

THE CORPORATION OF THE TOWN OF MILTON
FINANCIAL STATEMENTS
DECEMBER 31, 2004

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AUDITORS' REPORT

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

We have examined the consolidated statement of financial position of the Corporation of the Town of Milton as at December 31, 2004 and the consolidated statements of financial activities and changes in financial position for the year then ended. In addition, we have audited the schedules of current fund operations, capital fund operations, reserves and reserve funds for the year ended December 31, 2004. These financial statements and schedules are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Milton as at December 31, 2004 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Hamilton, Canada

April 8, 2005



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

As at December 31, 2004, with comparative figures for 2003

	2004	2003
ASSETS		
Financial Assets		
Cash and temporary investments	\$ 32,798,704	\$ 8,480,961
Long-term investments (note 8)	20,932,214	26,403,455
Taxes receivable (note 11)	3,924,324	2,913,492
Accounts receivable	5,367,637	4,639,853
Other current assets	328,143	47,446
Long-term assets	877,424	759,342
Investment in Milton Hydro (note 17)	37,050,949	35,428,716
Total	101,279,395	78,673,265
LIABILITIES		
Indebtedness	853,184	-
Accounts payable and accrued liabilities	4,547,318	5,293,731
Deferred revenue - general	4,810,321	3,686,101
Deferred revenue - obligatory reserve funds (note 16)	24,833,004	17,877,377
Employee benefits obligations (note 2 and note 13)	731,262	672,536
Other current liabilities	1,096,866	1,204,737
Net long-term liabilities (note 4)	9,725,101	1,103,700
Total	46,597,056	29,838,182
Net Financial Assets	54,682,339	48,835,083
Non-Financial Assets		
Inventory	342,554	432,821
Total Net Assets	\$ 55,024,893	\$ 49,267,904
MUNICIPAL POSITION		
Amounts to be recovered from future revenues		
Capital outlay financed	\$ (10,578,285)	\$ (1,103,700)
Post employment benefit obligation (note 13 (a))	(467,552)	(470,857)
Amounts to be recovered from reserves		
Workplace safety and insurance (note 13 (b))	(94,067)	(59,895)
Total	(11,139,904)	(1,634,452)
Fund Balances (note 7)		
To be used to offset taxation or user charges	319,450	324,000
Unexpended (unfinanced) capital	5,752,639	(5,230,125)
Reserves (note 15 (a))	13,127,509	9,212,186
Reserve funds (note 15 (b))	9,914,250	11,167,579
Milton Hydro net equity (note 17)	37,050,949	35,428,716
Total	66,164,797	50,902,356
Total Municipal Position	\$ 55,024,893	\$ 49,267,904

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

THE CORPORATION OF THE TOWN OF MILTON

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2004, with comparative figures for 2003

	2004	2003
REVENUES		
Taxation and user charges		
Property taxation	\$ 15,565,855	\$ 12,606,489
Taxation from other governments	322,776	259,989
User charges	5,777,102	4,851,916
Grants		
Government grants	1,986,359	1,806,051
Other		
Developer contributions earned	10,834,164	11,182,048
Investment income	2,114,857	2,239,068
Proceeds from Ontario Lottery Corporation	5,580,607	6,486,197
Licences, permits, rents etc.	4,001,757	4,188,554
Fines and penalties	750,989	649,353
Contributions from other municipalities	3,630,674	4,293,187
Miscellaneous	1,561,905	956,758
Milton Hydro gain	1,622,233	1,631,404
Total Revenues	53,749,278	51,151,014
EXPENDITURES		
Revenue Fund (note 6)		
General government	5,388,431	4,678,544
Protection to persons and property	5,336,981	4,594,555
Transportation services	7,248,930	6,926,719
Environmental services	45,790	20,039
Social and family services	273,320	186,163
Recreational and cultural services	8,504,322	6,967,391
Planning and development	1,857,909	1,793,514
Capital Fund		
General government	1,705,938	892,464
Protection to persons and property	1,137,156	1,693,230
Transportation services	9,862,629	7,246,665
Environmental services	123,723	765,169
Recreational and cultural services	5,821,254	16,689,385
Planning and development	595,489	477,198
Reserve Fund		
General government	150	300
Total Expenditures	47,902,022	52,931,336
Increase (Decrease) in Net Financial Assets	5,847,256	(1,780,322)
Change in Non Financial Assets	(90,267)	107,800
Net Revenues (Expenditures)	5,756,989	(1,672,522)
Net new debt issued	9,745,385	-
Debt principal repayments	(270,800)	(454,802)
Change in employee benefits obligations	30,867	-
Change in Fund Balances	\$ 15,262,441	\$ (2,127,324)

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

**THE CORPORATION OF THE TOWN OF MILTON
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**

For the year ended December 31, 2004, with comparative figures for 2003

	2004	2003
OPERATIONS		
Net Revenues (Expenditures)	\$ 5,756,989	\$ (1,672,522)
Uses:		
Increase in receivables	(1,738,616)	-
Increase in other current assets	(280,697)	(17,363)
Increase in long-term assets	(118,082)	(604,676)
Increase in inventory	-	(107,800)
Decrease in accounts payable and accrued liabilities	(746,413)	-
Decrease in other current liabilities	(107,871)	(185,852)
	(2,991,679)	(915,691)
Sources:		
Decrease in receivables	-	1,414,323
Decrease in inventory	90,267	-
Increase in accounts payable and accrued liabilities	-	140,351
Increase in deferred revenue	8,079,847	4,510,937
Increase in employee benefits obligations	58,726	44,789
	8,228,840	6,110,400
Net change in cash from operations	10,994,150	3,522,187
INVESTING		
Milton Hydro gain	(1,622,233)	(1,631,404)
Decrease (increase) in long-term investments	5,471,241	(10,705,164)
Net change in cash from investing	3,849,008	(12,336,568)
FINANCING		
Net new debt issued	9,745,385	-
Debt principal repayment	(270,800)	(454,802)
Net change in cash from financing	9,474,585	(454,802)
Net change in cash and temporary investments	24,317,743	(9,269,183)
Opening cash and temporary investments	8,480,961	17,750,144
Closing cash and temporary investments	\$ 32,798,704	\$ 8,480,961

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

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

The Town of Milton is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Milton (the "Town") are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Reporting Entity

(i) Consolidated financial statements

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the current fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards, which are under the control of Council:

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

All interfund assets and liabilities and revenues and expenditures have been eliminated. The investment in Milton Hydro Holdings Inc. has been accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and interorganizational transactions and balances are not eliminated.

(ii) Accounting for Region and School Board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Halton are not reflected in the municipal fund balances of these financial statements.

(iii) Trust funds

Trust Funds administered by the Municipality amounting to \$1,861 (2003 -\$1,861) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities". They are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues, as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Fixed Assets:

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

(iii) Inventory:

Inventory is valued at the lower of cost and net realizable value.

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

(iv) Reserves and reserve funds:

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

(v) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(vi) Deferred revenue

Deferred revenue – obligatory reserve funds represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(vii) Investment income:

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(viii) Use of estimates:

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

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2004, the Town adopted Section 3255 of the public sector accounting principles of the Canadian Institute of Chartered Accountants ("post-employment benefits, compensated absences and termination benefits"). This Section requires recognition, measurement and disclosure of obligations for post-employment benefits, compensated absences and termination benefits. The new recommendations have been applied retroactively with restatement and have increased employee benefits obligations by \$530,752, amounts to be recovered from future revenues by \$470,857, and amounts to be recovered from reserves by \$59,895 from balances previously reported in fiscal 2003.

3. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF HALTON

Further to note 1 (a) (ii), the taxation, other revenues and expenditures of the school boards and the Region of Halton are comprised of the following:

	School Boards	Region	Total
Taxation and user charges	\$ 29,989,337	\$ 27,567,294	\$ 57,556,631
Less:			
Taxes written off	(457,741)	(230,417)	(688,158)
Vacancy rebates	(47,361)	(21,298)	(68,659)
Charity rebates	(10,189)	(4,312)	(14,501)
Add:			
Phase-in Settlement	140,879	77,381	218,260
Amounts received or receivable	\$ 29,614,925	\$ 27,388,648	\$ 57,003,573
Requisitions	\$ 29,614,925	\$ 27,388,648	\$ 57,003,573

THE CORPORATION OF THE TOWN OF MILTON NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

4. NET LONG-TERM LIABILITIES

(a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2004	2003
Total long-term liabilities issued by Region of Halton	\$ 1,103,700	\$ 1,539,629
Less: Principal repayment	(270,800)	(435,929)
Add: New debt issued	8,892,201	-
Net long-term liabilities at the end of the year	\$ 9,725,101	\$ 1,103,700

(b) The principal payments to be made on the outstanding net long-term liabilities are as follows:

2005	\$ 1,038,126
2006	897,135
2007	931,827
2008	970,520
2009	1,011,218
2010-2014	4,876,275
Total long-term liabilities	\$ 9,725,101

(c) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities issued in the name of the Municipality.

5. CHARGES FOR NET LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities, which are reported on the Consolidated Statement of Financial Activities, are as follows:

	2004	2003
Principal payments	\$ 270,800	\$ 435,929
Interest	103,922	92,336
Total debt charges	\$ 374,722	\$ 528,265

6. CLASSIFICATION OF EXPENDITURE BY OBJECT

The Consolidated Statement of Financial Activities presents the expenditures by function; the following classifies those same expenditure by object

	2004	2003
Salaries, wages and employee benefits	\$ 17,361,148	\$ 15,348,215
Operating materials and supplies	2,392,756	2,479,267
Contracted services	7,757,756	6,214,374
Rents and financial expenses	226,299	426,317
External transfers to others	792,317	606,416
Debt charges	125,407	92,336
Total expenditures by object	\$ 28,655,683	\$ 25,166,925

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

7. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The balances on the Consolidated Statement of Financial Activities of municipal equity of \$66,164,797 (2003 - \$50,902,356) at the end of the year are comprised of the following:

	2004	2003
General ratepayers	\$ 259,687	\$ 278,753
Urban service area ratepayers	40,313	21,247
Library	19,450	24,000
	319,450	324,000
Funds available (required) for the acquisition of fixed assets	5,752,639	(5,230,125)
Reserves	13,127,509	9,212,186
Reserve funds	9,914,250	11,167,579
Milton Hydro Holdings Inc. net equity	37,050,949	35,428,716
Total	\$ 66,164,797	\$ 50,902,356

8. LONG-TERM INVESTMENTS

The total long-term investments of \$20,932,214 (2003 - \$26,403,455) reported on the Consolidated Statement of Financial Position at lower of cost and net realizable value, have a market value of \$22,148,757 (2003 - \$27,673,598) at the end of the year.

9. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 229 (2003 – 220) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

10. BUDGET FIGURES

Budgets established for Capital Funds, Reserves and Reserve Funds are based on a project oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and budgets have therefore not been reflected on the Consolidated Statement of Financial Activities.

11. TAXES RECEIVABLE

Taxes receivable of \$3,924,324 (2003 - \$2,913,492) reported on the Consolidated Statement of Financial Position include Supplementary taxes of \$254,871 (2003 - \$0) recorded in 2004 but not collectable until 2005.

12. SALARY DISCLOSURE

The Public Sector Salary Disclosure Act requires publication of Town employee wages in excess of \$100,000.

NAME	SALARY POSITION	TAXABLE PAID	BENEFITS
Mario Belvedere	Chief Administrative Officer	\$155,393	\$8,853
James McQueen	Director, Corporate Services & Treasurer	\$120,952	\$531
Jennifer Reynolds	Director, Community Services	\$120,393	\$531
Emilio Iovio	Director, Planning and Development	\$119,141	\$531
Michael Cripps	Director, Engineering Services	\$105,862	\$531
Harold Penson	Fire Chief	\$105,128	\$531
Leslie Fitch	Chief Librarian	\$105,022	\$531

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

13. EMPLOYEE BENEFIT OBLIGATIONS

(a) Extended post-employment benefits

The Town provides dental and health care benefits between the time an employee retires under the OMERS, and the normal retirement age of 65. An independent actuarial study of the post-employment benefits has been undertaken. The most recent valuation of the employee future benefits was completed for December 31, 2001. At December 31, 2004, the Town's accrued benefit obligation relating to post-employment benefit plans is \$467,552 (2003 – \$470,857).

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

Discount rate	6% per annum
Dental benefits escalation	5% per annum
Health benefits escalation	10% per annum in 2004 decreasing to 5% over 15 years

Information with respect to the Town's post-employment obligations is as follows:

	2004	2003
Opening accrued benefit obligation	\$ 470,857	\$ 471,626
Expense recognized for the period	38,547	38,030
Expected benefits paid	(41,852)	(38,799)
Closing accrued benefit obligation	467,552	470,857
Amounts to be recovered from future revenues	467,552	470,857

(b) Workers safety and insurance obligations

In common with other Schedule 2 employers, the Town funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. An independent actuarial study of the workplace safety and insurance liabilities for future payments on Workplace Safety and Insurance Board claims has been undertaken. The most recent valuation of the workplace safety and insurance liabilities was completed as for 2001. The actuarial updates were prepared for the consecutive years. At December 31, 2004, the Town's accrued benefit obligation relating to workplace safety and insurance liabilities is \$94,067 (2003 – \$59,895).

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

	2004	2003
Opening accrued benefit obligation	\$ 59,895	\$ 37,186
Expense recognized for the period	57,192	36,816
Expected benefits paid (including admin)	(23,020)	(14,107)
Closing accrued benefit obligation	94,067	59,895
Amounts to be recovered from reserves	94,067	59,895

(c) Liability for vacation and banked overtime

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Town's benefit plans for vacation time. Under the same plan, unused banked overtime can accumulate and certain employees may become entitled to a cash payment upon termination of services. Vacation and banked overtime credits earned as at December 31, 2004 amount to \$169,643 (2003 - \$141,784)

**THE CORPORATION OF THE TOWN OF MILTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2004

14. PRIOR YEAR FIGURES

Certain of the comparative figures have been reclassified to conform with the Financial Statement presentation adopted for the current year

15. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of \$13,127,509 (2003 - \$9,212,186) and \$9,914,250 (2003 - \$11,167,579) respectively is made up of the following:

(a) Reserves

	2004	2003	Net Change
Reserves set aside for specific purposes by Council:			
Library Services	\$ 152,019	\$ 95,566	\$ 56,453
Working Funds	600,000	600,000	-
Equipment Replacement	1,307,317	744,906	562,411
Tax Rate Stabilization	956,297	328,803	627,494
Election	34,000	-	34,000
Insurance	451,853	325,017	126,836
Municipal Building Replacement	600,000	500,000	100,000
Capital Provision	3,602,615	2,367,390	1,235,225
Capital Works	447,817	637,637	(189,820)
Computer Requirements	281,114	80,095	201,019
Aggregate Permit Fees	328,237	395,941	(67,704)
Seniors Fundraising	51,871	41,746	10,125
Milton Hydro Interest	(2,270)	-	(2,270)
Legal Action	100,582	83,662	16,920
Winter Control	450,014	120,014	330,000
Town Portion Growth Capital	367,259	516,578	(149,319)
Downtown Business Improvement Area	71,134	55,416	15,718
Growth Related Resources	-	100,297	(100,297)
Municipal Building Component	575,631	254,358	321,273
WSIB	408,486	249,846	158,640
Per Unit Development Processing Fee	301,312	138,779	162,533
Transit and Transportation	2,042,221	1,576,135	466,086
Total	\$ 13,127,509	\$ 9,212,186	\$ 3,915,323

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

(b) Reserve Funds

	2004	2003	Net Change
Reserve funds set aside for specific purposes by Council:			
Highpoint Letter of Credit	\$ 189,131	\$ 183,230	\$ 5,901
Gas Tax for Transit	38,667	-	38,667
Sportsfield Development	45,270	36,196	9,074
Property Transactions	1,156,909	1,860,758	(703,849)
Ice Usage Reserve Fund	-	89,179	(89,179)
High School Scholarships	806	928	(122)
Perpetual Maintenance	79,105	68,498	10,607
Optimist Club Legacy	-	247,518	(247,518)
Cash in Lieu of Storm Water	44,616	43,224	1,392
WSIB Settlement	30,916	37,294	(6,378)
Ontario Lottery Corp. Proceeds	8,328,830	8,600,754	(271,924)
Total	\$ 9,914,250	\$ 11,167,579	\$ (1,253,329)

16. DEFERRED REVENUE – OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used. Under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized below:

	2004	2003	Net Change
Cash in Lieu of Parking	\$ 23,574	\$ 225,848	\$ (202,274)
Park Dedication Fund	512,005	306,462	205,543
	535,579	532,310	3,269
Development Charges - Roads	18,460,108	11,815,534	6,644,574
Development Charges - Fire	596,416	318,357	278,059
Development Charges - Library	2,928,820	2,188,364	740,456
Development Charges - Transit	198,282	141,859	56,423
Development Charges - Administration	(95,754)	(385,740)	289,986
Development Charges - Parks	3,700,716	3,132,882	567,834
Development Charges - Recreation	(1,634,586)	133,811	(1,768,397)
Development Charges - Transportation	143,423	-	143,423
	24,297,425	17,345,067	6,952,358
Total	\$ 24,833,004	\$ 17,877,377	\$ 6,955,627

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004

17. INVESTMENT IN MILTON HYDRO

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, Council approved the incorporation of the electricity distribution business of the former Milton Hydro-Electric Commission (the "Commission"). Pursuant to this legislation, the Town incorporated four companies, Milton Hydro Holdings Inc. ("MHHI") and its wholly-owned subsidiaries, Milton Hydro Distribution Inc., Milton Hydro Telecom Inc. and Milton Hydro Services Inc.

MHHI was incorporated on August 30, 2000 as a wholly-owned subsidiary of the Town. Effective October 1, 2000, substantially all of the assets and liabilities of the former Commission were transferred to MHHI.

The investment in MHHI is represented by the following:

	2004	2003
Promissary note receivable from MHHI, 7.25% interest payable in quarterly installments of \$270,683, no fixed principal repayment date	\$ 14,934,210	\$ 14,934,210
2,000 common shares	17,548,467	17,548,467
Retained earnings end of the year	4,568,272	2,946,039
	\$ 37,050,949	\$ 35,428,716

The MMHI is owned and controlled by the Town and as a business enterprise of the Town is accounted for on a modified equity basis in these financial statements. MMHI is the electric distribution utility for the Town's residents. The following table provides condensed supplementary financial information for MMHI for the year ended December 31:

	2004	2003
Current assets	\$ 16,753,972	\$ 16,558,843
Capital assets	29,725,010	27,737,037
Deferred payments in lieu of taxes	611,300	94,100
Regulatory assets	-	360,985
Total assets	47,090,282	44,750,965
Current liabilities	7,764,896	6,963,905
Other liabilities	1,855,532	2,358,344
Note payable	14,934,210	14,934,210
Regulatory liabilities	418,905	-
Total liabilities	24,973,543	24,256,459
Net assets	\$ 22,116,739	\$ 20,494,506
Results of operations:		
Revenues	\$ 50,020,756	\$ 49,563,230
Operating expenses	48,398,523	47,931,826
Gain for the period	1,622,233	1,631,404
Retained earnings, beginning of the year	2,946,039	1,314,635
Retained earnings, end of the year	\$ 4,568,272	\$ 2,946,039

THE CORPORATION OF THE TOWN OF MILTON CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS

For the year ended December 31, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
REVENUES			
Property taxation	\$ 14,060,185	\$ 15,565,855	\$ 12,606,489
Revenue from other governments	259,685	322,776	259,989
User charges	6,550,340	5,777,102	4,851,916
Government grants	1,456,109	1,465,199	1,479,918
Investment income	800,000	759,455	849,822
Licences, permits, rents etc.	3,505,024	4,001,757	4,188,554
Fines and penalties	726,850	750,989	649,353
Developer contributions earned	90,000	146,992	105,621
Contributions from other municipalities	1,164,845	1,657,820	1,650,930
Miscellaneous	50,100	729,666	218,833
Total Revenues	28,663,138	31,177,611	26,861,425
EXPENDITURES			
General government	5,236,818	5,388,431	4,678,544
Protection to persons and property	5,062,934	5,336,981	4,594,555
Transportation services	6,112,184	7,248,930	6,926,719
Environmental services	50,103	45,790	20,039
Social and family services	252,250	273,320	186,163
Recreational and cultural services	8,408,869	8,504,322	6,967,391
Planning and development	1,922,531	1,857,909	1,793,514
Total Expenditures	27,045,689	28,655,683	25,166,925
NET REVENUES	1,617,449	2,521,928	1,694,500
FINANCING AND TRANSFERS			
Debt principal repayments	(270,800)	(270,800)	(454,802)
Transfers from own funds	3,044,087	3,722,176	3,360,192
Transfers to own funds	(4,714,736)	(5,918,454)	(4,376,688)
Net Financing and Transfers	(1,941,449)	(2,467,078)	(1,471,298)
CHANGE IN NON FINANCIAL ASSETS		(90,267)	107,800
CHANGE IN EMPLOYEE BENEFITS OBLIGATIONS		30,867	-
CHANGE IN CURRENT FUND BALANCE	(324,000)	(4,550)	331,002
Opening Current Fund Balance	324,000	324,000	(7,002)
CLOSING CURRENT FUND BALANCE	\$ -	\$ 319,450	\$ 324,000

**THE CORPORATION OF THE TOWN OF MILTON
CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS**

For the year ended December 31, 2004, with comparative figures for 2003

	2004	2003
REVENUES		
Developer contributions earned	\$ 8,514,116	\$ 8,609,704
Contributions from other municipalities	1,972,854	1,816,257
Government grants	521,160	326,133
Miscellaneous	308,905	131,049
Total Revenues	11,317,035	10,883,143
EXPENDITURES		
General government	1,705,938	892,464
Protection to persons and property	1,137,156	1,693,230
Transportation services	9,862,629	7,246,665
Environmental services	123,723	765,169
Recreational and cultural services	5,821,254	16,689,385
Planning and development	595,489	477,198
Total Expenditures	19,246,189	27,764,111
NET EXPENDITURES	(7,929,154)	(16,880,968)
FINANCING AND TRANSFERS		
Net new debt issued	9,745,385	-
Transfers from own funds	12,302,625	11,127,836
Transfers to own funds	(3,136,092)	(3,173,145)
Net Financing and Transfers	18,911,918	7,954,691
CHANGE IN CAPITAL FUND BALANCE	10,982,764	(8,926,277)
Opening Capital Fund Balance	(5,230,125)	3,696,152
CLOSING CAPITAL FUND BALANCE	\$ 5,752,639	\$ (5,230,125)

**THE CORPORATION OF THE TOWN OF MILTON
CONSOLIDATED SCHEDULE OF RESERVE AND RESERVE FUNDS**

For the year ended December 31, 2004, with comparative figures for 2003

	2004	2003
REVENUES		
Developer contributions earned	\$ 2,173,056	\$ 2,466,723
Investment income	1,355,402	1,389,246
Proceeds from Ontario Lottery Corporation	5,580,607	6,486,197
Contributions from other municipalities	-	826,000
Miscellaneous	523,334	606,876
Total Revenues	9,632,399	11,775,042
EXPENDITURES		
General government	150	300
Total Expenditures	150	300
NET REVENUES	9,632,249	11,774,742
FINANCING AND TRANSFERS		
Transfers from own funds	6,619,311	5,222,175
Transfers to own funds	(13,589,566)	(12,160,370)
Total Financing and Transfers	(6,970,255)	(6,938,195)
CHANGE IN RESERVES AND RESERVE FUND BALANCES	2,661,994	4,836,547
Opening Reserves and Reserve Fund Balance	20,379,765	15,543,218
CLOSING RESERVES AND RESERVE FUND BALANCE	\$ 23,041,759	\$ 20,379,765

THE CORPORATION OF THE TOWN OF MILTON
TRUST FUNDS
DECEMBER 31, 2004



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AUDITORS' REPORT

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

We have examined the statement of financial position of the Trust Funds of the Corporation of the Town of Milton as at December 31, 2004 and the statement of continuity of Trust Funds for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Milton as at December 31, 2004 and the continuity of Trust Funds for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Hamilton, Canada

April 8, 2005



**THE CORPORATION OF THE TOWN OF MILTON
TRUST FUNDS – STATEMENT OF FINANCIAL POSITION**

As at December 31, 2004, with comparative figures for 2003

	2004		2003	
	Sta. Maria Partnership (note 2)	Total	Total	Total
ASSETS				
Due from The Town of Milton	\$ 1,861	\$ 1,861		1,861
FUND BALANCES	\$ 1,861	\$ 1,861	\$	1,861

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

**THE CORPORATION OF THE TOWN OF MILTON
TRUST FUNDS – STATEMENT OF CONTINUITY**

For the year ended December 31, 2004, with comparative figures for 2003

	2004		2003	
	Sta. Maria Partnership (note 2)	Total	Total	Total
Balance at the Beginning of the year	\$ 1,861	\$ 1,861	\$ 3,440	
REVENUES				
Interest earned	-	-	190	
Total Revenues	-	-	190	
EXPENDITURES				
Miscellaneous	-	-	1,769	
Total Expenditures	-	-	1,769	
Balance at the end of the year	\$ 1,861	\$ 1,861	\$ 1,861	

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

THE CORPORATION OF THE TOWN OF MILTON

TRUST FUNDS – NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trust Funds of the Corporation of the Town of Milton are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues, as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

2. STA. MARIA TRUST FUND

The Town of Milton is a participant in the FCM (Federation of Canadian Municipalities) initiative to partner Canadian municipalities with foreign developing municipalities. Milton was partnered with Sta. Maria Bulacan, Philippines in January 1999. Since then, exchange teams of municipal staff have been ongoing between Sta. Maria and Milton. As this is a fully funded FCM program, a trust was set up for receipt and expensing of these funds.

THE CORPORATION OF THE TOWN OF MILTON

MILTON PUBLIC LIBRARY BOARD

DECEMBER 31, 2004



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AUDITORS' REPORT

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

We have examined the statement of financial position of the Milton Public Library Board as at December 31, 2004 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Milton Public Library as at December 31, 2004 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Hamilton, Canada

April 8, 2005



**MILTON PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION**

As at December 31, 2004, with comparative figures for 2003

	2004	2003
ASSETS		
Due from Town of Milton	\$ 33,047	\$ 44,866
Prepaid expenses	8,485	11,858
Total	41,532	56,724
LIABILITIES		
Accounts payable and accrued liabilities	20,780	31,477
Deferred revenue	1,302	1,247
Total	22,082	32,724
Total Net Assets	\$ 19,450	\$ 24,000
FUND BALANCES		
To be used to offset taxation or user charges	19,450	24,000
Total Position	\$ 19,450	\$ 24,000

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

MILTON PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
REVENUES			
Municipal contribution	\$ 1,672,317	\$ 1,672,317	\$ 1,662,976
Specific grants and donations	4,432	4,643	4,433
Provincial grant	52,427	52,429	52,429
Statutory revenue	43,100	52,893	50,594
Miscellaneous receipts	6,850	8,873	8,334
Total Revenues	1,779,126	1,791,155	1,778,766
EXPENDITURES			
Books and rotating collections	123,267	122,520	118,416
Subscriptions	19,072	14,279	14,823
Film	1,045	928	1,035
Recordings	14,160	13,978	13,550
Video	15,427	16,193	14,762
Electric products	12,100	10,410	8,566
Shipping, foreign exchange and postage	3,540	3,921	3,709
Processing and bindery	28,172	25,466	26,887
Materials and supplies	5,350	4,554	5,283
Software and computer supplies	3,954	2,089	3,533
Office equipment	7,455	4,745	7,703
Audit	2,180	2,037	2,142
Programs	5,200	4,603	4,158
Advertising	4,000	3,968	4,749
Publicity and printing	2,000	1,283	1,452
Insurance	5,256	5,680	4,380
Building repairs and maintenance	10,000	9,783	12,667
Maintenance supplies & equipment	3,800	3,072	3,327
Ground maintenance, plowing	9,878	8,495	7,188
Utilities	51,086	43,688	42,947
Service Contracts	69,317	59,054	56,992
Salaries and fringe benefits	1,388,167	1,326,567	1,342,517
Professional fees	6,400	9,685	3,712
Mileage	3,100	3,881	3,242
Staff Development	6,500	6,888	5,315
Equipment leases	-	-	6,456
Board expenses	2,700	1,486	1,959
Total Expenditures	1,803,126	1,709,253	1,721,470
NET REVENUE (EXPENDITURES)	(24,000)	81,902	57,296
FINANCING AND TRANSFERS			
Transfer to reserves (Note 2)	-	(86,452)	(50,200)
Net Financing and Transfers	-	(86,452)	(50,200)
CHANGE IN CURRENT FUND BALANCE	(24,000)	(4,550)	7,096
Opening Current Fund Balance	24,000	24,000	16,904
CLOSING CURRENT FUND BALANCE	\$ -	\$ 19,450	\$ 24,000

The accompanying notes are an integral part of these financial statements

**MILTON PUBLIC LIBRARY BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION**

For the year ended December 31, 2004, with comparative figures for 2003

OPERATIONS		
Net Revenues	\$ 81,902	\$ 57,296
Increase/Decrease in non-cash working capital		
Accrued Receivables	-	3,534
Prepaid Expenses	3,373	(398)
Accounts Payable and Accrued Liabilities	(10,697)	11,406
Deferred Revenue	55	168
Net change in cash from operations	74,633	72,006
FINANCING		
Change in due from Town of Milton	11,819	(21,806)
Transfer to reserves	(86,452)	(50,200)
Net change in cash from financing	(74,633)	(72,006)
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	\$ -	\$ -

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

MILTON PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Milton Public Library Board are the representation of the Board's management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues, as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Fixed Assets

The historical cost and accumulated depreciation of fixed assets are not reported for municipal accounting purposes. Fixed Assets are reported as an expenditure in the year of acquisition.

2. RESERVES

The reserves, under municipal legislation, are held and controlled by the municipal Council. The reserve for Library services has a balance at December 31, 2004 of \$152,019 (2003 - \$95,566).

**MILTON PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2004

3. CAPITAL EXPENDITURES

The municipality manages certain capital projects on behalf of the Library. The following is a summary of the Library's capital fund managed by the municipality.

	2004	2003
Unapplied Capital Receipts, Beginning of The Year	\$ 53,341	\$ 5,546
Revenue		
Contribution from Town Reserves	183,374	126,021
Contribution from Revenue	462	-
Total	237,177	131,567
Expenditures		
Automation Replacement	62,861	47,878
Graphical System Upgrade	1,394	-
Review HR Structure	-	994
DVD Film Collection	2,726	27,264
Community Needs Assessment	-	400
Library Sesquicentennial Celebrations	1,347	-
Transfer to Town Reserves	740	1,690
Total	69,068	78,226
Unapplied Capital Receipts, End of Year	\$ 168,109	\$ 53,341

THE CORPORATION OF THE TOWN OF MILTON

**BOARD OF MANAGEMENT FOR THE MILTON
DOWNTOWN BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2004



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AUDITORS' REPORT

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

We have examined the statement of financial position of the Board of Management for the Milton Downtown Business Improvement Area as at December 31, 2004 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board of Management for Milton Downtown Business Improvement Area as at December 31, 2004 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Hamilton, Canada

April 8, 2005



**BOARD OF MANAGEMENT FOR THE MILTON
DOWNTOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION**

As at December 31, 2004, with comparative figures for 2003

	2004	2003
ASSETS		
Due from Town of Milton	\$ 71,134	\$ 53,877
Prepaid expenditures	-	1,053
Accrued receivables	-	486
Total Assets	\$ 71,134	\$ 55,416
FUND BALANCES		
Reserves	\$ 71,134	\$ 55,416
Total Position	\$ 71,134	\$ 55,416

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

**BOARD OF MANAGEMENT FOR THE MILTON
DOWNTOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL ACTIVITIES**

As at December 31, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
REVENUE			
Tax levy	\$ 115,000	\$ 115,074	\$ 115,002
Tax adjustment	-	-	4,095
Summer student grant	-	624	2,098
Advertising revenue	-	4,345	3,852
Total Revenues	115,000	120,043	125,047
EXPENDITURES			
Beautification and planters	41,200	27,186	13,992
Trade promotion and special events	31,500	39,177	45,821
General administration	22,300	18,076	24,423
Salaries and benefits	20,000	19,755	22,857
Taxes written off	-	131	841
Total Expenditures	115,000	104,325	107,934
NET REVENUES	-	15,718	17,113
FINANCING AND TRANSFERS (note 2)			
Transfers to reserves	-	(15,718)	(17,113)
Total Financing and Transfers	-	(15,718)	(17,113)
CHANGE IN CURRENT FUND BALANCE	-	-	-
Opening Current Fund Balance	-	-	-
CLOSING CURRENT FUND BALANCE	\$ -	\$ -	\$ -

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

BOARD OF MANAGEMENT FOR THE MILTON DOWNTOWN BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Management for the Milton Downtown Business Improvement Area are the representation of the Board's management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimate and approximations. These have been made using careful judgements.

(a) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

2. RESERVES

During 2004, the Board of Management for the Milton Downtown Business Improvement Area transferred net revenues of \$15,718 to reserves bringing the year-end balance to \$71,134 (2003 - \$55,416).