

THE CORPORATION OF THE TOWN OF MILTON
FINANCIAL STATEMENTS
DECEMBER 31, 2005

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KPMG LLP
Chartered Accountants
Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Fax (905) 523-2222
Internet www.kpmg.ca

AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Town of Milton as at December 31, 2005 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, 2005. These financial statements and schedules are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements and schedules 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 and schedules present fairly, in all material respects, the financial position of the Corporation of the Town of Milton as at December 31, 2005 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 7, 2006

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

As at December 31, 2005, with comparative figures for 2004

	2005	2004
ASSETS		
Financial Assets		
Cash and temporary investments	\$ 51,672,474	\$ 32,798,704
Long-term investments (note 8)	21,302,212	20,932,214
Taxes receivable (note 10)	4,317,843	3,924,324
Accounts receivable	4,245,067	5,367,637
Other current assets	35,534	328,143
Long-term assets	137,200	877,424
Investment in Milton Hydro (note 15)	39,079,480	37,050,949
Total	120,789,810	101,279,395
LIABILITIES		
Indebtedness	1,015,448	853,184
Accounts payable and accrued liabilities	4,611,565	4,547,318
Deferred revenue - general	5,657,765	4,810,321
Deferred revenue - obligatory reserve funds (note 5 and 14)	34,722,331	24,833,004
Employee benefits obligations (note 11)	788,376	731,262
Other current liabilities	1,241,898	1,096,866
Net long-term debentures (note 4)	13,568,585	9,725,101
Other long-term liabilities	10,855	-
Total	61,616,823	46,597,056
Net Financial Assets	59,172,987	54,682,339
Non-Financial Assets		
Inventory	303,341	342,554
Total Net Assets	\$ 59,476,328	\$ 55,024,893
MUNICIPAL POSITION		
Amounts to be recovered from future revenues		
Capital outlay financed	\$ (14,584,033)	\$ (10,578,285)
Post employment benefit obligation (note 11 (a))	(461,417)	(467,552)
Amounts to be recovered from reserves		
Workplace safety and insurance (note 11 (b))	(102,608)	(94,067)
Total	(15,148,058)	(11,139,904)
Fund Balances (note 7)		
To be used to offset taxation or user charges	320,500	319,450
Unexpended capital	10,687,149	5,752,639
Reserves (note 13 (a))	14,297,142	13,127,509
Reserve funds (note 13 (b))	10,240,115	9,914,250
Milton Hydro net equity (note 15)	39,079,480	37,050,949
Total	74,624,386	66,164,797
Total Municipal Position	\$ 59,476,328	\$ 55,024,893

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, 2005, with comparative figures for 2004

	2005	2004
REVENUES		
Taxation and user charges		
Property taxation	\$ 16,897,608	\$ 15,565,855
Taxation from other governments	324,708	322,776
User charges	6,017,731	5,777,102
Grants		
Government grants	3,443,072	1,986,359
Other		
Developer contributions earned	11,716,882	10,834,164
Investment income	2,618,265	2,114,857
Proceeds from Ontario Lottery Corporation	5,817,096	5,580,607
Licences, permits, rents etc.	4,373,612	4,001,757
Fines and penalties	910,199	750,989
Contributions from other municipalities	1,702,499	3,630,674
Miscellaneous	1,241,456	1,561,905
Milton Hydro gain	2,028,531	1,622,233
Total Revenues	57,091,659	53,749,278
EXPENDITURES		
Revenue Fund (note 6)		
General government	5,912,470	5,388,431
Protection to persons and property	5,861,687	5,336,981
Transportation services	8,190,435	7,248,930
Environmental services	39,753	45,790
Social and family services	206,672	273,320
Recreational and cultural services	8,922,483	8,504,322
Planning and development	2,083,607	1,857,909
Capital Fund		
General government	6,186,664	1,705,938
Protection to persons and property	1,342,536	1,137,156
Transportation services	9,617,583	9,862,629
Environmental services	105,334	123,723
Recreational and cultural services	4,254,327	5,821,254
Planning and development	67,064	595,489
Reserve Fund		
General government	32,061	150
Total Expenditures	52,822,676	47,902,022
Increase in Net Financial Assets	4,268,983	5,847,256
Change in Non Financial Assets	(39,213)	(90,267)
Net Revenues	4,229,770	5,756,989
Net new debt issued	5,043,874	9,745,385
Debt principal repayments	(816,461)	(270,800)
Change in employee benefits obligations	2,406	30,867
Change in Fund Balances	\$ 8,459,589	\$ 15,262,441

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, 2005, with comparative figures for 2004

	2005	2004
OPERATIONS		
Net Revenues	\$ 4,229,770	\$ 5,756,989
Uses:		
Increase in receivables	-	(1,738,616)
Increase in other current assets	-	(280,697)
Increase in long-term assets	-	(118,082)
Decrease in accounts payable and accrued liabilities	-	(746,413)
Decrease in other current liabilities	-	(107,871)
	-	(2,991,679)
Sources:		
Decrease in receivables	729,051	-
Decrease in other current assets	292,609	-
Decrease in long-term assets	740,224	-
Decrease in inventory	39,213	90,267
Increase in accounts payable and accrued liabilities	64,247	-
Increase in deferred revenue	10,736,771	8,079,847
Increase in other current liabilities	145,032	-
Increase in employee benefits obligations	57,114	58,726
Increase in other long-term liabilities	10,855	-
	12,815,116	8,228,840
Net change in cash from operations	17,044,886	10,994,150
INVESTING		
Milton Hydro gain	(2,028,531)	(1,622,233)
Decrease (increase) in long-term investments	(369,998)	5,471,241
Net change in cash from investing	(2,398,529)	3,849,008
FINANCING		
Net new debt issued	5,043,874	9,745,385
Debt principal repayment	(816,461)	(270,800)
Net change in cash from financing	4,227,413	9,474,585
Net change in cash and temporary investments	18,873,770	24,317,743
Opening cash and temporary investments	32,798,704	8,480,961
Closing cash and temporary investments	\$ 51,672,474	\$ 32,798,704

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, 2005

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 (2004 -\$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, 2005

(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. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 244 (2004 – 229) 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.

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	\$ 31,815,196	\$ 30,091,155	\$ 61,906,351
Less:			
Taxes written off	(605,941)	(260,461)	(866,402)
Vacancy rebates	(59,677)	(26,881)	(86,558)
Charity rebates	(11,007)	(4,524)	(15,531)
Phase-in Settlement	(53,367)	(10,370)	(63,737)
Add:			
Right of Way-CNR write off	2,127	1,009	3,136
Amounts received or receivable	\$ 31,087,331	\$ 29,789,928	\$ 60,877,259

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

For the year ended December 31, 2005

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:

	2005	2004
Total long-term liabilities issued by Region of Halton	\$ 9,725,101	\$ 1,103,700
Less: Principal repayment	(1,038,126)	(270,800)
Add: New debt issued	4,881,610	8,892,201
Net long-term liabilities at the end of the year	\$ 13,568,585	\$ 9,725,101

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

2006	1,213,855
2007	1,257,912
2008	1,306,957
2009	1,358,993
2010	1,257,994
2011-2020	7,172,874
Total long-term liabilities	\$ 13,568,585

(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:

	2005	2004
Principal payments	\$ 816,461	\$ 270,800
Interest	258,648	103,922
Total debt charges	\$ 1,075,109	\$ 374,722

Total charges for the year for net long-term liabilities, which are reported on the Consolidated Statement of Financial Position as part of the balance in Deferred revenue-obligatory reserve funds, are as follows:

	2005	2004
Principal payments	\$ 221,664	\$ -
Interest	113,853	-
Total debt charges	\$ 335,517	\$ -

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

For the year ended December 31, 2005

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

	2005	2004
Salaries, wages and employee benefits	\$ 19,064,349	\$ 17,361,148
Operating materials and supplies	1,952,361	2,392,756
Contracted services	8,582,402	7,547,730
Rents and financial expenses	497,146	436,325
External transfers to others	847,382	792,317
Debt charges	273,467	125,407
Total expenditures by object	\$ 31,217,107	\$ 28,655,683

7. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The balances on the Consolidated Statement of Financial Activities of municipal equity of \$74,624,386 (2004 - \$66,164,797) at the end of the year are comprised of the following:

	2005	2004
General ratepayers	\$ 258,392	\$ 259,687
Urban service area ratepayers	41,608	40,313
Library	20,500	19,450
	<u>320,500</u>	<u>319,450</u>
Funds available for the acquisition		
of fixed assets	10,687,149	5,752,639
Reserves	14,297,142	13,127,509
Reserve funds	10,240,115	9,914,250
Milton Hydro Holdings Inc. net equity	39,079,480	37,050,949
Total	\$ 74,624,386	\$ 66,164,797

8. LONG-TERM INVESTMENTS

The total long-term investments of \$21,302,212 (2004 - \$20,932,214) reported on the Consolidated Statement of Financial Position at lower of cost and net realizable value, have a market value of \$22,109,621 (2004 - \$22,148,757) at the end of the year.

9. 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.

10. TAXES RECEIVABLE

Taxes receivable of \$4,317,843 (2004 - \$3,924,324) reported on the Consolidated Statement of Financial Position include Supplementary taxes of \$334,938 (2004 - \$254,871) recorded in 2005 but not collectable until 2006.

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2005

11. 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 as of December 31, 2005. The Town's accrued benefit obligation relating to post-employment benefit plans is \$461,417 (2004 – \$467,552).

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 2002 decreasing to 5% over 15 years

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

	2005	2004
Opening accrued benefit obligation	\$ 467,552	\$ 470,857
Expense recognized for the period	38,944	38,547
Expected benefits paid	(45,079)	(41,852)
Closing accrued benefit obligation	461,417	467,552
Amounts to be recovered from future revenues	461,417	467,552

(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 of December 31, 2005. The Town's accrued benefit obligation relating to workplace safety and insurance liabilities is \$102,608 (2004 – \$94,067).

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

	2005	2004
Opening accrued benefit obligation	\$ 94,067	\$ 59,895
Expense recognized for the period	33,524	57,192
Expected benefits paid (including admin)	(24,983)	(23,020)
Expected accrued benefit obligation	102,608	94,067
Actual benefits paid (including admin)	85,060	94,067
Unamortized Actuarial Gain from 2005 Valuation	17,548	-
Amounts to be recovered from reserves	102,608	94,067

(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, 2005 amount to \$224,351 (2004 - \$169,643).

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

For the year ended December 31, 2005

12. PRIOR YEAR FIGURES

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

13. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of \$14,297,142 (2004 - \$13,127,509) and \$10,240,115 (2004 - \$9,914,250) respectively is made up of the following:

(a) Reserves

	2005	2004	Net Change
Reserves set aside for specific purposes by Council:			
Tax Rate Stabilization	\$ 860,900	\$ 956,297	\$ (95,397)
Library Services	163,012	152,019	10,993
Legal Action	100,000	100,582	(582)
Per Unit Development Processing Fee	359,214	301,312	57,902
Election	68,000	34,000	34,000
Winter Control	435,802	450,014	(14,212)
Insurance	445,885	451,853	(5,968)
WSIB	567,542	408,486	159,056
Municipal Building Component	249,243	575,631	(326,388)
Capital Provision/Growth	5,090,455	3,602,615	1,487,840
Capital Works	1,283,561	447,817	835,744
Transit and Transportation	2,238,314	2,042,221	196,093
Computer Replacement	300,000	281,114	18,886
Equipment Replacement	697,454	1,307,317	(609,863)
Working Funds	600,000	600,000	-
Aggregate Permit Fees	275,882	328,237	(52,355)
Downtown Business Improvement Area	40,583	71,134	(30,551)
Seniors Fundraising	66,657	51,871	14,786
Town Portion Growth Capital	354,632	367,259	(12,627)
Municipal Building Replacement	100,000	600,000	(500,000)
Milton Hydro Interest	6	(2,270)	2,276
Total	\$ 14,297,142	\$ 13,127,509	\$ 1,169,633

THE CORPORATION OF THE TOWN OF MILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2005

(b) Reserve Funds

	2005	2004	Net Change
Reserve funds set aside for specific purposes by Council:			
Gas Tax for Transit	\$ 41,723	\$ 38,667	\$ 3,056
Perpetual Maintenance	117,689	79,105	38,584
Property Transactions	747,809	1,156,909	(409,100)
Cash in Lieu of Storm Water Management	103,887	44,616	59,271
Sportsfield Development	54,692	45,270	9,422
Federal Gas Tax	306,831	-	306,831
Highpoint Letter of Credit	195,430	189,131	6,299
High School Scholarships	731	806	(75)
WSIB Settlement	23,472	30,916	(7,444)
Ontario Lottery Corp. Proceeds	8,647,851	8,328,830	319,021
Total	\$ 10,240,115	\$ 9,914,250	\$ 325,865

14. 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:

	2005	2004	Net Change
Cash in Lieu of Parkland	\$ 711,226	\$ 512,005	199,221
Cash in Lieu of Parking	24,359	23,574	\$ 785
	735,585	535,579	200,006
Development Charges - Roads	21,703,272	18,460,108	3,243,164
Development Charges - Fire	1,004,771	596,416	408,355
Development Charges - Library	3,929,118	2,928,820	1,000,298
Development Charges - Transit	259,473	198,282	61,191
Development Charges - Administration	181,679	(95,754)	277,433
Development Charges - Parks	6,102,950	3,700,716	2,402,234
Development Charges - Recreation	6,776	(1,634,586)	1,641,362
Development Charges - Transportation	798,707	143,423	655,284
	33,986,746	24,297,425	9,689,321
Total	\$ 34,722,331	\$ 24,833,004	\$ 9,889,327

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

For the year ended December 31, 2005

15. 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:

	2005	2004
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	6,596,803	4,568,272
	\$ 39,079,480	\$ 37,050,949

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:

	2005	2004
Current assets	\$ 20,399,961	\$ 16,753,972
Capital assets	32,265,451	29,725,010
Deferred payments in lieu of taxes	1,062,100	611,300
Total assets	53,727,512	47,090,282
Current liabilities	11,000,634	7,764,896
Other liabilities	2,408,253	1,855,532
Note payable	14,934,210	14,934,210
Regulatory liabilities	1,239,145	418,905
Total liabilities	29,582,242	24,973,543
Net assets	\$ 24,145,270	\$ 22,116,739
Results of operations:		
Revenues	\$ 61,876,434	\$ 50,020,756
Operating expenses	59,847,903	48,398,523
Gain for the period	2,028,531	1,622,233
Retained earnings, beginning of the year	4,568,272	2,946,039
Retained earnings, end of the year	\$ 6,596,803	\$ 4,568,272

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

For the year ended December 31, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
REVENUES			
Property taxation	\$ 16,768,015	\$ 16,897,608	\$ 15,565,855
Taxation from other governments	321,538	324,708	322,776
User charges	6,221,843	6,017,731	5,777,102
Government grants	1,456,109	2,061,762	1,465,199
Investment income	800,000	1,238,246	759,455
Licences, permits, rents etc.	3,954,427	4,373,612	4,001,757
Fines and penalties	804,100	910,199	750,989
Developer contributions earned	87,300	110,894	146,992
Contributions from other municipalities	1,685,126	1,680,035	1,657,820
Miscellaneous	357,182	422,777	729,666
Total Revenues	32,455,640	34,037,572	31,177,611
EXPENDITURES			
General government	5,861,325	5,912,470	5,388,431
Protection to persons and property	5,475,817	5,861,687	5,336,981
Transportation services	7,139,746	8,190,435	7,248,930
Environmental services	44,812	39,753	45,790
Social and family services	172,980	206,672	273,320
Recreational and cultural services	9,069,354	8,922,483	8,504,322
Planning and development	2,060,508	2,083,607	1,857,909
Total Expenditures	29,824,542	31,217,107	28,655,683
NET REVENUES	2,631,098	2,820,465	2,521,928
FINANCING AND TRANSFERS			
Debt principal repayments	(1,059,311)	(816,461)	(270,800)
Transfers from own funds	2,979,043	4,928,307	3,722,176
Transfers to own funds	(4,870,280)	(6,894,454)	(5,918,454)
Net Financing and Transfers	(2,950,548)	(2,782,608)	(2,467,078)
CHANGE IN NON FINANCIAL ASSETS		(39,213)	(90,267)
CHANGE IN EMPLOYEE BENEFITS OBLIGATIONS		2,406	30,867
CHANGE IN CURRENT FUND BALANCE	(319,450)	1,050	(4,550)
Opening Current Fund Balance	319,450	319,450	324,000
CLOSING CURRENT FUND BALANCE	\$ -	\$ 320,500	\$ 319,450

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

For the year ended December 31, 2005, with comparative figures for 2004

	2005	2004
REVENUES		
Developer contributions earned	\$ 7,833,873	\$ 8,514,116
Contributions from other municipalities	22,464	1,972,854
Government grants	901,202	521,160
Miscellaneous	147,539	308,905
Total Revenues	8,905,078	11,317,035
EXPENDITURES		
General government	6,186,664	1,705,938
Protection to persons and property	1,342,536	1,137,156
Transportation services	9,617,583	9,862,629
Environmental services	105,334	123,723
Recreational and cultural services	4,254,327	5,821,254
Planning and development	67,064	595,489
Total Expenditures	21,573,508	19,246,189
NET EXPENDITURES	(12,668,430)	(7,929,154)
FINANCING AND TRANSFERS		
Net new debt issued	5,043,874	9,745,385
Transfers from own funds	14,715,539	12,302,625
Transfers to own funds	(2,156,473)	(3,136,092)
Net Financing and Transfers	17,602,940	18,911,918
CHANGE IN CAPITAL FUND BALANCE	4,934,510	10,982,764
Opening Capital Fund Balance	5,752,639	(5,230,125)
CLOSING CAPITAL FUND BALANCE	\$ 10,687,149	\$ 5,752,639

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

For the year ended December 31, 2005, with comparative figures for 2004

	2005	2004
REVENUES		
Developer contributions earned	\$ 3,772,115	\$ 2,173,056
Investment income	1,380,019	1,355,402
Proceeds from Ontario Lottery Corporation	5,817,096	5,580,607
Government Grants	480,108	-
Miscellaneous	671,140	523,334
Total Revenues	12,120,478	9,632,399
EXPENDITURES		
General government	32,061	150
Total Expenditures	32,061	150
NET REVENUES	12,088,417	9,632,249
FINANCING AND TRANSFERS		
Transfers from own funds	6,391,975	6,619,311
Transfers to own funds	(16,984,894)	(13,589,566)
Total Financing and Transfers	(10,592,919)	(6,970,255)
CHANGE IN RESERVES AND RESERVE FUND BALANCES	1,495,498	2,661,994
Opening Reserves and Reserve Fund Balance	23,041,759	20,379,765
CLOSING RESERVES AND RESERVE FUND BALANCE	\$ 24,537,257	\$ 23,041,759

THE CORPORATION OF THE TOWN OF MILTON
TRUST FUNDS
DECEMBER 31, 2005



KPMG LLP
Chartered Accountants
Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Fax (905) 523-2222
Internet www.kpmg.ca

AUDITORS' REPORT

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

We have audited the statement of financial position of the Trust Funds of the Corporation of the Town of Milton as at December 31, 2005 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement 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, 2005 and the continuity of Trust Funds for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Hamilton, Canada

April 7, 2006

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

As at December 31, 2005, with comparative figures for 2004

	2005		2004	
	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, 2005, with comparative figures for 2004

	2005		2004	
	Sta. Maria Partnership (note 2)	Total	Total	Total
Balance at the Beginning of the year	\$ 1,861	\$ 1,861	\$ 1,861	\$ 1,861
REVENUES	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES	-	-	-	-
Total Expenditures	-	-	-	-
Balance at the end of the year	\$ 1,861	\$ 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, 2005

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 program is anticipated to end in 2006.

THE CORPORATION OF THE TOWN OF MILTON

MILTON PUBLIC LIBRARY BOARD

DECEMBER 31, 2005



KPMG LLP
Chartered Accountants
Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Fax (905) 523-2222
Internet www.kpmg.ca

AUDITORS' REPORT

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

We have audited the statement of financial position of the Milton Public Library Board as at December 31, 2005 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement 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, 2005 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 7, 2006

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

As at December 31, 2005, with comparative figures for 2004

	2005	2004
ASSETS		
Due from Town of Milton	\$ 177,679	\$ 67,933
Prepaid expenses	1,500	8,485
Total	179,179	76,418
LIABILITIES		
Accounts payable and accrued liabilities	157,206	55,666
Deferred revenue	1,473	1,302
Total	158,679	56,968
Total Net Assets	\$ 20,500	\$ 19,450
FUND BALANCES		
To be used to offset taxation or user charges	20,500	19,450
Total Position	\$ 20,500	\$ 19,450

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, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
REVENUES			
Municipal contribution	\$ 1,777,504	\$ 1,777,504	\$ 1,672,317
Specific grants and donations	4,432	4,581	4,643
Provincial grant	52,427	52,429	52,429
Statutory revenue	49,140	52,515	52,893
Miscellaneous receipts	7,775	8,760	8,873
Total Revenues	1,891,278	1,895,789	1,791,155
EXPENDITURES			
Books and rotating collections	129,236	129,242	122,520
Subscriptions	19,644	13,766	14,279
Films	1,014	702	928
Recordings	14,797	14,797	13,978
Videos	16,121	16,121	16,193
Electronic products	11,736	7,577	10,410
Shipping, foreign exchange and postage	3,759	4,545	3,921
Processing and bindery	28,930	26,572	25,466
Materials and supplies	5,189	6,094	4,554
Software and computer supplies	3,835	4,526	2,089
Office equipment	10,000	9,353	4,745
Audit	2,115	2,100	2,037
Programs	6,500	6,163	4,603
Advertising	5,000	4,778	3,968
Publicity and printing	3,300	3,122	1,283
Insurance	8,302	9,082	5,680
Building repairs and maintenance	11,450	20,527	9,783
Maintenance supplies & equipment	4,178	3,590	3,072
Ground maintenance, plowing	12,700	8,053	8,495
Utilities	67,206	49,118	43,688
Service Contracts	70,781	58,327	59,054
Salaries and fringe benefits	1,450,103	1,367,234	1,326,567
Professional fees	6,208	6,103	9,685
Mileage	3,500	3,141	3,881
Staff Development	12,505	9,141	6,888
Board expenses	2,619	2,819	1,486
Total Expenditures	1,910,728	1,786,593	1,709,253
NET REVENUE (EXPENDITURES)	(19,450)	109,196	81,902
FINANCING AND TRANSFERS			
Transfer to reserves (Note 2)	-	(110,993)	(86,452)
Contribution from capital	-	2,847	-
Net Financing and Transfers	-	(108,146)	(86,452)
CHANGE IN CURRENT FUND BALANCE	(19,450)	1,050	(4,550)
Opening Current Fund Balance	19,450	19,450	24,000
CLOSING CURRENT FUND BALANCE	\$ -	\$ 20,500	\$ 19,450

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, 2005, with comparative figures for 2004

	2005	2004
OPERATIONS		
Net Revenues	\$ 109,196	\$ 81,902
Increase/Decrease in non-cash working capital		
Prepaid expenses	6,985	3,373
Accounts payable and accrued liabilities	101,540	24,189
Deferred revenue	171	55
Net change in cash from operations	217,892	109,519
FINANCING		
Change in due from Town of Milton	(109,746)	(23,067)
Transfer to reserves	(110,993)	(86,452)
Contribution from capital	2,847	
Net change in cash from financing	(217,892)	(109,519)
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, 2005

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, 2005 of \$163,012 (2004 - \$152,019).

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

For the year ended December 31, 2005

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.

	2005	2004
Unapplied capital receipts, Beginning of the year	\$ 168,109	\$ 53,341
Revenue		
Contribution from Town reserves	825,188	183,374
Contribution from revenue	118,007	462
Total	1,111,304	237,177
Expenditures		
Automation replacement	55,533	62,861
Parking lot paving	375	-
Carpet replacement	819	-
Graphical system upgrade	72,177	1,394
DVD film collection	-	2,726
Community needs assessment	571	-
Furniture and equipment	19,789	-
Library sesquicentennial celebrations	19,287	1,347
Branch #1 building	3,188	-
Central library renovations	209,963	-
Transfer to Town reserves	35,329	740
Total	417,031	69,068
Unapplied Capital Receipts, End of Year	\$ 694,273	\$ 168,109

4. PRIOR YEAR FIGURES

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

THE CORPORATION OF THE TOWN OF MILTON

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

DECEMBER 31, 2005



KPMG LLP
Chartered Accountants
Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Fax (905) 523-2222
Internet www.kpmg.ca

AUDITORS' REPORT

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

We have audited the statement of financial position of the Board of Management for the Milton Downtown Business Improvement Area as at December 31, 2005 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement 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, 2005 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Hamilton, Canada

April 7, 2006

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

As at December 31, 2005, with comparative figures for 2004

	2005	2004
ASSETS		
Due from Town of Milton	\$ 60,881	\$ 71,134
Total	60,881	71,134
LIABILITIES		
Accounts payable and accrued liabilities	20,298	-
Total	20,298	-
Total Net Assets	\$ 40,583	\$ 71,134
FUND BALANCES		
Reserves	\$ 40,583	\$ 71,134
Total Position	\$ 40,583	\$ 71,134

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, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
REVENUE			
Tax levy	\$ 115,000	\$ 115,000	\$ 115,074
Supplementary taxes	-	236	-
Summer student grant	-	-	624
Advertising revenue	-	-	4,345
Total Revenues	115,000	115,236	120,043
EXPENDITURES			
Beautification and planters	33,000	55,502	27,186
Trade promotion and special events	45,500	52,961	39,177
General administration	14,900	14,673	18,076
Salaries and benefits	21,600	20,858	19,755
Taxes written off	-	1,793	131
Total Expenditures	115,000	145,787	104,325
NET REVENUES	-	(30,551)	15,718
FINANCING AND TRANSFERS (note 2)			
Transfers from (to) reserves	-	30,551	(15,718)
Total Financing and Transfers	-	30,551	(15,718)
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, 2005

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 2005, the Board of Management for the Milton Downtown Business Improvement Area authorized expenditures from the reserve fund of \$30,551 bringing the year-end balance to \$40,583 (2004 - \$71,134).