624	1,618,427	4,365,793	285,232	1,188,158	-	541	14,986,775
	22,811,718	9,714,826	16,630,654	3,191,429	15,282,943	7,348,770	4,650,736	79,631,076
<b>Net Surplus (Deficit)</b>	<b>10,229,958</b>	<b>(1,570,922)</b>	<b>4,101,277</b>	<b>(558,645)</b>	<b>(1,514,684)</b>	<b>4,494,338</b>	<b>2,770,593</b>	<b>17,951,915</b>



TOWN OF CALEDON

# Statistics

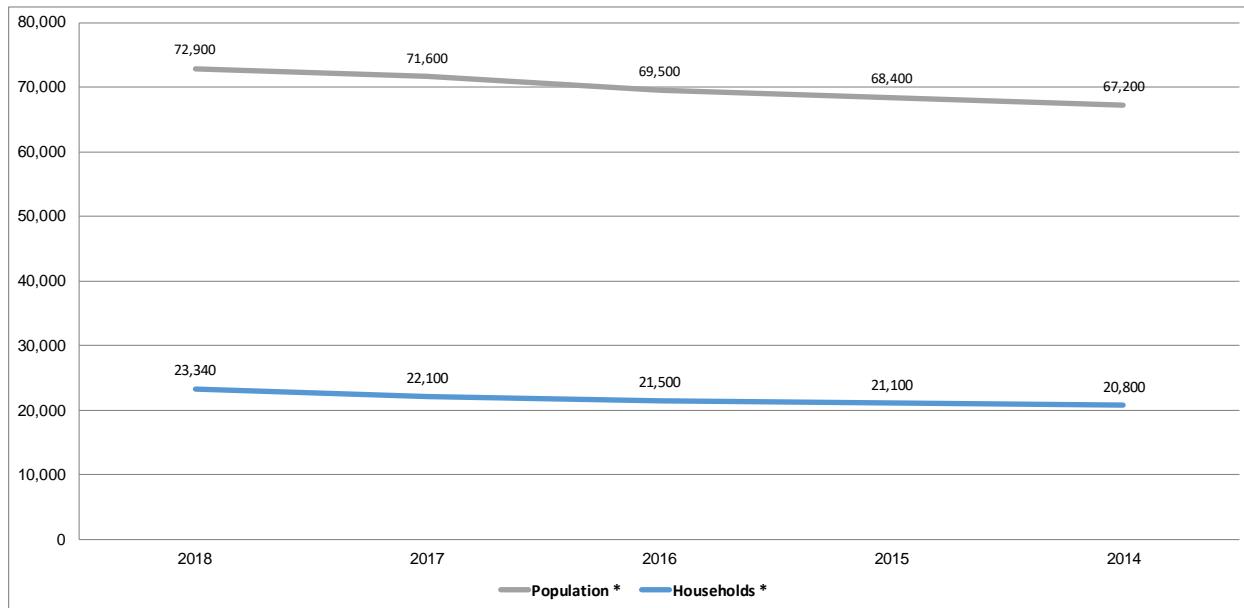
2018



## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2018	2017	2016	2015	2014
<b>MUNICIPALITY STATISTICS</b>					
Population *	72,900	71,600	69,500	68,400	67,200
Households *	23,340	22,100	21,500	21,100	20,800
Area in hectares *	68,717	68,717	68,717	68,717	68,717
Construction activity (value) awarded	\$ 11,470,448	\$ 37,983,996	\$ 18,050,553	\$ 20,113,516	\$ 17,035,074

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



Staffing Statistics					
Approved Full Time Staff	386	366	353	332	308
per 1000 people	0.53%	0.51%	0.51%	0.49%	0.46%
Part Time/Casual Staff/Volunteer Firefighters	903	876	840	817	790

Taxable Assessment upon which the year's rates of taxation were set					
Residential, farm, multi-residential	14,656,785,251	13,623,164,008	12,662,642,570	11,937,101,216	11,150,306,894
Commercial, industrial and other	2,360,193,467	2,081,767,805	2,011,557,190	1,861,801,503	1,734,713,524
<b>Total Taxable Assessment</b>	<b>17,016,978,718</b>	<b>15,704,931,813</b>	<b>14,674,199,760</b>	<b>13,798,902,719</b>	<b>12,885,020,418</b>
<i>Total per capita</i>	<i>233,429</i>	<i>219,343</i>	<i>211,140</i>	<i>201,738</i>	<i>191,741</i>

Top 10 Corporate Taxpayers
1. CANADIAN TIRE PROPERTIES INC
2. AMB AIRPORT ROAD CANCO INC
3. GREYPAN 4 PROPERTIES GP INC
4. CALLOWAY REIT (BOLTON) INC
5. BK PRIME ONTARIO I GP INC
6. PIRET (86 PILLSWORTH) HOLDING INC
7. 2281140 ONTARIO INC, 2278372 ONTARIO INC, NF REAL ESTATE LIMITED
8. HUSKY INJECTION MOLDING SYSTEMS LTD
9. ACKLANDS-GRAINGER INC
10. DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

## FIVE YEAR REVIEW SUMMARY

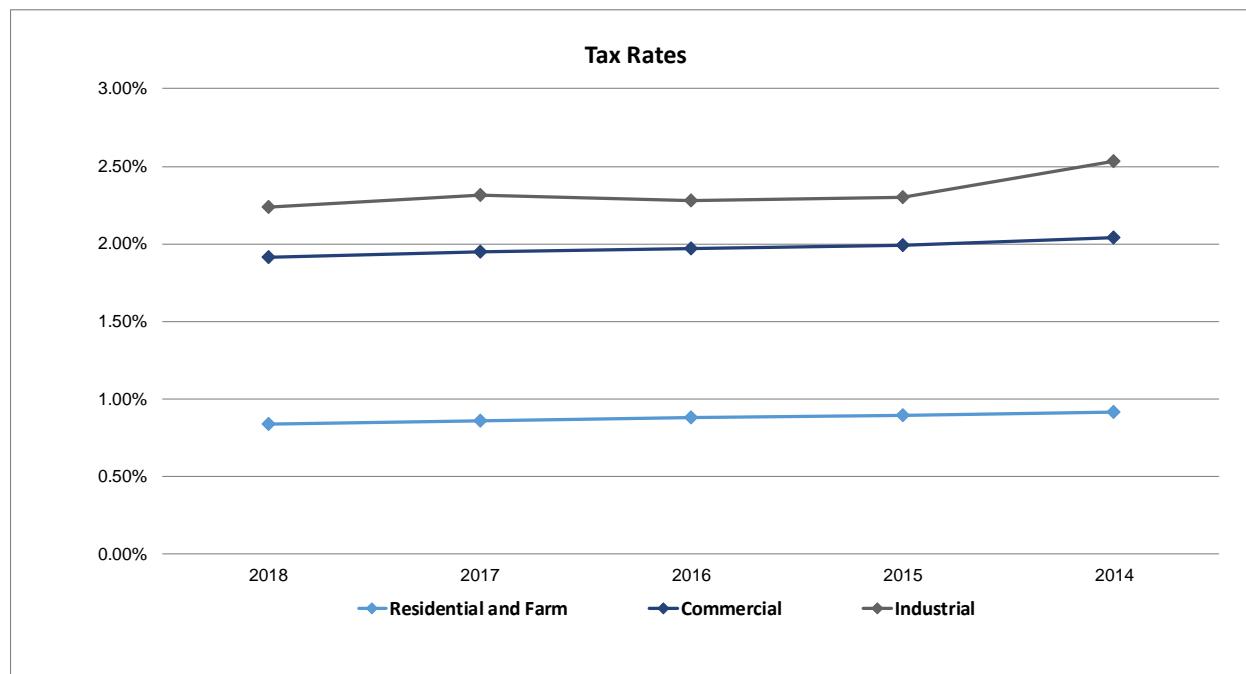
Fiscal Year	2018	2017	2016	2015	2014
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### TAX RATE STATISTICS

<b>Residential and Farm</b>					
Town purposes (including Broadband Levy)	0.375524%	0.374269%	0.375693%	0.374407%	0.370122%
Region purposes	0.294530%	0.308613%	0.319267%	0.327139%	0.338600%
School purposes	0.170000%	0.179000%	0.188000%	0.195000%	0.203000%
<b>Total - Residential and Farm</b>	<b>0.840054%</b>	<b>0.861882%</b>	<b>0.882960%</b>	<b>0.896546%</b>	<b>0.911722%</b>

<b>Commercial</b>					
Town purposes (including Broadband Levy)	0.502635%	0.496761%	0.493045%	0.491358%	0.485734%
Region purposes	0.394225%	0.409617%	0.418994%	0.429325%	0.444366%
School purposes	1.018727%	1.042947%	1.057399%	1.069252%	1.107083%
<b>Total - Commercial</b>	<b>1.915587%</b>	<b>1.949325%</b>	<b>1.969438%</b>	<b>1.989935%</b>	<b>2.037183%</b>

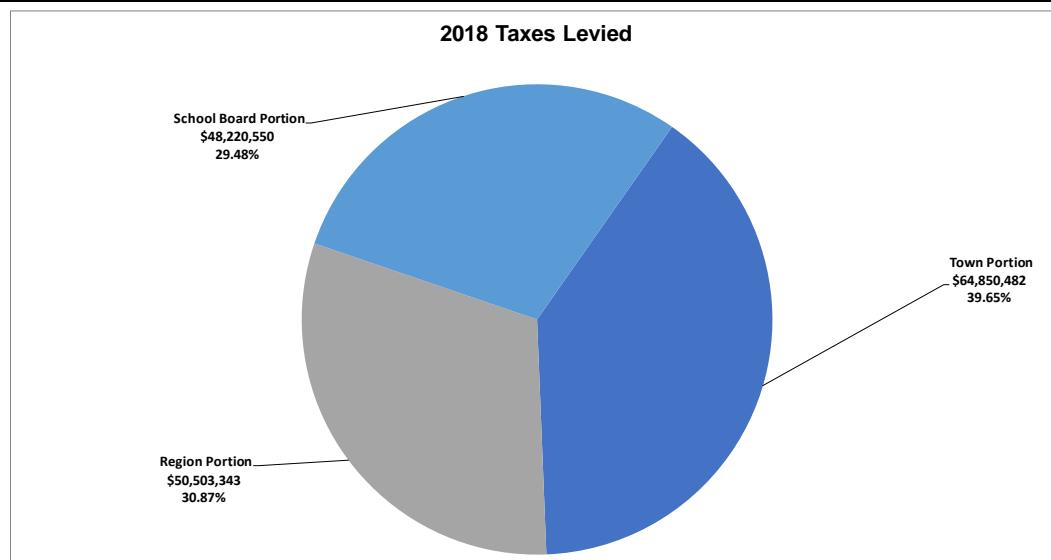
<b>Industrial</b>					
Town purposes (including Broadband Levy)	0.597066%	0.594878%	0.593782%	0.591751%	0.578857%
Region purposes	0.468289%	0.490522%	0.504602%	0.517044%	0.550766%
School purposes	1.171562%	1.231495%	1.180000%	1.190000%	1.399256%
<b>Total - Industrial</b>	<b>2.236917%</b>	<b>2.316895%</b>	<b>2.278384%</b>	<b>2.298795%</b>	<b>2.528879%</b>



## FIVE YEAR REVIEW SUMMARY

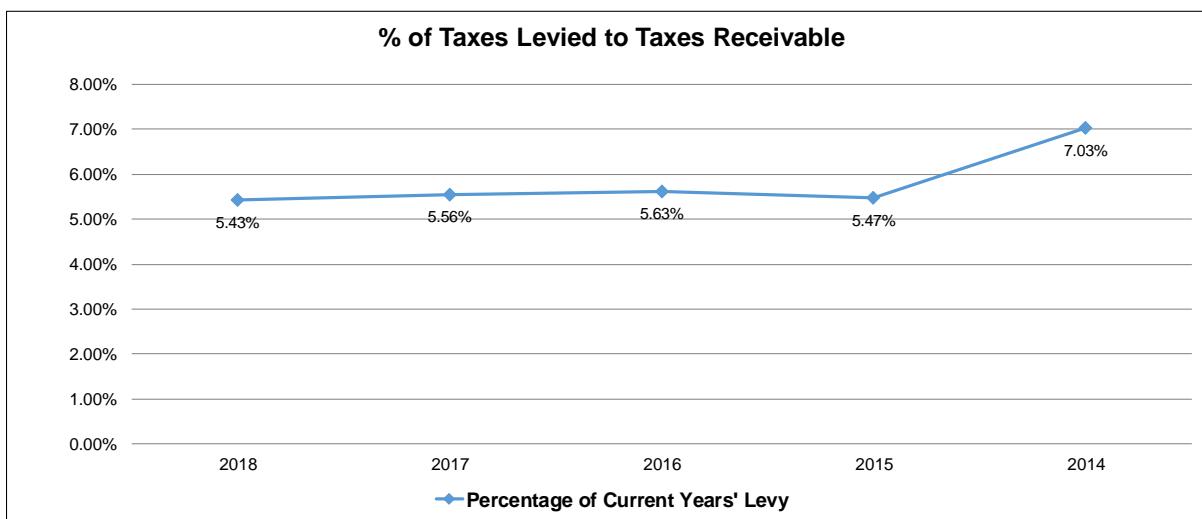
Fiscal Year	2018	2017	2016	2015	2014
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TAX INFORMATION					
Taxes Levied					
Town portion	\$ 64,850,482	\$ 59,848,401	\$ 56,066,630	\$ 52,711,772	\$ 47,585,276
Region portion	50,503,343	49,124,685	46,478,783	44,555,543	43,532,603
School Board portion	48,220,550	45,768,040	43,135,145	41,585,656	41,149,789
<b>Total</b>	<b>\$ 163,574,375</b>	<b>\$ 154,741,126</b>	<b>\$ 145,680,558</b>	<b>\$ 138,852,971</b>	<b>\$ 132,267,668</b>



Taxes Collected					
Town collection	\$ 63,749,639	\$ 58,261,510	\$ 54,535,122	\$ 51,296,238	\$ 47,484,573
Taxes transferred to the Region	49,999,938	48,041,013	46,344,402	44,820,213	43,018,166
Taxes transferred to the School Boards	47,650,733	44,914,534	44,043,089	42,477,505	40,558,272
<b>Total</b>	<b>\$ 161,400,310</b>	<b>\$ 151,217,057</b>	<b>\$ 144,922,613</b>	<b>\$ 138,593,956</b>	<b>\$ 131,061,011</b>

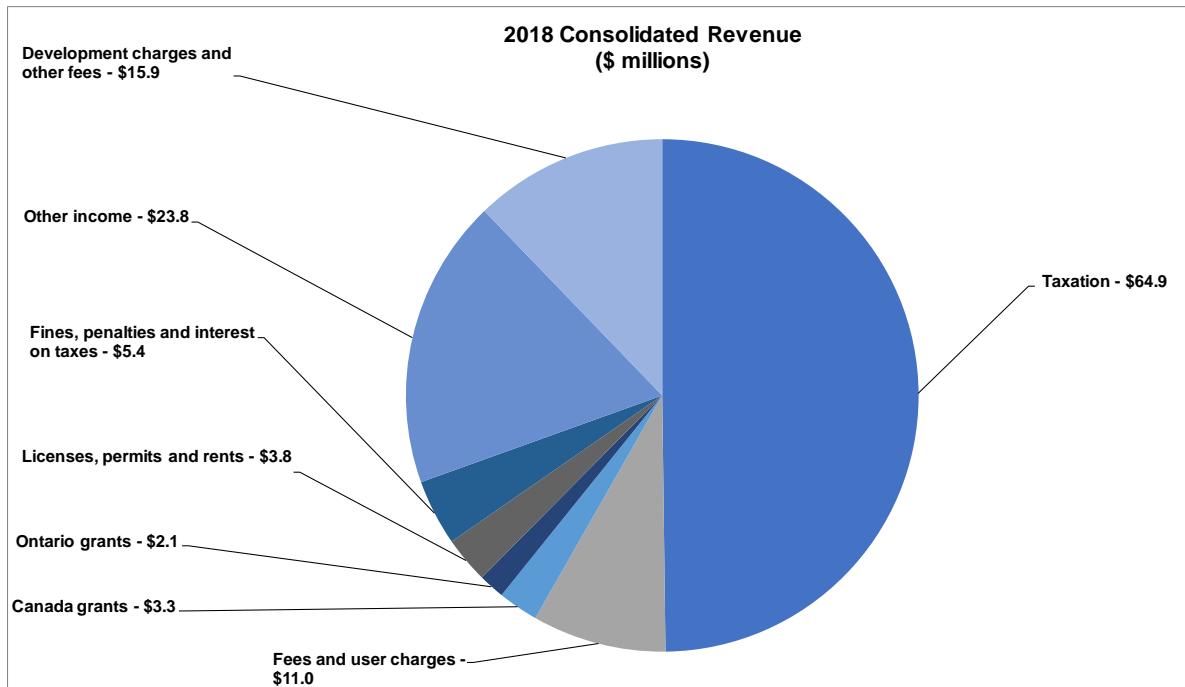
Taxes Receivable, End of Year					
Taxes Receivable	\$ 8,875,112	\$ 8,596,989	\$ 8,197,067	\$ 7,598,426	\$ 9,294,659
Taxes Receivable per capita	121.74	120.07	117.94	111.09	138.31
<b>Percentage of Current Years' Levy</b>	<b>5.43%</b>	<b>5.56%</b>	<b>5.63%</b>	<b>5.47%</b>	<b>7.03%</b>



## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2018	2017	2016	2015	2014
<b>FINANCIAL INFORMATION</b>					
<b>Consolidated Revenues</b>					
Taxation	\$ 64,850,482	\$ 59,848,401	\$ 56,066,630	\$ 52,711,772	\$ 49,103,995
Fees and user charges	10,996,854	11,090,465	11,260,168	6,957,056	7,889,041
Canada grants	3,307,394	1,542,955	2,620,011	4,545,240	5,603,289
Ontario grants	2,132,827	2,372,298	1,810,396	2,179,621	1,513,234
Licenses, permits and rents	3,809,405	3,828,279	3,735,130	3,265,851	3,236,226
Fines, penalties and interest on taxes	5,415,054	4,998,817	5,186,131	4,955,618	4,671,500
Other income	23,816,100	7,721,240	29,445,624	14,332,889	13,909,341
Development charges and other fees	15,896,634	6,180,536	2,216,624	8,631,948	2,886,281
<b>Total</b>	<b>\$ 130,224,750</b>	<b>\$ 97,582,991</b>	<b>\$ 112,340,714</b>	<b>\$ 97,579,995</b>	<b>\$ 88,812,907</b>

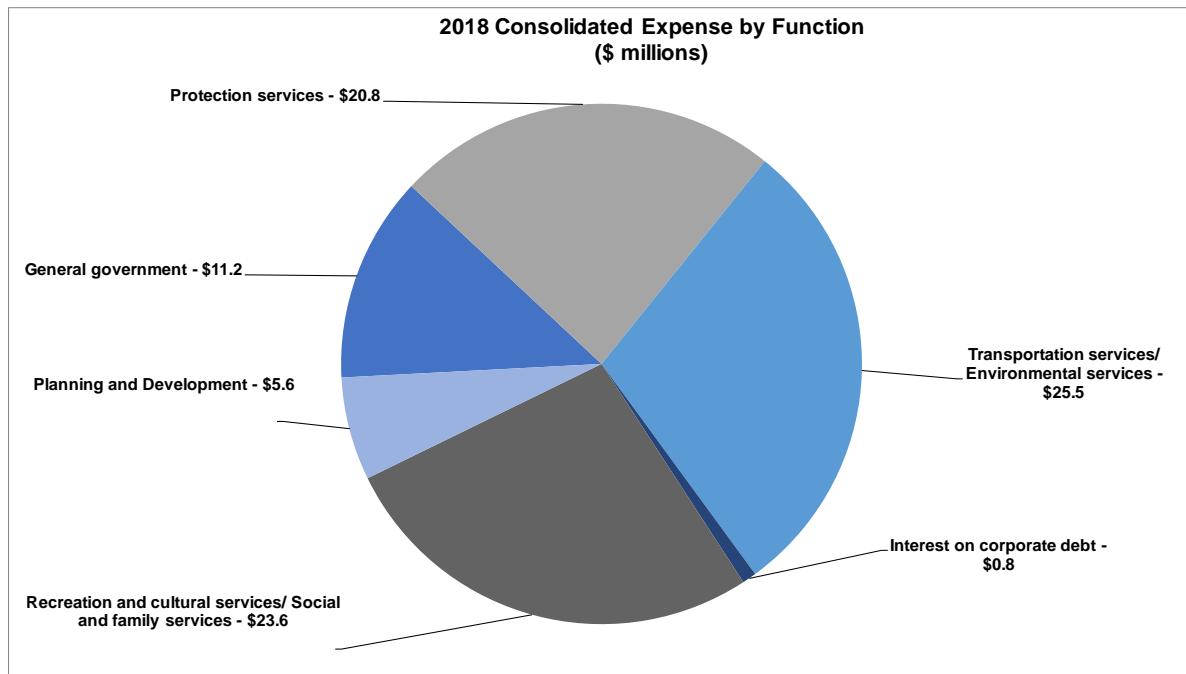
\*Fluctuations in revenue occur throughout the 5-year period mainly due to the revenue (see other income line above) associated with the Town assumptions of public infrastructure (subdivisions, roads, parks, storm sewers, streetlights, sidewalks etc.) built by developers. This type of revenue fluctuates based on the timing of assumptions. In 2018 and 2016 a large amount of infrastructure was assumed by the Town. Fluctuations in Development Charges occur over the 5-year period due to the timing of growth related infrastructure spending associated with roads, bridges, recreation facilities, fire stations etc.



## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2018	2017	2016	2015	2014
<b>Consolidated Expense by Function</b>					
General government	\$ 11,203,642	\$ 9,662,109	\$ 8,241,237	\$ 8,755,647	\$ 9,627,163
Protection services	20,841,803	18,208,692	18,195,249	16,292,140	14,920,728
Transportation services	24,651,107	22,648,978	22,522,299	23,331,138	21,872,506
Interest on corporate debt	765,787	818,724	957,575	1,027,578	1,280,442
Environmental services	880,165	793,374	453,074	449,822	417,515
Social and family services	46,324	49,111	46,510	48,472	55,913
Recreation and cultural services	23,518,696	21,891,266	21,228,743	19,961,157	18,468,479
Planning and Development	5,606,929	5,558,822	6,073,108	6,493,390	6,063,432
<b>Total before loss due to transfer to upper tier</b>	<b>\$ 87,514,453</b>	<b>\$ 79,631,076</b>	<b>\$ 77,717,795</b>	<b>\$ 76,359,344</b>	<b>\$ 72,706,178</b>
Loss due to transfer to upper tier					33,206,818
<b>Total</b>	<b>\$ 87,514,453</b>	<b>\$ 79,631,076</b>	<b>\$ 77,717,795</b>	<b>\$ 76,359,344</b>	<b>\$ 105,912,996</b>

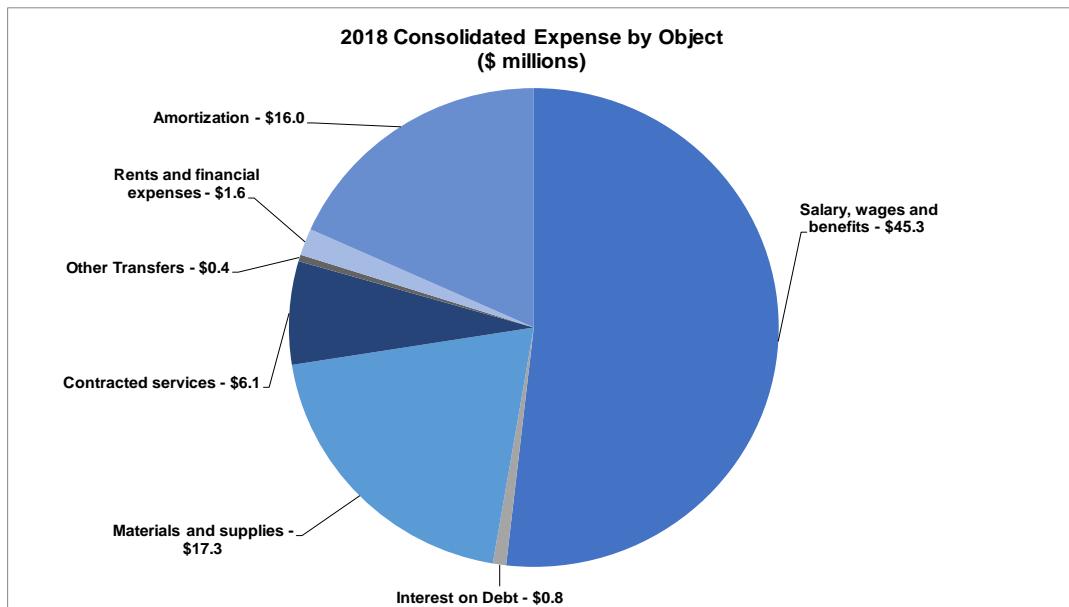
\*(Gain)/Loss on disposal and Amortization has been consolidated to the functional groups



## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2018	2017	2016	2015	2014
<b>FINANCIAL INFORMATION</b>					
<b>Consolidated Expenses by Object</b>					
Salary, wages and benefits	\$ 45,337,193	\$ 41,988,649	\$ 40,837,741	\$ 37,283,762	\$ 34,098,344
Interest on Debt	765,787	818,724	957,575	1,027,578	1,280,442
Materials and supplies	17,346,434	14,692,749	15,266,506	16,362,329	16,226,227
Contracted services	6,096,783	5,247,274	5,396,821	5,377,065	5,954,009
Other transfers	392,166	295,609	287,770	197,996	187,242
Rents and financial expenses	1,586,159	1,601,296	898,710	2,704,675	1,548,796
Amortization	15,989,931	14,986,775	14,072,672	13,405,939	13,411,118
Loss due to transfer to upper tier*					33,206,818
<b>Total</b>	<b>\$ 87,514,453</b>	<b>\$ 79,631,076</b>	<b>\$ 77,717,795</b>	<b>\$ 76,359,344</b>	<b>\$ 105,912,996</b>

\*Expenses maintained steady growth mainly due to the increasing population. The population growth rate of 17% (Ontario average 5.8%) has a positive correlation to the expense growth rate due to a higher demand for Town managed services and maintenance required for Town infrastructure. In 2014 the Town uploaded a major road, Bolton Arterial Route to the Region of Peel, who will maintain the roads in the future.



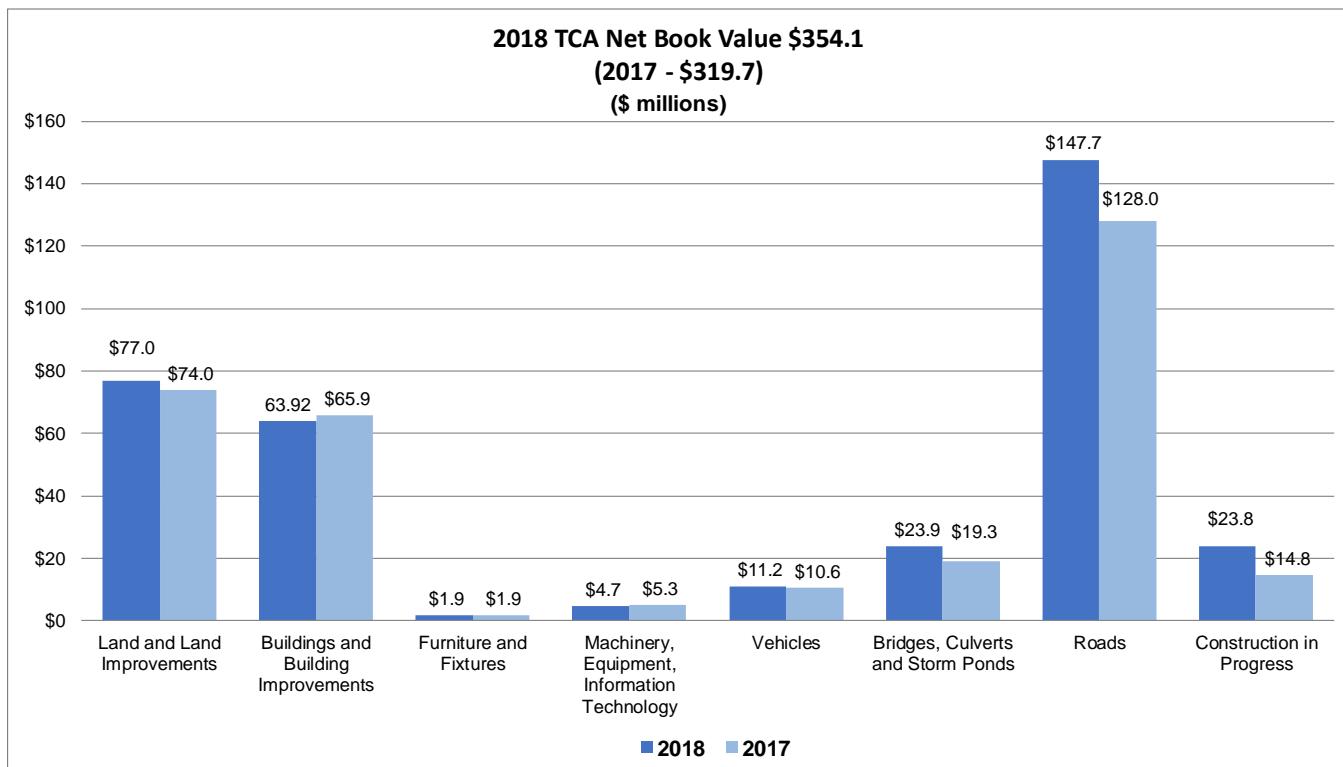
Long-Term Liabilities	2018	2017	2016	2015	2014
Gross long term debt	\$ 17,975,365	\$ 13,605,365	\$ 16,094,831	\$ 15,040,365	\$ 16,961,365
Per capita	246.58	190.02	231.58	219.89	252.40
Interest on Long-term debt	\$ 765,787	\$ 818,724	\$ 957,575	\$ 1,027,578	\$ 1,280,442
Per capita	10.50	11.43	13.78	15.02	19.05
<b>Sources of Debt Repayment</b>					
Debt Retirement Fund *	\$ -	\$ 413,743	\$ 2,567,972	\$ 2,648,444	\$ 2,650,508
Reserves	\$ 2,638,735	\$ 2,221,705	-	-	-
Development Charges	47,535	47,535	47,535	174,085	174,085
Tax Supported	709,517	559,180	223,636	196,309	196,309
<b>Total - Funding</b>	<b>\$ 3,395,787</b>	<b>\$ 3,242,163</b>	<b>\$ 2,839,143</b>	<b>\$ 3,018,838</b>	<b>\$ 3,020,902</b>

\*Debt Retirement Fund held by the Region of Peel

FIR schedule 81					
Provincial ARL	\$ 17,013,968	\$ 15,222,622	\$ 13,982,588	\$ 13,105,362	\$ 11,482,724
ARL as a % of Net Revenues	3.81%	4.11%	4.57%	7.55%	5.47%

## FIVE YEAR REVIEW SUMMARY

Fiscal Year	2018	2017	2016	2015	2014
<b>Tangible Capital Asset Net Book Value</b>					
Land and Land Improvements	\$ 76,982,717	\$ 73,953,298	\$ 69,815,885	\$ 59,790,813	\$ 55,260,589
Buildings and Building Improvements	63,923,787	65,872,603	63,884,075	67,957,320	65,094,931
Furniture and Fixtures	1,911,179	1,892,629	1,725,352	1,728,304	1,235,837
Machinery, Equipment, Information Technology	4,721,746	5,273,210	5,725,393	5,733,490	4,381,750
Vehicles	11,186,636	10,584,855	9,137,411	8,986,394	9,014,003
Bridges, Culverts and Storm Ponds	23,888,183	19,256,168	15,410,967	13,472,133	9,820,259
Roads	147,735,122	128,008,622	116,691,499	98,867,820	94,814,678
Construction in Progress	23,793,161	14,836,117	22,360,755	21,918,768	17,939,386
<b>Total</b>	<b>\$ 354,142,531</b>	<b>\$ 319,677,502</b>	<b>\$ 304,751,337</b>	<b>\$ 278,455,042</b>	<b>\$ 257,561,433</b>



**FIVE YEAR REVIEW SUMMARY**

Fiscal Year	2018	2017	2016	2015	2014
<b>Tangible Capital Asset Cost</b>					
Assets - Beginning of Year	\$ 639,680,651	\$ 617,120,839	\$ 582,088,950	\$ 550,087,921	\$ 560,438,471
Additions	51,583,471	38,517,000	40,807,322	35,769,525	33,300,133
Disposals and Transfers	(6,032,652)	(15,957,188)	(5,775,433)	(3,768,496)	(43,650,683)
<b>Assets - End of Year</b>	<b>\$ 685,231,470</b>	<b>\$ 639,680,651</b>	<b>\$ 617,120,839</b>	<b>\$ 582,088,950</b>	<b>\$ 550,087,921</b>
<b>Tangible Capital Asset Amortization</b>					
Accumulated Amortization - Beginning of Year	\$ 320,003,149	\$ 312,369,502	\$ 303,633,908	\$ 292,526,488	\$ 288,782,784
Amortization during the year	15,989,932	14,986,775	14,072,672	13,405,939	13,411,118
Accumulated Amortization on disposal	(4,904,142)	(7,353,128)	(5,337,078)	(2,298,519)	(9,667,414)
<b>Accumulated Amortization - End of Year</b>	<b>\$ 331,088,939</b>	<b>\$ 320,003,149</b>	<b>\$ 312,369,502</b>	<b>\$ 303,633,908</b>	<b>\$ 292,526,488</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 354,142,531</b>	<b>\$ 319,677,502</b>	<b>\$ 304,751,337</b>	<b>\$ 278,455,042</b>	<b>\$ 257,561,433</b>
<b>Net Financial Assets</b>					
Net Financial Assets - Beginning of Year	\$ 33,401,306	\$ 30,568,781	\$ 22,367,311	\$ 22,423,988	\$ 25,494,698
Net Financial Assets	8,087,451	2,832,525	8,201,470	(56,677)	(3,070,710)
<b>Net Financial Assets - End of Year</b>	<b>\$ 41,488,757</b>	<b>\$ 33,401,306</b>	<b>\$ 30,568,781</b>	<b>\$ 22,367,311</b>	<b>\$ 22,423,988</b>
<b>ACCUMULATED SURPLUS &amp; TANGIBLE CAPITAL ASSETS</b>					
Accumulated Surplus - Beginning of Year	\$ 354,344,138	\$ 336,392,223	\$ 301,769,304	\$ 280,548,653	\$ 297,648,731
Annual Surplus (Deficit)	42,710,297	17,951,915	34,622,919	21,220,651	(17,100,078)
<b>Accumulated Surplus - End of Year</b>	<b>\$ 397,054,435</b>	<b>\$ 354,344,138</b>	<b>\$ 336,392,223</b>	<b>\$ 301,769,304</b>	<b>\$ 280,548,653</b>
<b>Trust Funds</b>	<b>\$ 6,474,571</b>	<b>\$ 5,283,709</b>	<b>\$ 5,733,850</b>	<b>\$ 5,475,703</b>	<b>\$ 6,261,959</b>

## Glossary

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**Accumulated surplus**-the sum of the profits retained by a corporation.

**Amortization**-the process of allocating the cost of a tangible asset over its useful life.

**Annual surplus**-the amount by which the revenue of an organization exceeds its expenditures in a given year.

**Annual deficit**- the amount by which the expenditures of an organization exceed its revenues in a given year.

**ARL** – Annual Repayment Limit set by the Province that represents the maximum amount which the municipality had available as of a specific year to commit to payments relating to debt and financial obligation.

**Fiscal year**- a 12-month period (January 1 through December 31) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

**Net financial assets**- the non-physical assets of a business less its liabilities.

**Tangible capital assets**-assets that have physical substance and are expected to be in use or possession of a business beyond the current accounting period.



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