

# MANAGEMENT DISCUSSION & ANALYSIS

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The 2018 Consolidated Financial Statements attest to the Town's continued commitment to service and program delivery while maintaining a strong financial foundation to support future growth.

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The Town of Halton Hills is pleased to present its 2018 Annual Financial Report including a management discussion and analysis, which provides a descriptive narrative to support the consolidated financial statements. These statements include the operations of the Town, the Halton Hills Public Library Board, the Acton Business Improvement Area, the Georgetown Business Improvement Area and the Town's investment in its local distribution company, Halton Hills Community Energy Corporation (HHCEC), providing details of the municipality's financial position and activities for the fiscal year ended December 31, 2018.

These financial statements, prepared in accordance with the Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) include the consolidated statement of financial position, the statement of operations, the statement of change in net financial assets and the statement of cash flows. Each of these four statements are explained in detail and provide information concerning the Towns' assets and liabilities, activities undertaken during the year and how they were financed.

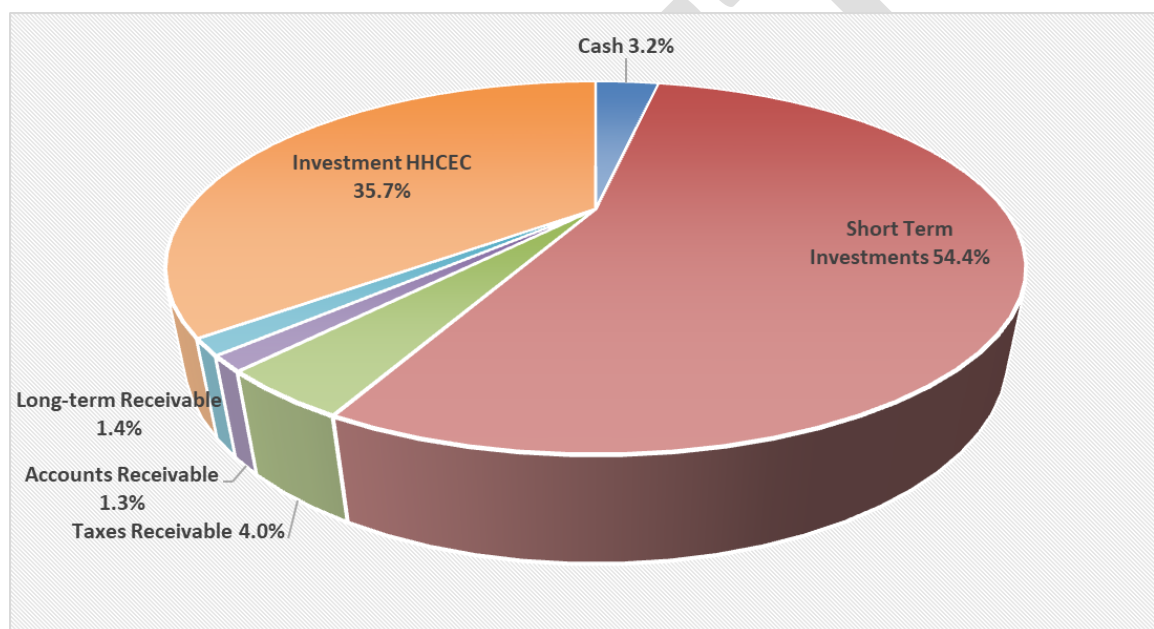
The Town also manages a number of trust funds which are not consolidated within the Town's financial statements. These funds are reported and audited separately and are attached with this report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position is a snapshot of the total financial assets (cash, investments and receivables) less liabilities (payables, deferred revenue, long-term debt) at December 31, 2018, resulting in a net financial asset position for the Town. This statement also provides details relating to the Town's non-financial assets including tangible capital assets and the Town's accumulated surplus (reserves, unspent capital funds, equity in tangible capital assets).

### Financial Assets

The Town's overall financial assets have increased by \$3.3M, totaling \$134.2M at the end of 2018. The increase is mainly due to contributions to short term investments. The following graph shows the distribution of financial assets:



### Cash & Short Term Investments

Short term investments of \$73M have increased by \$4.6M since 2017. This increase is reflective of:

- additional contributions to Town reserves as a result of a favourable 2018 operating budget surplus;
- planned contributions to reserves as per the Town's Long Range Financial Plan;
- the timing of cash outflows related to capital project commitments.

### Return on Investment

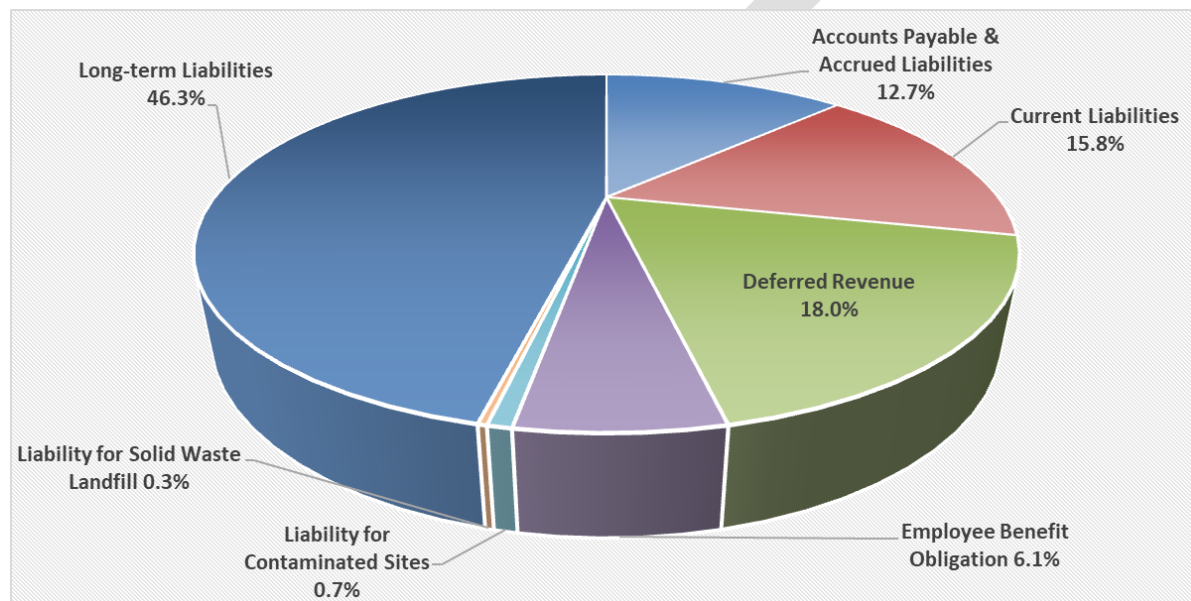
The Town invests its reserves with the Region of Halton through a pooled investment agreement and also holds its operating funds with Scotiabank in interest-bearing accounts. The combined rate of return from all investments is 2.76%, which is comparable to 2017's return of 2.78%. The rate of return on investments is subject to market conditions and fluctuations based on the pooled investment aggregate amount and the length of the investment term.

### *Investment in Halton Hills Community Energy Corporation*

The Town's investment in the Halton Hills Community Energy Corporation (HHCEC) amounts to 35.7% of the total financial assets or \$47.8M. Owned and controlled by the Town of Halton Hills, HHCEC and its wholly owned subsidiaries are accounted for on the modified equity basis in the consolidated financial statements.

### *Liabilities*

The Town's liabilities total \$51.6M and have decreased by \$7.2M since 2017, due mainly to repayment of long term debt and lower deferred revenue balances. Both categories are analyzed in more detail in the following sections. Accounts payable and other current liabilities remain steady at a total of \$14.7M.



### *Long term Liabilities*

Long term liabilities represent the largest share of the Town's liabilities amounting to \$23.9M, a reduction of \$4M since 2017. These liabilities consist of debentures payable to the Regional Municipality of Halton, SouthWestern Energy and Halton District School Board.

The Province sets an allowable debt limit for municipalities whereby annual debt repayments should not exceed 25% of net revenues. Town Council has also approved a further restriction on debt levels through the Corporate Debt Management Policy in 2019. This policy limits annual debt charges to a targeted maximum of 10% of the annual tax levy. For 2018, the Town's debt repayments are within 0.1% of this target.

In addition to the prescribed debt limit, the Province monitors each municipality's debt load through a financial indicator which measures the annual debt servicing cost as a percentage of total operating revenue. In the past few years, the Town has been in the low end of the moderate risk category, which is expected to continue over the next 5 years due to the debt requirements identified in the long range financial plan.

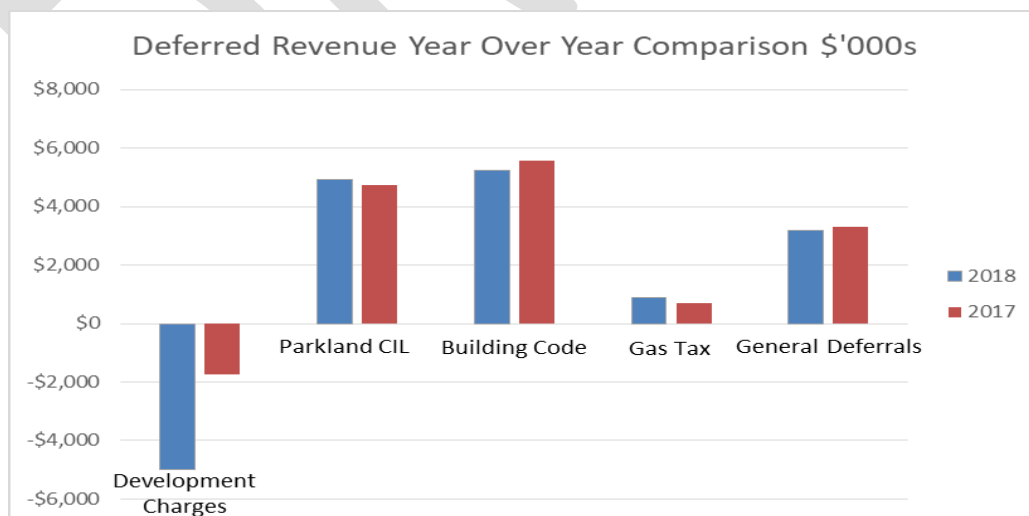
<u>Flexibility Indicator</u>	Range	Actuals							
		2018	Level of Challenge	2017	Level of Challenge	2016	Level of Challenge	2015	Level of Challenge
Debt Servicing Cost as a % of Total Revenues	Low: < 5% Mod: 5% to 10% High: > 10%	6.0%	Mod	5.8%	Mod	5.4%	Mod	5.0%	Low

### Deferred Revenue

Deferred revenue represents receipts which by their nature are restricted revenues. Once qualifying expenses are incurred by the Town, these deferred revenues are brought into revenue in the fiscal period that they are expended. It is a significant contributor to the liabilities with a total of \$9.3M; however, total deferred revenue in 2018 is \$3.3M less than the prior year.

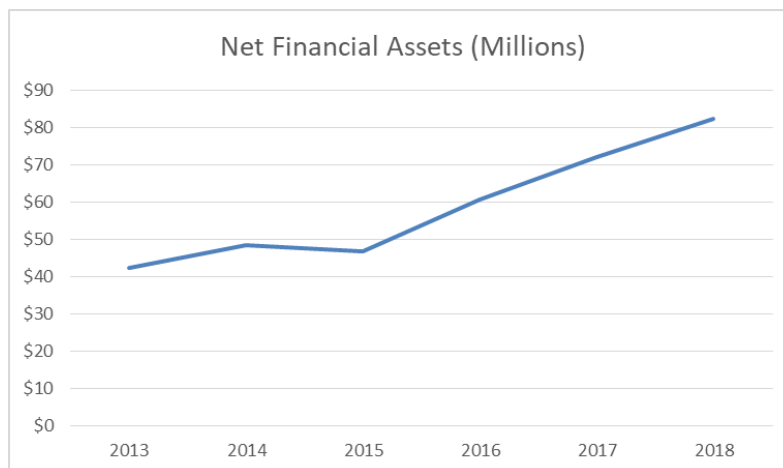
Development charges form a part of the deferred revenue balance and lower collections of these charges combined with continued recognition of revenues for capital requirements have increased the net deficit position of the development charges to \$5M. This deficit is being supported through loans from various reserves and these internal loans are not recognized as liabilities. The Town has taken the approach to interim fund growth-related costs from healthy reserves until development charges can be recovered.

The deferred revenue category also contains unrecognized revenues related to cash in lieu of parkland, building permits, federal gas tax and general deferrals such as restricted government grants, development applications and development agreements, with levels that remained consistent with those of the prior year. The following graph shows the year over year comparison of the change in composition of deferred revenue on the Statement of Financial Position.



## Net Financial Assets

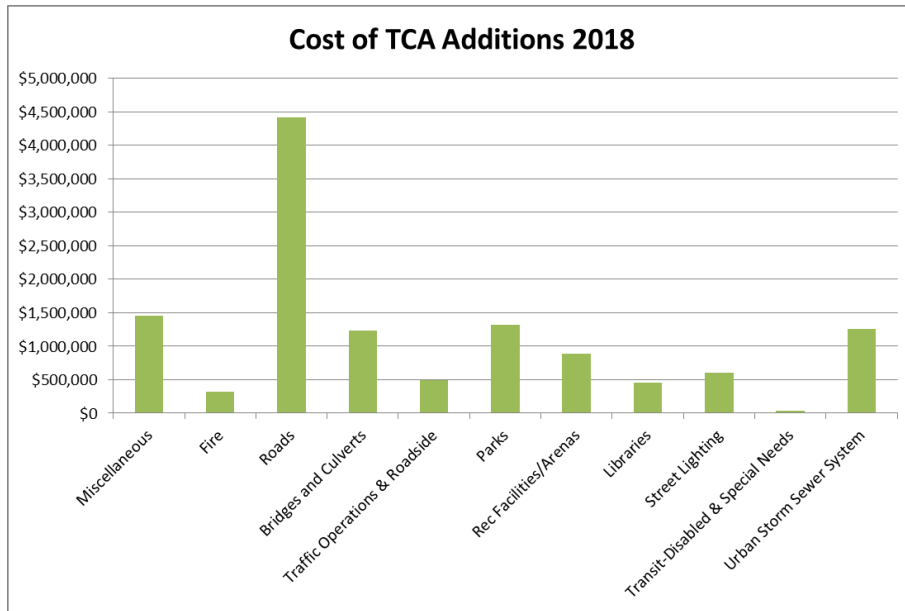
The Town is in a net financial asset position of \$82.6M which has increased by \$10.5M since 2017. This indicates there is an increase in resources available for the future, a continuing trend over the last few years. Higher balances in reserves and lower investments in tangible capital assets have contributed to this increase. The following chart shows the increase since 2013 in the net financial asset value:



## Non-Financial Assets

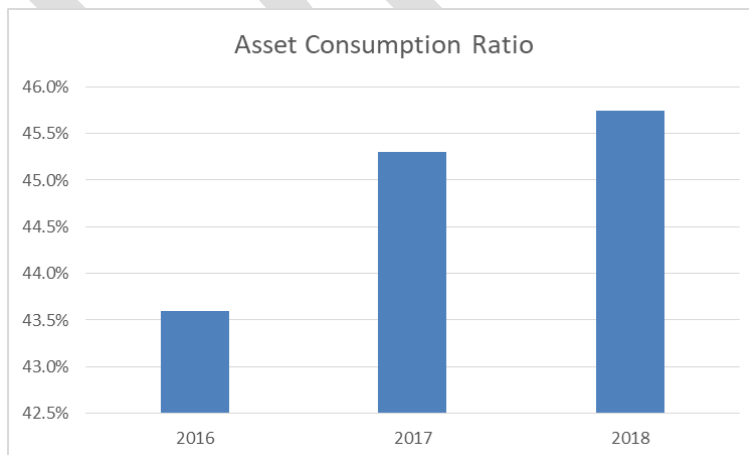
Non-financial assets primarily consist of net tangible assets. Tangible capital assets or TCAs represent a significant value and are a key component in the delivery of many programs. Tangible capital assets include items such as roads, bridges, buildings, vehicles, land, storm water systems and computer hardware. Net tangible assets represent the cost of these assets less the accumulated amortization. (Amortization is the term used to describe the annual allocation of a portion of the TCA's historical cost as an expense over its useful life). The purpose of amortization is to show the decline in the asset's value as it ages through time and use. It is important to note that amortization uses an 'accounting useful life' which covers the period when the assets are expected to contribute to the Town's operations. In addition to this accounting treatment, the Town's asset management group does undertake periodic assessments of the physical condition of assets. The results of these assessments are considered in the capital budgets with respect to asset replacements, rehabilitation and enhancements.

In 2018, the Town invested over \$12.2M in tangible capital assets including \$4.4M for upgrading road infrastructure assets through the regular pavement management program and the construction of 22<sup>nd</sup> Side Rd from Highway 7 to Wolseley St. in Limehouse. An additional \$1.2M was spent to upgrade bridges and culverts, with the most significant investment made in upgrading the railings and performing asphalt rehabilitation of the bridge on River Dr. A further \$1.2M was used to improve various community parks, such as the Upper Canada College Parkette, Smith Drive Parkette, and the construction of a skate park at the Gellert Community Centre. There were no other large infrastructure projects planned for 2018. The following graph shows the distribution of the 2018 tangible capital assets by cost over the different asset groups:



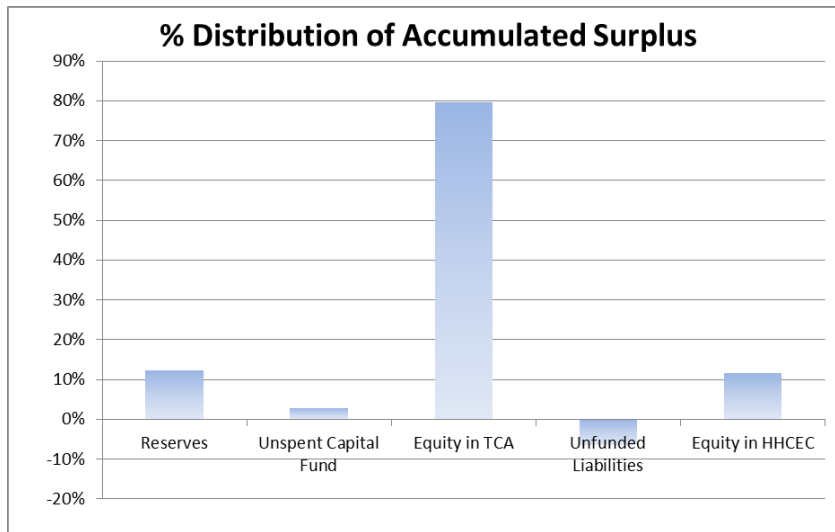
In 2018, the Town's assets decreased in net book value by \$6.2M indicating that they are amortizing at a faster rate than they are being replaced. A decrease in asset costs is also the result of adjustments for assets that have been fully amortized, replaced or sold in prior years but were still part of the assets cost at the beginning of 2018.

The status of assets can be measured through a ratio; this asset consumption ratio calculates the closing amortization balance as a percentage of the total historical cost of capital assets. In essence, it highlights the aging of infrastructure and the potential need for replacement. Using the asset consumption ratio, there was an increase in 2018 relative to previous years. This is attributable to a combination of factors: a reduction in the number of large construction projects; fewer new assets (roads, sidewalks, streetlights) assumed from developers and the disposal of assets at end of life. The following graph depicts the asset consumption ratio which shows an increasing trend over the last 3 years:



## Accumulated Surplus

The accumulated surplus includes the Town's reserves of \$50M and unspent capital project funds of \$11.4M. However, the majority of the accumulated surplus represents the value of non-financial assets such as the equity in tangible capital assets and the Town's investment in Halton Hills Community Energy Corporation. The following table illustrates the components of the accumulated surplus on a percentage basis:



## CONSOLIDATED STATEMENT OF OPERATIONS

The consolidated statement of operations shows the Town's revenues and expenditures. It combines all operating fund activities, and non-tangible capital asset related items from the capital fund.

### Budget

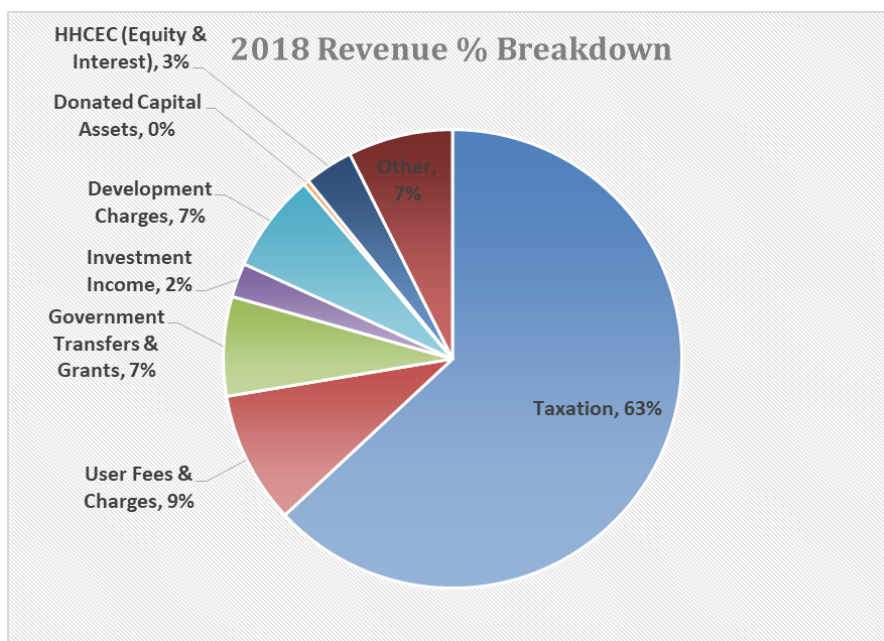
As part of the Town's annual budget process, a combined operating and capital budget compliant with the Public Sector Accounting Board (PSAB) requirements is presented to Council for approval. These numbers can be located in the budget columns of both the consolidated statement of operations and consolidated statement of change in net financial assets. The table below shows the transition from the cash-based operating surplus to the surplus reported in accordance with standards prescribed by PSAB:

<b>Operating Budget Surplus</b>	<b>\$ 1,644,939</b>
Add general surplus (contract carry-forward)	\$36,786
Remove operating transfers to & from reserves	\$12,180,022
Remove debt principal repayment	\$3,955,358
Remove debenture revenue from operating budget	(\$1,071,121)
Add operating expenses from capital budget	(\$4,376,634)
Add revenues from capital budget	\$9,292,133
Add amortization expense	(\$17,922,371)
Add assumed/donated assets	\$297,489
Add net gain/(loss) on asset disposal	(\$673,183)
Add post employment benefit expenses	(\$106,459)
Add post closure landfill expenses	(\$19,259)
Add contaminated sites expenses	(\$8,453)
Add interest income related to reserve balance	\$482,915
Add arena surcharge & misc recovery	\$293,987
Consolidation of HHCEC	\$381,298
Consolidation of BIAs (excluding amortization)	\$18,893
<b>PSAB Annual Surplus</b>	<b>\$ 4,406,340</b>
<i>(Reported in the Financial Statements)</i>	



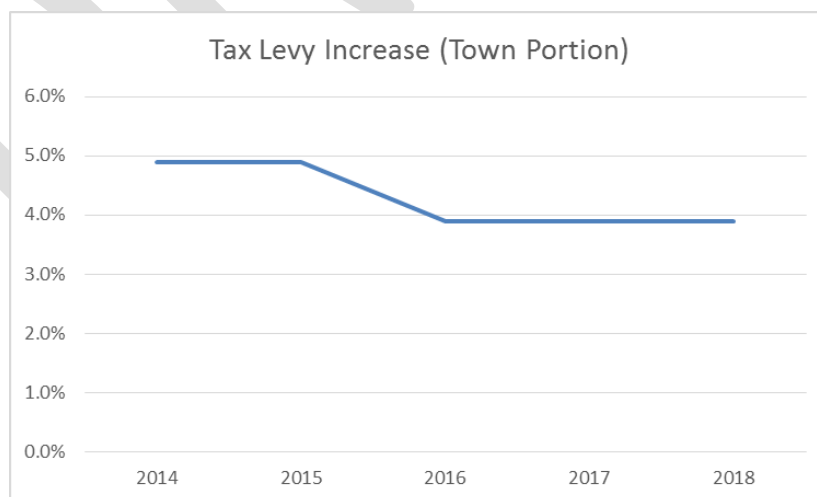
## Revenues

Revenues have increased slightly by \$200K since 2017. Taxation revenue has increased, while lower utilization of development charges revenues, fewer assets assumed from developers and a decrease in projects in 2018 that were eligible to be funded by the Regional Municipality of Halton serve to offset these increases. The following chart illustrates the percentage breakdown of all 2018 revenues:



## Taxation

In 2018, Council approved a 3.9% general levy tax increase net of assessment growth -- a tax rate consistent with prior years. The supplementary tax billing amount was approximately \$900K more than 2017. The following table illustrates the consistency of rate increases over the past 5 years:



### *User Fees & Charges*

Revenues from user fees have increased by \$500K over prior year mainly due to an increase in development application revenue that was eligible to be recognized as per public sector accounting standards. The Town periodically reviews its rates and fees and in 2018 the planning fees were updated. In 2019, the recreation department will undertake a rates and fees review. The following table shows further details of the types of fees included in the reported user fee revenue line:

<b>Comparison Of User Fees Year Over Year</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>Difference</u></b>
Activan	\$261,799	\$271,528	(\$9,729)
Aquafit/Lifesaving	125,370	141,681	(16,311)
Arena Floor Rental	111,672	90,983	20,689
Business Licenses	115,415	112,865	2,550
Cemetery Fees	225,118	247,514	(22,396)
Facility Rentals	396,905	390,027	6,878
General Admission	116,079	127,182	(11,103)
General Registration	1,228,338	1,163,330	65,008
Ice Rental	2,116,218	2,094,395	21,823
Memberships	89,295	96,714	(7,419)
Park Rental	324,201	304,508	19,693
Planning Fees	1,260,432	916,142	344,290
Tax Certificates & Information	275,388	266,595	8,793
Miscellaneous User Fees	786,915	761,847	25,068
	<u>\$7,433,145</u>	<u>\$6,985,311</u>	<u>\$447,834</u>

### *Development Charges*

Development charges recognized as revenue in 2018 are \$1.2M lower than the prior year. In 2017, there were several large construction projects that were eligible for development charge funding, such as Armstrong Avenue and Drainage Area No. 10, which increased the amount of revenue that could be recognized for that year. The following table highlights how development charges were used in 2018 to fund the repayment of debentures and finance capital and non-capital projects:

	\$
22nd SdRd Limehouse Construction	800,000
Georgetown Sports Action Park	655,416
New Equipment	198,127
Nassagaweya/Esq Construction	160,880
Upper Canada College Parkette	144,238
HHVHI 13 Neighbourhood Park	138,724
Steeles Ave. Sidewalk	97,180
Halton Hills Dr Extension Design	33,925
Maple Creek Park Phase 2	33,005
Miscellaneous Capital Assets	227,324
Non Capital Expenditures	34,941
Fund Debentures	<u>3,053,512</u>
	<u>\$5,577,272</u>

### *Government Transfers and Grants*

Transfers from upper levels of government also contribute to the Town's revenues. In 2018, they totaled \$5.6M. The federal gas tax funds recognized as revenue were roughly \$500K less than the prior year due to a decrease in major road construction projects. Recognition of provincial funding increased by \$1.2M predominantly from the Ontario Community Infrastructure Fund (OCIF)-\$188K, the Clean Water and Wastewater Fund-\$622K, and the Public Transit Infrastructure Fund-\$117K.

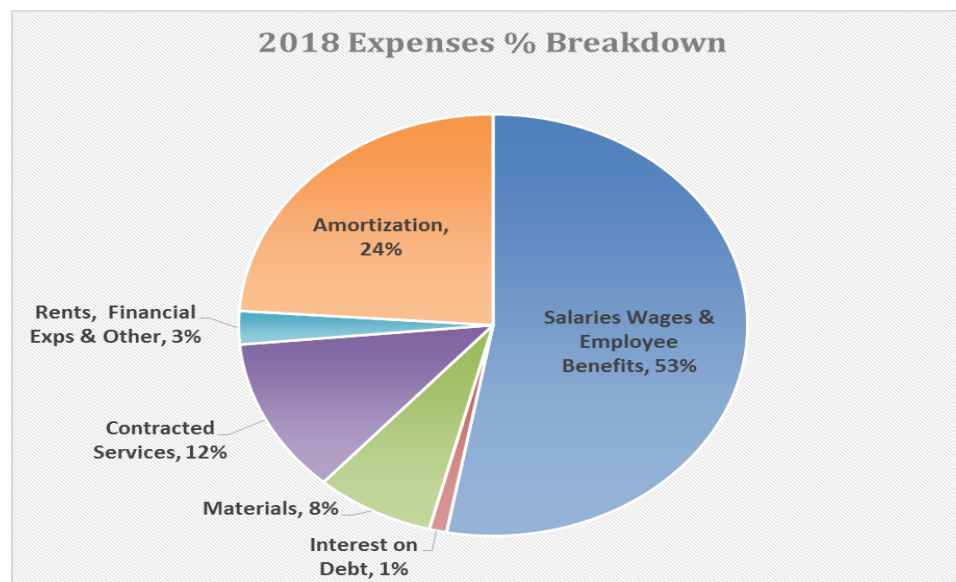
### *Donated Capital Assets*

In 2018, the Town assumed \$297K of land from developers, a decrease of \$1.5M over the prior year when the Town assumed new tangible capital assets such as roads, sidewalks, storm sewers and streetlights. These are reported as revenue in the statement of operations as the assets provide a future benefit to the Town. Subsequent budgets are adjusted accordingly to reflect operating costs related to asset acquisitions. The following table highlights the 2018 and 2017 asset assumptions:

<b><u>Contributed Assets</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Paved Roads & Sidewalks	\$ -	\$1,130,503
Land	297,489	-
Street Lighting	-	90,554
Urban Storm Sewers	-	536,644
Storm Water Management Pond	-	94,581
Traffic Operations & Roadside	-	22,200
	<u>\$297,489</u>	<u>\$1,874,482</u>

## Expenses

Expenses have increased by \$4.7M, mostly driven by inflationary labour increases and the need for additional positions to support growth. The following table shows the percentage split of total expenses:



### *Salaries, Wages & Employee Benefits*

Total labour costs increased by 6.8% over 2017. There were 7.0 full-time equivalent positions added in 2018. The Town also uses contract labour to meet increased service delivery demands and growth requirements. In addition, there was a cost of living adjustment of 1.75% for non-union positions, and adjustments to the pay grid resulting from the recommendations approved in the Non-Union Salary Survey. The aggregate cost of these increases was mitigated to some degree by savings through salary gapping resulting from staff vacancies.

### *Amortization*

As noted previously, amortization expenses represent the annual allocation of a portion of the historical cost of tangible capital assets as an expense over its useful life. The purpose of amortization is to show the decline in the asset's value as it ages through time and use. In 2018, the amortization expense decreased slightly by \$400K due to the mix of fixed assets with remaining net book value and the conversion to an automated process for fixed assets accounting, which provided greater accuracy.

### *Contracted Services*

Contracted services increased by 20% (\$1.5M) when compared with the prior year. The year-over-year increase was the result of one-time expenses for the implementation of new payroll and recreation management software, as well as accrued costs of \$500K associated with the planned re-skinning of the Kiwanis sports field.

### *Materials*

Material costs in 2018 remained consistent with 2017. Inflationary increases were offset by decreases in asphalt purchases and a favourable winter season. While road repairs and patching activities remained at planned service levels, less material was required in 2018.

### *Annual Surplus*

An annual surplus of \$4.4M is being reported and contributes to the accumulated surplus which now stands at \$410.3M.

### **CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

The Consolidated Statement of Change in net financial assets outlines the difference between the reported annual surplus and the change in net financial assets. This statement demonstrates how the Town has increased its net financial assets through changes in tangible capital assets, including lower investments and the reduction of debt outstanding.

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## CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows shows how the Town used its cash in 2018. By adjusting the annual surplus for items that do not result in a cash transaction and taking into account the changes in working capital since the prior year, the result is a net increase in cash of \$16.9M from operations. Of the total \$23M available in cash, \$16.4M was used to buy new capital assets and repay debt and loans. Additional monies of \$1.6M were received in the form of dividends from Halton Hills Community Energy Corporation, and \$0.2M was provided as an additional financing facility from Southwestern Energy (SWE) to cover the upfront cost of the LED conversion project for street lights and the Town Hall parking lot. Of the \$8.6M remaining, \$4.4M was transferred to the Region of Halton to take advantage of the pooled investment arrangement, and \$4.3M was placed in the Scotiabank operating account. The following table shows the movements in the Town's cash throughout 2018:

<b>Cash at beginning of year</b>		<b>\$6,162,358</b>
Annual Surplus	\$4,406,340	
Adjust for all non-cash transactions	\$16,369,242	
Remove impact of non-cash working capital	<u>(\$3,849,347)</u>	
	<u>\$16,926,235</u>	<u>\$23,088,593</u>
<b>How was this cash used?</b>		
Purchase of new Capital Assets	<u>(\$12,185,072)</u>	
Repayment of Debt and Other Loans	<u>(\$4,279,274)</u>	
	<u>(\$16,464,346)</u>	<u>\$6,624,246</u>
<b>New cash coming in the door.....</b>		
Additional Debenture proceeds (LED program)	\$222,770	
Cash from Fixed Asset disposals	\$152,736	
Dividends from HHCEC	<u>\$1,691,951</u>	
	<u>\$2,067,457</u>	<u>\$8,691,703</u>
Move excess cash to invest with Region		<u>(\$4,352,961)</u>
<b>Cash at end of year</b>		<b>\$4,338,742</b>

## PLANNING DOCUMENTS

### Long Range Financial Plan

Financial planning is an ongoing activity that is critical given the increasing complexity of the Town's financial portfolio. In 2018, the Town retained Watson & Associates Economists Ltd. to develop a Long Range Financial Plan (LRFP) and financial planning tool enabling analysis and scenario planning to support key financing decisions.

The LRFP is based on the following key principles:

1. Manage the timing of the capital program to align capital projects with growth
2. Limit debt terms to a maximum of 10 years; longer terms require special Council approval
3. Optimize reserve balances
4. Focus on core infrastructure to reduce the infrastructure deficit over time

The LRFP plan is supported by a dynamic model that will update critical variables as they change, allowing for adjustments to keep the Town in a financially healthy state.

### Asset Management Plan

Asset management is the application of financial, technical, strategic planning and other interdisciplinary techniques to effectively utilize and realize value from physical assets over their lifecycles. In 2018, the Town developed its Corporate Asset Management Policy. This policy confirms the Town's commitment to the planning, design, construction, acquisition, operation, maintenance, renewal, replacement and disposal of assets in a way that ensures sound stewardship while delivering valued customer service and improved quality of life.

The Town aligns asset management with other key corporate initiatives including the long range financial plan, storm water management, fleet management, urban tree management strategy, the climate change adaptation plan and the corporate technology strategic plan. Ultimately, the culminating effect of this alignment is reflected in the annual capital and operating budgets where carefully planned funding ensures ongoing commitment to optimize asset lifecycles.

## CONCLUSION

Consistent tax rate increases of 3.9% (Town portion) combined with a solid debt management approach and commitment to maintaining healthy reserves have all contributed to the Town having preserved a steady financial position over the last few years. The Town's reserves were increased in 2018 due to lower levels of investment in tangible capital assets and a focus on re-investment back to reserves. The 2018 operating surplus was also relatively favourable, a true testament to careful management of operating budgets and a sustained commitment to ensuring reserves remain healthy in order to support future growth. An ongoing focus on long range financial planning and the ability to adapt quickly to changing conditions will be key to sustaining the Town's positive fiscal position.

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Moya Leighton CPA, CGA, MBA

Town Treasurer

June 27, 2019



## 2019 and Beyond

The Town of Halton Hills prides itself in maintaining a small-town feel while offering residents the amenities of big city living. The slogan 'Small Town Living at its Best' is reflective of the Town's exceptionally high quality of life. Maintaining balance while attracting businesses becomes particularly important as the Town prepares to meet provincial growth targets of an additional 30,000 people by 2031.

Over the next several years, the Town endeavours to create a balance between managing expected growth, addressing replacement of existing infrastructure and providing the quality of life expected by residents. As such, the municipal tax levy has been stabilized at a 3.9% increase (net of assessment growth) for the fourth consecutive year. These increases are reflective of the Municipal Price Index for the area, while still addressing the requirements needed to maintain current levels of service expected by residents and advancing strategic initiatives as reflected in Council's Strategic Plan, developed each term to guide the Town's priorities over the next four years.

The 2019 Budget balances the demand to maintain current service levels while investing to meet infrastructure demands and future requirements.

## FINANCIAL MANAGEMENT

The responsibility for financial management is governed through a series of by-laws which prescribe the appropriate purchasing, investment, risk management, reserve and debt management policies. Halton Hills Town Council has ultimate authority to allocate funds through the annual operating and capital budget process. The following areas are subject to rigorous defined processes and controls supporting effective and efficient management of Town resources.

### Capital Budget

The capital budget process commences with planning for the implementation of Council's strategic priorities. These priorities in combination with the Asset Management Plan guide the creation of the capital budget. A detailed business case for each capital project is compiled which is then subject to a management review and prioritized using a prioritization matrix. Financial affordability is determined through the long range financial planning tool and the appropriate funding sources are confirmed by the Treasurer and allocated to capital projects. Following a comprehensive review by Senior Management, the proposed capital budget is presented to Council through a series of ward- specific budget review meetings providing the opportunity for detailed discussion. The capital budget is subsequently presented to Budget Committee for final review and is open to public delegation, prior to finalization.

Capital projects approved through the capital budget process are the responsibility of the department heads who are accountable to the CAO, Council and taxpayers for financial performance and service delivery.

### Operating Budget

The creation of the annual operating budget also follows a highly structured process. Starting with a detailed needs assessment, senior management reviews existing programs and service levels along with requests for new initiatives to determine if additional resources will be required, or if there is the opportunity to reallocate resources to achieve efficiencies. Research is conducted and projections are made to determine appropriate inflationary increases for operating expenditures. Senior management holds a series of thorough discussions to review revenues and expenditures for potential savings, opportunities for economies of scale and/or adjustments to services and programs. The proposed tax rate increase is reviewed for consistency with prior tax years, comparability with neighbouring municipalities and affordability for the average taxpayer. The preliminary operating budget is presented to Council early on in order to secure direction for staff when preparing the budget details. The final proposed budget is discussed again with members of Council through ward-specific review meetings prior to the final presentation to budget committee and is subject to public delegations.

Department Heads are responsible for the delivery of effective and efficient services and programs. They are ultimately accountable to the CAO, Council and tax payers.

## Treasury Team

The Town has a highly skilled Treasury team responsible for all finance functions from debt management to taxes to budgets providing advice on various options available to support growth and maintain existing programs and service levels.

In addition to being responsible for maintaining accurate records, the team regularly provides information to management who are accountable for the programs, services and capital projects that they manage and deliver. The Treasury team also reports periodically to Council on various financial aspects such as reserve balances, and performance against budget.

Annually, the Treasury team prepares the Town's financial statements in accordance with the standards prescribed by the Public Sector Accounting Board (PSAB) and coordinates the operating and capital budget process. Bound by Ontario Regulation 284/09 which requires municipalities to prepare a report to Council outlining expenses that have been excluded from budgets, the Treasury team prepares a report which converts the budget into a PSAB compliant format. This report is presented to Budget Committee and is subsequently audited by the Town's external auditors and reported in the annual consolidated financial statements.

The Treasury team also has the responsibility for developing, monitoring and ensuring compliance with financial controls. Recognizing that accurate information is of upmost importance for sound decision-making and effective management of the Town's resources, strong financial controls and processes are integral to providing reasonable assurance on the accuracy of the Town's data and the ensuing financial statements.

## MANAGEMENT REPORT

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

The Town has an internal control system that provides reasonable assurance over the safeguarding of its assets and the accuracy of transactions. Through the established authorization process and formal reporting procedures along with appropriate levels of management review, these controls ensure accurate, timely and reliable information.

Additionally, the Town has many accounting policies that provide technical guidance on the treatment of various transactions. Note 1 of the accompanying notes to the financial statements includes a summary of the significant accounting policies used to prepare the financial statements.

The consolidated financial statements have been audited by KPMG LLP, the external auditors for the Town. The auditors have included an independent auditor report for each of the attached financial statements. These reports outline the scope and responsibility of the auditors and management throughout the audit process and express an opinion over the financial statements.

The auditors meet regularly with Town management throughout the audit process and report to the Community and Corporate Affairs Committee at the planning stage of the audit and again at completion to present their significant audit findings.

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Moya Leighton CPA, CGA, MBA

Town Treasurer

June 27, 2019