



Consolidated Financial Statements

For the year ended December 31, 2019

Management Report

The management of The Regional Municipality of Halton has prepared the accompanying consolidated financial statements and is responsible for their accuracy and integrity. These financial statements consolidate all operations for which Halton Region has legislative and financial responsibility, as well as the operations of the Halton Regional Police Service and Halton Community Housing Corporation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The adoption of these standards provides the reader of the consolidated financial statements a more complete view of Halton Region's assets and financial obligations. The reader is encouraged to review the summary of the significant accounting policies that are disclosed in Note 1 to the consolidated financial statements.

To meet its responsibility, management has developed and maintained a comprehensive system of financial and internal controls, which includes an organizational structure that appropriately segregates authorization and recording functions, employs highly qualified professional staff and is built on sound budget policies, all of which are subject to a continuing program of internal audit. These controls ensure that the assets of Halton Region are properly safeguarded and that the business transactions of Halton Region are carried out within the legislative authority of the Province of Ontario and within the policies authorized by Regional Council, and that these transactions are completely and accurately reflected in Halton Region's consolidated financial statements and reports.

The Audit Committee of Regional Council reviews and approves the consolidated financial statements before such statements are submitted to the Administration and Finance Committee, Regional Council and published for the residents of Halton Region. As mandated by resolution of Council, the internal and external auditors have access to and regularly meet with the Audit Committee to discuss their audits and the results of their examination.

The 2019 consolidated financial statements have been examined by Halton Region's external auditors, Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants and their report precedes the financial statements.



Cyndy Winslow
Acting Commissioner of Finance and Regional Treasurer
June 17, 2020

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
the Regional Municipality of Halton

Opinion

We have audited the consolidated financial statements of the Regional Municipality of Halton, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Halton as at December 31, 2019, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Regional Municipality of Halton's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Consolidated Statement of Financial Position

As at December 31, 2019
(Dollars in Thousands)

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$487,185	\$175,300
Accounts receivable:		
Water and wastewater	37,435	36,536
Ontario and federal grants	22,743	36,349
Other receivables	36,599	39,094
Other current assets	388	342
Investments (Note 2)	1,813,651	2,007,216
Loans receivable (Note 6)	4,004	2,011
Recoverable gross long-term debt from:		
Local Municipalities (Note 4)	262,572	277,206
Total financial assets	2,664,577	2,574,054
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	329,322	318,897
Gross long-term liabilities (Note 4)	280,015	315,179
Sinking fund debentures (Note 4)	273,500	273,500
Deferred revenue (Note 10)	158,233	196,455
Landfill closure and post closure liabilities (Note 11)	16,174	16,034
Employee future benefits payable (Note 13)	81,663	78,751
Total liabilities	1,138,907	1,198,816
NET FINANCIAL ASSETS	1,525,670	1,375,238
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	5,268,260	5,104,869
Prepaid expenses	2,479	2,654
Inventory	3,399	2,988
Total non-financial assets	5,274,138	5,110,511
ACCUMULATED SURPLUS (Note 15)	\$6,799,808	\$6,485,749

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

For the year ended December 31, 2019
(Dollars in Thousands)

	2019 Budget (Note 18)	2019	2018
REVENUES			
Taxation	\$433,317	\$434,869	\$419,364
Development charges and developer contributions	161,835	161,835	196,576
User charges	243,024	250,623	244,646
Grants	194,670	201,384	218,939
Federal gas tax grant	16,637	23,524	15,967
Investment income	52,649	65,029	58,875
Other revenue	23,231	16,714	17,380
Total revenues	1,125,363	1,153,978	1,171,747
EXPENSES (Note 17)			
General government	39,472	41,511	40,261
Social services	187,961	186,561	181,681
Social housing	52,284	52,599	49,999
Water and wastewater services	203,434	191,337	187,354
Solid waste services	42,400	43,084	43,984
Protection to persons and property	181,295	181,248	171,531
Health services	77,786	73,544	73,616
Transportation services	54,594	53,902	55,940
Planning and development	17,855	15,715	14,087
Recreation and cultural services	1,114	418	3,062
Total expenses	858,195	839,919	821,515
NET REVENUES	267,168	314,059	350,232
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,485,749	6,485,749	6,135,517
ACCUMULATED SURPLUS, END OF YEAR	\$6,752,917	\$6,799,808	\$6,485,749

See accompanying notes to consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2019

(Dollars in Thousands)

	2019 Budget (Note 18)	2019	2018
Net revenues	\$267,168	\$314,059	\$350,232
Acquisition of tangible capital assets	(292,304)	(292,304)	(322,938)
Amortization of tangible capital assets	122,814	122,814	114,252
Loss (gain) on disposal of tangible capital assets	5,296	5,296	2,085
Proceeds on disposal of tangible capital assets	803	803	402
Change in inventory and prepaid expenses	(236)	(236)	(516)
Change in net financial assets	103,541	150,432	143,517
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,375,238	1,375,238	1,231,721
NET FINANCIAL ASSETS, END OF YEAR	\$1,478,779	\$1,525,670	\$1,375,238

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2019
(Dollars in Thousands)

	2019	2018
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net revenues	314,059	\$350,232
Items not involving cash:		
Amortization	122,814	114,252
Loss (gain) on disposal of tangible capital assets	5,296	2,085
Contributed tangible capital assets	(4,472)	(690)
Change in non-cash assets and liabilities:		
Accounts receivable	15,202	(14,397)
Accounts payable and accrued liabilities	10,425	42,795
Other current assets	(46)	(24)
Deferred revenue	(38,222)	(31,787)
Inventory and prepaid expenses	(236)	(517)
Landfill and post-closure liabilities	140	622
Employee future benefits payable	2,912	3,148
Net change in cash from operating activities	427,872	465,719
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	803	402
Cash used to acquire tangible capital assets	(287,832)	(322,246)
Net change in cash from capital activities	(287,029)	(321,844)
INVESTING ACTIVITIES		
Loans receivable	(1,993)	(328)
Investments	193,565	(25,431)
Net change in cash from investing activities	191,572	(25,759)
FINANCING ACTIVITIES		
Long-term debt issued and assumed	45	9,666
Long-term debt repaid	(18,281)	(20,774)
Mortgages payable and repayment	(4,710)	(4,348)
Sinking fund contributions from Local Municipalities	2,416	2,338
Net change in cash from financing activities	(20,530)	(13,118)
NET CHANGE IN CASH	311,885	104,998
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	175,300	70,302
CASH AND CASH EQUIVALENTS, END OF YEAR	\$487,185	\$175,300

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019
(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidated Statements

The consolidated financial statements for the Corporation of the Regional Municipality of Halton (Regional Municipality of Halton or Halton Region) have been prepared in accordance with Canadian public sector accounting standards (PSAS). Significant accounting policies adopted by Halton Region are as follows:

(b) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all entities which are accountable to and controlled by Halton Region. They include the activities of all committees of Council, Halton Regional Police Service and the Halton Community Housing Corporation (HCHC). Inter-company transactions and balances between HCHC and Halton Region are eliminated.

The financial activities of the Royal Botanical Gardens and the Conservation Authorities are excluded from these financial statements except to the extent of Halton Region's contributions to these entities.

The Sinking Fund, established for the retirement of Sinking Fund debentures issued by Halton Region, is administered by Halton Region.

(c) Basis of accounting

i. Basis of accounting

Halton follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

ii. Foreign currency translation

Gains and losses on foreign currency transactions are charged to operations when they are realized.

iii. Deferred revenue

Deferred revenue represents revenues which have been collected or are receivable but for which the related services have yet to be performed or eligible expenditures incurred. Deferred revenue is comprised of general deferred revenue, development charges and Gas Tax Grants. Government transfers, such as Federal Gas Tax Grants are recognized when the transfer can be reasonably estimated, is authorized and has met eligibility criteria if required. Development charges and other externally restricted funds are recognized as revenue when the funds are spent for the purpose intended.

iv. Amortization methods

The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives. Estimated useful lives for major categories of tangible capital assets are as follows:

General capital:

Buildings and building improvements	5 to 95 years
Computer hardware	3 to 10 years
Computer software	3 to 10 years
Land	Not amortized
Land improvements	5 to 70 years
Leasehold improvements	Based on lease term
Machinery and equipment	5 to 60 years
Vehicles	3 to 15 years

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure:

Buildings and building improvements	5 to 60 years
Land	Not amortized
Land improvements	10 to 25 years
Linear	11 to 90 years
Machinery and equipment	5 to 50 years

For vehicle and computer tangible capital assets, one half of a full year's amortization is charged in the year of acquisition and in the final year of useful life. Land tangible capital assets are not amortized. For all other tangible capital assets amortization is calculated on a straight-line basis and commences in the year following acquisition, with a full year's amortization charged in the final year of useful life. No amortization is calculated for assets not in service or under construction until they are available to be put into service.

v. Contributed tangible assets

All assets contributed to Halton Region are valued at the fair value of the assets at the time of contribution. Revenue at an equal amount is recognized at the time of contribution.

vi. Excluded assets

Intangible assets, works of art, historical treasures, crown lands and natural resources have not been recorded as a reasonable estimate cannot be made and therefore are not recognized on the Consolidated Statement of Financial Position.

vii. Interest on debt to construct tangible capital assets

All interest on debt incurred during construction of related tangible capital assets is expensed in operations in the year incurred.

viii. Contaminated sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a. an environmental standard exists;
- b. contamination exceeds the environmental standard;
- c. the organization is directly responsible or accepts responsibility for the liability;
- d. future economic benefits will be given up, and;
- e. a reasonable estimate of the liability can be made;

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ix. **Inventory**

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

x. **Reserves and reserve funds**

Halton Region follows the practice of appropriating revenues and current operating surpluses into reserves and reserve funds that are retained for specific purposes, including maintaining assets in a state of good repair. These reserves and reserve funds are established by Council resolution or by by-law and are available for future uses. Amounts are only expended in accordance with the terms and policies established by Council.

Balances appropriated in respect of items for which the reserves have been created are included in accumulated surplus and are reported in Note 15.

xi. **Government transfers**

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, all eligibility criteria are met (if applicable) and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Major categories of government transfers are reported in Note 17.

xii. **Investments**

Investments consist of bonds, money market bond funds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred and interest is recorded when received or receivable. Sinking fund contributions are managed as part of Halton's overall investment strategy and are included as investments on the Consolidated Statement of Financial Position.

xiii. **Use of estimates**

The preparation of financial statements, in conformity with PSAS, 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 dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

xiv. **Loans receivable**

The loans receivable are valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability has been impaired. The loans receivable are written off when they are no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned. Loans with significant concessionary terms, such as non-interest bearing loans, are accounted for as a grant which is shown as an expense on the Consolidated Statement of Operations. Loans receivable are reported in Note 6.

xv. **Cash and cash equivalents**

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

xvi. **Tax revenue**

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll and are based on the approved budget. Supplementary taxation is recognized when additional billings are issued for properties that are added to the assessment roll during the year.

At year-end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognized a liability if the amount can be reasonably estimated.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xvii. Landfill liability

The costs to close an existing landfill site and to maintain closed landfill sites are based on the future estimated expenditures required over a forty-year period, discounted using the Region's long-term borrowing rate. These costs are reported as a liability on the Consolidated Statement of Financial Position. Landfill sites are amortized using the units of production method based upon capacity used during the year.

xviii. Pensions and employee future benefits

Halton Region accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to Halton Region's cost of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized gains/losses for event triggered liabilities, such as those determined as claims related to the Workplace Safety and Insurance Board (WSIB), are recognized when determined.

Costs related to prior-period employee services arising from plan amendments are recognized in the period in which the plan is amended.

Halton Region has set aside reserve funds intended to fund certain of these obligations, either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under *PS 3250 Retirement Benefits*. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

2. INVESTMENTS

Halton Region's investment policy as approved by the Regional Council has an emphasis on the preservation and safety of capital while ensuring the liquidity of funds needed to meet Halton Region's obligations. Investments are carried at cost. Only realized gains and losses are recognized in the financial statements.

	2019		2018	
	Cost	Market Value	Cost	Market Value
Investments	\$1,813,651	\$1,853,652	\$2,007,216	\$2,004,432

In addition, Halton includes in its investment portfolio a balance of \$89,870 (2018 - \$78,374) which is restricted, as the funds are those of a Local Municipality. These funds are offset in the Accounts Payable and Accrued Liabilities section of the Consolidated Statement of Financial Position.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019

(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost on the Consolidated Statement of Financial Position. Halton Region has tangible capital assets with a net book value of \$448,502 (2018 - \$735,153) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2018 - \$nil). Roads and underground water and sewer systems in the amount of \$4,472 (2018 - \$690) were contributed to Halton Region and were recorded at their fair value at the time of contribution. Halton Region has no tangible capital assets recognized at a nominal value. As per Halton Region's policy, there was no interest capitalized during the year (2018 - \$nil). Halton Region owns various works of art and historical treasures that have not been included as tangible capital assets. These items are categorized as Museum Historical Artifacts or Museum Archival Materials.

The following tables summarize tangible capital asset balances by category for the years 2019 and 2018.

Asset Type	Opening Balance 1-Jan-19	Additions	Disposals	Ending Balance 31-Dec-19	Opening Accumulated Amortization Balance 1-Jan-19	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-19	Ending Net Book Value 31-Dec-19
General									
Buildings and building improvements	\$284,157	\$2,984	\$ -	\$287,141	\$106,802	\$8,551	\$ -	\$115,353	\$171,788
Computer hardware	33,019	2,566	584	35,001	15,503	4,283	582	19,204	15,797
Computer software	18,340	1,386	-	19,726	13,890	1,792	-	15,682	4,044
Land	177,830	5,949	123	183,656	-	-	-	-	183,656
Land improvements	73,730	350	-	74,080	36,338	1,650	-	37,988	36,092
Leasehold improvements	4,848	52	-	4,900	2,837	262	-	3,099	1,801
Machinery and equipment	229,046	4,663	2,093	231,616	122,726	8,418	2,019	129,125	102,491
Vehicles	31,257	5,465	3,073	33,649	18,010	3,771	2,683	19,098	14,551
Total general capital	852,227	23,415	5,873	869,769	316,106	28,727	5,284	339,549	530,220
Infrastructure									
Buildings and building improvements	492,108	103,813	212	595,709	157,595	10,371	200	167,766	427,943
Land	199,687	50,140	-	249,827	-	-	-	-	249,827
Land improvements	97,172	26,107	649	122,630	58,961	2,887	506	61,342	61,288
Linear	3,761,922	227,582	9,851	3,979,653	834,041	58,106	4,719	887,428	3,092,225
Machinery and equipment	623,362	147,898	2,538	768,722	290,059	22,723	2,315	310,467	458,255
Total infrastructure	5,174,251	555,540	13,250	5,716,541	1,340,656	94,087	7,740	1,427,003	4,289,538
Assets under construction	735,153	(286,651)	-	448,502	-	-	-	-	448,502
Total tangible capital assets	\$6,761,631	\$292,304	\$19,123	\$7,034,812	\$1,656,762	\$122,814	\$13,024	\$1,766,552	\$5,268,260

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019

(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (continued)

Asset Type	Opening Balance 1-Jan-18	Additions	Disposals	Ending Balance 31-Dec-18	Opening Accumulated Amortization Balance 1-Jan-18	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-18	Ending Net Book Value 31-Dec-18
General									
Buildings and building improvements	\$231,410	\$52,996	\$249	\$284,157	\$99,551	\$7,438	\$187	\$106,802	\$177,355
Computer hardware	19,600	13,751	332	33,019	12,264	3,571	332	15,503	17,516
Computer software	17,220	1,125	5	18,340	12,218	1,677	5	13,890	4,450
Land	158,117	19,723	10	177,830	-	-	-	-	177,830
Land improvements	69,974	3,756	-	73,730	34,361	1,985	8	36,338	37,392
Leasehold improvements	4,374	474	-	4,848	2,597	240	-	2,837	2,011
Machinery and equipment	192,290	37,888	1,132	229,046	117,378	6,465	1,117	122,726	106,320
Vehicles	30,123	4,546	3,412	31,257	17,346	3,704	3,040	18,010	13,247
Total general capital	723,108	134,259	5,140	852,227	295,715	25,080	4,689	316,106	536,121
Infrastructure									
Buildings and building improvements	477,886	14,223	1	492,108	147,413	10,183	1	157,595	334,513
Land	166,349	33,428	90	199,687	-	-	-	-	199,687
Land improvements	94,427	2,766	21	97,172	56,252	2,730	21	58,961	38,211
Linear	3,619,558	146,346	3,982	3,761,922	781,831	54,530	2,320	834,041	2,927,881
Machinery and equipment	607,742	17,110	1,490	623,362	269,534	21,729	1,204	290,059	333,303
Total infrastructure	4,965,962	213,873	5,584	5,174,251	1,255,030	89,172	3,546	1,340,656	3,833,595
Assets under construction	760,347	(25,194)	-	735,153	-	-	-	-	735,153
Total tangible capital assets	\$6,449,417	\$322,938	\$10,724	\$6,761,631	\$1,550,745	\$114,252	\$8,235	\$1,656,762	\$5,104,869

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

4. LONG-TERM LIABILITIES

The use of long-term liabilities to finance capital expenses is governed by Provincial legislation. Provincial legislation gives Halton Region exclusive authority to issue long-term debt for both Halton Region and local municipal purposes. The legislation also permits Halton Region to issue debt on behalf of the Halton District School Board and the Halton Catholic District School Board, at the request of these Boards. The responsibility for raising the amounts required to service these liabilities lies with the respective Local Municipalities, School Boards and Halton Region. The debentures are direct, joint and several obligations of Halton Region and all its Local Municipalities.

Halton Region has purchased \$4,815 (2018 - \$8,334) of its own debentures which have not been cancelled. This investment in own debentures is included in the investments on the Consolidated Statement of Financial Position. The gross outstanding principal amount from these debentures for 2019 is \$27,063 (2018 - \$118,909).

Long-term liabilities, reported on the Consolidated Statement of Financial Position, are comprised of the following:

	2019	2018
Long-term liabilities incurred by Halton Region	\$236,123	\$266,577
Mortgages payable by HCHC	43,892	48,602
Subtotal gross long-term liabilities	280,015	315,179
Sinking Fund debentures	273,500	273,500
Total long-term liabilities incurred by Halton Region	553,515	588,679
Less recoverable from Local Municipalities:		
Long-term debentures	166,766	178,984
Sinking fund debentures	95,806	98,222
Subtotal Local Municipalities	262,572	277,206
Less cumulative Sinking Fund contributions from Local Municipalities	9,194	6,778
Net long-term liabilities at year end	\$281,749	\$304,695

Sinking Fund debentures consist of the following amounts:

Sinking Fund #148 11 was issued on October 11, 2011 for a 30-year term and total value of \$106,000.

	2019	2018
Sinking Fund #148-11 earnings to date		
Opening earnings	\$12,795	\$10,535
Halton contributions	1,827	1,827
Interest earned	490	433
Sinking Fund #148-11 earnings to date	\$15,112	\$12,795

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

4. LONG-TERM LIABILITIES (continued)

Sinking Fund #43-15 was issued on April 6, 2015 for a 30-year term and total value of \$167,500. Halton Region's portion is \$62,500, while \$90,000 was borrowed on behalf of the Town of Oakville and \$15,000 for the Town of Milton.

	2019	2018
Sinking Fund #43-15 earnings to date		
Opening earnings	\$10,811	\$7,082
Halton contributions	1,261	1,261
Oakville contributions	1,816	1,816
Milton contributions	303	303
Interest earned	474	349
Sinking Fund #43-15 earnings to date	\$14,665	\$10,811

Halton Region's long-term liabilities at the end of the year are to be recovered from:

	2019	2018
Property taxes – general purpose levy	\$65,944	\$70,072
Water	47,560	55,209
Wastewater	30,606	35,820
Development charges	137,639	143,594
Net long-term liabilities at year end	\$281,749	\$304,695

5. CHARGES FOR LONG-TERM LIABILITIES

The charges for the year required to service the long term liabilities are:

	2019	2018
Gross principal repayment	\$48,259	\$50,266
HCHC mortgages	4,710	4,348
Less amounts recovered	(29,973)	(29,493)
Net principal	22,991	25,121
Gross interest paid	16,976	17,845
HCHC mortgages	1,153	1,242
Less amount recovered	(9,100)	(9,351)
Net interest	9,028	9,736
Total net principal and interest	\$32,020	\$34,857

Debentures bear interest at rates ranging from 1.45 per cent to 5.50 per cent. Mortgages of \$43,892 (2018 - \$48,602) on the properties of HCHC are secured by a first charge on the assets of HCHC with amortization periods ranging between 10 and 30 years and interest rates ranging between 1.01 per cent and 5.94 per cent.

Net interest on long-term liabilities identified above are included in the Consolidated Statement of Operations.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

5. CHARGES FOR LONG-TERM LIABILITIES (CONTINUED)

The charges shown in the previous table are recovered as follows.

	2019	2018
Property taxes – general purpose levy	\$6,920	\$7,229
Water and wastewater revenues	13,153	15,280
Development charges	11,947	12,348
Total	\$32,020	\$34,857

The principal amounts required for long-term liabilities are as follows:

	Instalment principal	Sinking Fund #148-11	Sinking Fund #43-15	HCHC mortgages	Total
2020	\$17,488	\$2,537	\$1,461	\$9,902	\$31,388
2021	14,747	2,652	1,508	5,638	24,545
2022	13,972	2,772	1,558	14,074	32,376
2023	8,836	2,898	1,608	10,081	23,423
2024	8,024	3,029	1,661	984	13,698
2025-2045	6,854	91,736	54,516	3,213	156,319
Total	\$69,921	\$105,624	\$62,312	\$43,892	\$281,749

6. LOANS RECEIVABLE

Halton Region has loans receivable in the amount of \$4,004 (2018 - \$2,011) from Conservation Halton. As per Council report CS-07-07, Halton Region has agreed to provide Conservation Halton with debt financing on capital infrastructure for Watershed Management & Support Services projects. The loans provided to Conservation Halton are based on the actual cost of the project. The repayment amount for 2019 is \$510 (2018 - \$426). Each loan is repayable over a set period at a variable interest rate listed below.

	2019	2018
Loans repayable over 10 years bearing interest of 3.0% with maturity dates from 2020-2027	\$1,048	\$1,349
Loans repayable over 20 years bearing interest of 3.0% with maturity dates from 2038-2039	371	374
Loans repayable over 30 years bearing interest of 3.2% with maturity dates from 2048-2049	2,585	288
Total	\$4,004	\$2,011

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- a. Halton Region has outstanding contractual obligations of \$272,948 for capital works still to be constructed. Regional Council has authorized the required financing for these obligations.
- b. Halton Region has entered into operating leases for various office premises and equipment requiring the following payments over the next five years:

2020	\$3,424
2021	1,530
2022	1,285
2023	863
2024	462

- c. Halton Region is due to receive development charges of \$279,298 which will be used for financing future infrastructure developments.
- d. Halton Region enters into various service contracts and other agreements in the normal course of business, which have been approved by the appropriate level of management or by Council but which have not been reported as commitments.

8. CONTINGENT LIABILITIES

Certain legal claims against Halton Region are currently outstanding. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are indeterminable. Liabilities for non-insured claims are recorded in the year in which they are determined likely to occur.

At year-end, the Region evaluated the likelihood of having to repay taxes as a result of tax appeals or other changes and recognized a liability in the amount of \$10,527 (2018 - \$9,438) which is included in Accounts Payable in the Statement of Financial Position.

9. CONTINGENT ASSETS

As at December 31, 2019, the Region has certain outstanding legal actions against various defendants in which the Region is seeking damages. The Region has determined that resolution in favour of the Region is likely in these actions, however the amount of possible damages to be received is undeterminable as at December 31, 2019.

10. DEFERRED REVENUE

Halton Region's deferred revenue is comprised of obligatory reserve funds and general deferred revenues. A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. Halton Region has obligatory development charge reserve funds in the amount of \$57,216 (2018 - \$105,931) and an obligatory reserve fund for the federal Gas Tax Grant in the amount of \$28,554 (2018 - \$18,585). These reserve funds are considered obligatory as Provincial and Federal legislation restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected or are receivable and when Halton Region has approved and incurred the expenditures for the capital projects for which the development charges were raised. The funds received before expenditures are incurred are set aside, as required by the *Development Charges Act, 1997*, to defray the cost of growth-related capital projects associated with new development.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

The deferred revenues, reported on the Consolidated Statement of Financial Position, are made up of the following:

	Balance at 31-Dec-18	Inflows	Revenue Earned	Balance at 31-Dec-2019
Development charges	\$105,931	\$108,554	\$157,269	\$57,216
Federal Gas Tax Grant	18,585	33,493	23,524	28,554
Total Obligatory Reserves	124,516	142,047	180,793	85,770
Unspent Capital Financing	54,902	5,003	1,413	58,492
Permits	1,834	1,881	1,692	2,023
Developer Accelerated (note 15)	8,023	100	1,057	7,066
Developer Water Meters	1,404	458	572	1,290
Other	5,776	3,228	5,412	3,592
Total General - Region	71,939	10,670	10,146	72,463
Total	\$196,455	\$152,717	\$190,939	\$158,233

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

Halton Region owns and operates one active landfill site. It also owns and monitors four inactive landfill sites. The active site has a remaining life expectancy of 24 years, assuming the waste diversion targets are met. The present value of the expected closure and post-closure care costs of the active landfill site and the present value of expected monitoring and capital rehabilitation costs of the inactive landfill sites have been reported as a liability on the Consolidated Statement of Financial Position. The liability was estimated using a discount factor of 5.0 per cent net of inflation of 2.0 per cent. The estimated length of time required for post-closure care is 40 years. Halton Region also monitors seven inactive landfill sites owned by the Local Municipalities. Under agreements with the four Local Municipalities, Halton Region may recover the cost of capital rehabilitation that may be required and is not responsible for any third-party claims that may result from these inactive sites. The Local Municipalities bear the cost of monitoring the inactive sites and therefore these costs have not been included in the landfill post-closure liability.

	2019	2018
Remaining capacity (m ³)	4,476,326	4,478,810
Reserve funds (Note 15)	\$19,933	\$19,176
Closure & post-closure care		
Estimated expenditures	20,488	20,225
Remaining expenditures to be recognized	(4,314)	(4,191)
Landfill closure and post closure liabilities	\$16,174	\$16,034

12. CONTAMINATED SITES

A contaminated site exists when substances introduced into the air, soil, water or sediment exceeds the maximum acceptable environmental standards. A liability for remediation occurs when a site is not in productive use and the estimated liability includes costs directly attributable to remediation activities as well as post remediation, maintenance and monitoring of the contaminated site, net of any expected recoveries.

There are no contaminated sites, as at December 31, 2019, that meet the specified criteria (2018 - \$nil).

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

13. EMPLOYEE FUTURE BENEFITS PAYABLE

Halton Region provides certain employee benefits which will require funding in future periods. These benefits include sick leave benefits, benefits under the *Workplace Safety and Insurance Board (WSIB) Act*, 1997, life insurance, early retirement plan, travel benefit, extended health and dental benefits. Halton Region has established reserve funds to mitigate the future impact of these obligations and this has been reported in Note 15. Employee future benefits and reserves relating to these liabilities are as follows.

	2019		2018	
	Accrued Liability	Reserve	Accrued Liability	Reserve
Employee future benefits				
Halton employees	\$14,698	\$17,662	\$13,486	\$16,136
Halton Regional Police Service	33,289	32,535	31,757	31,550
WSIB				
Halton employees	11,066	13,826	10,010	12,076
Halton Regional Police Service	4,128	4,695	3,926	5,570
Long-term disability				
Halton employees	10,473	11,648	11,644	10,787
Halton Regional Police Service	4,037	4,658	4,167	4,079
Vacation pay				
Halton employees	3,747	-	3,627	-
Halton Regional Police Service	161	-	72	-
Vested sick leave entitlements				
Halton Regional Police Service	64	94	62	91
Total	\$81,663	\$85,118	\$78,751	\$80,289

Information about Halton Region's benefit plan is as follows:

	2019	2018
Accrued benefit obligation:		
Balance, beginning of year	\$85,016	\$83,186
Current benefit cost	5,233	5,022
Interest	3,119	3,040
Benefits paid	(6,045)	(6,232)
Balance, end of year	87,323	85,016
Unamortized actuarial loss	(5,660)	(6,265)
Liability for benefits	81,663	78,751
Amortization of actuarial loss	\$605	\$1,318

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

The liabilities were determined by an actuarial evaluation as at December 31, 2017. The unamortized actuarial (loss)/gain are amortized over the expected average remaining service life with estimates to December 31, 2019. Halton Region commissions actuarial reviews of the employee future benefits, WSIB and long-term disability obligations every three years.

	2019	Remaining Service Life
Employee future benefits	\$(2,969)	7 to 13 years
WSIB	(4,818)	10 years
Long-term disability	2,127	8 years
Total	\$(5,660)	

The liabilities were based upon a number of assumptions regarding future events, which reflect management's best estimate. Key actuarial assumptions established for this valuation are:

	2019	2018
Expected inflation rate	1.75%	1.75%
Discount rate:		
Employee future benefits	4.00%	4.00%
WSIB	3.75%	3.75%
Long-term disability	3.50%	3.50%
Expected salary increase	2.75%	2.75%
Expected dental care cost increase	3.75%	3.75%
Expected health cost increase	6.42% in 2019, reducing by 0.33% per year to 3.75% in 2027	6.75% in 2018, reducing by 0.33% per year to 3.75% in 2027

Sick leave benefit plan

Under a former sick leave benefit plan, some employees hired prior to January 1, 1974, are entitled to receive cash payments for unused sick leave upon termination of employment. In 2019, payments out of the vested sick leave plan amounted to \$nil (2018 - \$nil) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$64 (2018 - \$62) are anticipated to be paid out in 2020 and have been reported on the Consolidated Statement of Financial Position.

14. PENSION AGREEMENTS

Halton Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its 3,421 eligible members. This plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings.

The OMERS Primary Pension Plan concluded 2019 with \$109 billion in net assets and an improvement in its funded ratio from 96% to 97%. The Region does not recognize any share of the pension deficit of \$3.4 billion (2018 - \$4.2 billion) as OMERS is a multi-employer plan.

Halton Region's contribution to OMERS for its current service amounted to \$28,193 (2018 - \$27,087) and is included as an expense on the Consolidated Statement of Operations. Employee contributions amounted to \$28,193 (2018 - \$27,087).

Contributions for employees with a normal retirement age of 65 were made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$57 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings. For uniformed police officers with a normal retirement age of 60, those rates were 9.2% and 15.8% respectively.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following balances:

	2019	2018
Unexpended capital financing	\$600,821	\$572,699
Reserves and reserve funds (detailed below)	1,297,428	1,199,541
Sinking fund investment	20,592	16,831
Tangible capital assets	5,268,260	5,104,869
Developer financed assets	(7,066)	(8,023)
Amounts to be recovered in future years:		
From reserves and reserve funds on hand	(93,175)	(89,934)
From future revenues	(287,052)	(310,234)
Total Accumulated Surplus	\$6,799,808	\$6,485,749
Reserves and reserve funds set aside by Council:		
Stabilization - rate	33,487	32,196
Stabilization - tax	71,452	69,631
Program specific	92,759	86,493
Workplace Safety and Insurance	18,521	17,646
Self-insurance - General	6,073	5,780
Self-insurance - Employee benefits	66,597	62,643
Landfill closure and post-closure	19,933	19,176
Equipment replacement - vehicle	8,864	7,880
Equipment replacement - building	17,679	14,064
Equipment replacement - equipment	8,680	7,187
Capital - rate	282,984	252,338
Capital - tax	444,967	410,020
Capital - investment	113,075	99,578
Other	112,357	114,908
Total Reserves	\$1,297,428	\$1,199,541

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

16. TRUST FUNDS

Trust Funds, in the amount of \$78 (2018 - \$79), for the residents of Allendale, Creek Way Village and Post Inn Village, which are administered by Halton Region, have not been included in the financial statements, and are reported separately on the Trust Funds Statement of Continuity and Consolidated Statement of Financial Position.

17. SEGMENTED INFORMATION

Segmented information has been identified based on lines of service provided by Halton Region. Halton Region's services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of services that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Protection to Persons and Property

The mandate of the Protection to Persons and Property programs is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders, and enforce the law.

Transportation Services

The Transportation Services division is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and street lighting.

Water and Wastewater Services

The Water and Wastewater Services divisions are responsible for the collection and treatment of wastewater (including storm) and the treatment and distribution of drinking water in order to provide high-quality drinking water to residents of Halton Region.

Solid Waste Services

The Waste Management Services division is responsible for the planning, collection and disposal of solid waste, administering the green cart program and recycling, including minimization programs and facilities for solid waste.

Health Services

The Health Department delivers a variety of public health programs and services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. Staffs work in the community to deliver programs such as paramedic services, immunization, nutrition, mental health, sexual health, insect control and health inspection.

Social and Family Services

The Social and Family Services department provides programs and services that enhance the quality of life of Halton Region residents and provides them with social support services, including services for children, youth, families and seniors.

Social Housing

Through implementation of the Comprehensive Housing Strategy, Halton Region continues to advocate for the provision of housing types for all incomes and all stages of life from emergency shelters and government assisted housing to private sector affordable housing. Operations of HCHC are included as part of the Social Housing segment.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

17. SEGMENTED INFORMATION (continued)

Other Services consists of the General Government, Planning and Development, Recreation and Cultural Services:

General Government

General government includes the components of municipal government responsible for governing the municipality, providing direction and leadership to staff, and sustaining the organization. These divisions and branches supply administrative and financial leadership for the Regional Corporation including adopting by-laws and policy, levying taxes, issuing debentures and providing administrative, technical, facility management, and financial services.

Planning and Development

The Planning and Development department provides a long-term comprehensive approach to planning and development processes to ensure the efficient use of land and community infrastructure.

Recreational and Cultural Services

The Recreational and Cultural Services department fosters discovery, appreciation and understanding of the region's heritage and manage Halton Region's artifact and archival collection. It also oversees the implementation of the Halton Region Waterfront Parks program.

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation such as property tax revenues and by user fees for water and wastewater services. General purpose levy and payment in lieu of taxes are allocated to the segments based on a percentage of budgeted net expenditures approved in the 2019 Budget. In addition, certain government grants and other revenues have been apportioned based on a percentage of budgeted expenses. The accounting policies used in these segments are consistent with those followed in the preparation of the Consolidated Financial Statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure below for the years 2019 and 2018.

	Protection to Persons and Property	Transportation Services	Water and Wastewater Services	Solid Waste Services*	Health Services	Social and Family Services	Social Housing	Other Services**	Total Consolidated 2019
Revenues									
Taxation*									
General purpose levy	\$164,868	\$58,416	\$21	\$16,075	\$40,568	\$44,814	\$38,157	\$40,395	\$403,314
Solid waste levy	-	-	-	26,928	-	-	-	-	26,928
Payment in lieu	1,892	670	-	-	465	514	438	648	4,627
Users charges	8,030	2,650	210,763	7,920	253	17,795	760	2,452	250,623
Ontario grants	6,530	(366)	7,285	-	42,584	129,596	14,516	237	200,382
Canada grants	-	10,415	13,109	-	103	161	747	(9)	24,526
Investment income	-	-	3,617	-	-	-	-	61,412	65,029
Development charges and developer contributions	3,388	101,868	50,527	80	28	-	1,113	4,831	161,835
Other revenue	39	-	127	381	1	-	15,596	570	16,714
Total revenues	184,747	173,653	285,449	51,384	84,002	192,880	71,327	110,536	1,153,978
Expenses									
Salaries, wages and employee benefits	139,769	2,724	35,344	3,910	55,527	66,901	5,644	49,733	359,552
Materials	7,642	3,679	27,144	1,137	2,872	5,331	3,470	869	52,144
Contracted services	10,329	16,126	37,455	33,787	2,670	30,368	7,139	30,406	168,280
Rents and financial expenses	301	3,425	2,736	63	371	900	4,420	1,920	14,136
Government transfers	9,594	531	1,928	243	881	67,970	22,873	6,026	110,046
Debt expense	1,865	-	5,994	-	17	-	1,153	-	9,029
Allowance for taxes written off	-	-	-	-	-	-	-	3,918	3,918
Amortization of tangible capital assets	10,123	25,266	68,917	1,525	1,965	2,812	5,998	6,208	122,814
Program support	1,625	2,151	11,819	2,419	9,241	12,279	1,902	(41,436)	-
Total expenses	181,248	53,902	191,337	43,084	73,544	186,561	52,599	57,644	839,919
Net revenues	\$3,499	\$119,751	\$94,112	\$8,300	\$10,458	\$6,319	\$18,728	\$52,892	\$314,059

* The allocation of taxation amount is based on a percentage of budgeted net expenditures except for Solid Waste as this amount is collected through By-Law 37-19.

** Other Services consists of General Government, Planning and Development, Recreation and Cultural Services.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019

(Dollars in Thousands)

	Protection to Persons and Property	Transportation Services	Water and Wastewater Services	Solid Waste Services*	Health Services	Social and Family Services	Social Housing	Other Services**	Total Consolidated 2018
Revenues									
Taxation*									
General purpose levy	\$152,947	\$54,028	\$21	\$15,920	\$38,457	\$42,339	\$36,619	\$47,615	\$387,946
Solid waste levy	-	-	-	26,196	-	-	-	-	26,196
Payment in lieu	2,147	758	-	-	540	594	514	669	5,222
User charges	8,402	865	206,909	8,089	194	16,710	1,087	2,390	244,646
Ontario grants	6,538	3,227	22,591	-	41,109	131,869	12,086	679	218,099
Canada grants	-	4,265	11,702	-	120	215	575	(70)	16,807
Investment income	-	-	3,617	-	-	-	-	55,258	58,875
Development charges and developer contributions	4,898	91,052	95,702	59	1,364	-	762	2,739	196,576
Other revenue	27	-	146	43	8	4	16,613	539	17,380
Total revenues	174,959	154,195	340,688	50,307	81,792	191,731	68,256	109,819	1,171,747
Expenses									
Salaries, wages and employee benefits	134,055	2,584	33,882	3,771	53,454	65,224	5,769	45,627	344,366
Materials	7,764	1,893	24,210	1,151	3,142	5,331	3,523	6,456	53,470
Contracted services	10,000	27,330	38,276	33,976	2,772	27,883	7,110	29,871	177,218
Rents and financial expenses	440	104	2,376	334	620	884	4,235	2,249	11,242
Government transfers	9,168	745	2,174	220	850	66,585	20,403	6,828	106,973
Debt expense	1,965	-	6,506	-	23	-	1,242	-	9,736
Rents and financial expenses	-	-	-	-	-	-	-	4,258	4,258
Amortization of tangible capital assets	6,776	21,111	68,159	1,853	1,937	2,727	5,668	6,021	114,252
Program support	1,363	2,173	11,771	2,679	10,818	13,047	2,049	(43,900)	-
Total expenses	171,531	55,940	187,354	43,984	73,616	181,681	49,999	57,410	821,515
Net revenues	\$3,428	\$98,255	\$153,334	\$6,323	\$8,176	\$10,050	\$18,257	\$52,409	\$350,232

* The allocation of taxation amount is based on a percentage of budgeted net expenditures except for Solid Waste as this amount is collected through By-Law 22-18.

** Other Services consists of General Government, Planning and Development, Recreation and Cultural Services.

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
(Dollars in Thousands)

18. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2019 operating and capital budgets approved by Halton Regional Council on January 16, 2019 and the HCHC Board on January 16, 2019.

The chart below reconciles the approved budget to the budget figures reported in these Consolidated Financial Statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years.

In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

	2019 Budget
Revenues: Operating	
Approved budget (FN-06-19)	\$937,652
In-year changes*	4,128
Revised approved budget	941,780
Development charges and developer contributions	161,835
Grants	4,885
Other revenue adjustments	5,756
Reclassification between revenue and expense	(348)
HCHC revised approved budget (HC-03-19)	26,539
HCHC PSAS adjustments	1,075
HCHC intercompany transactions	(16,159)
Total consolidated revenues	1,125,363
Expenses: Operating	
Approved budget (FN-06-19)	937,652
In-year changes*	4,128
Revised approved budget	941,780
Transfers to reserves - capital	(187,236)
Transfers from reserves - capital	11,947
Debt charges - principal	(21,370)
Transfers to reserves - operating	(54,223)
Transfers from reserves - operating	5,631
Amortization	117,105
Capital project cost resulting in operating expenses	28,056
(Gain)/Loss on TCA	5,296
Employee future benefits	2,912
Landfill liability	139
Reclassification between revenue and expense	(348)
HCHC approved budget (HC-03-19)	26,539
HCHC PSAS adjustments	(769)
HCHC intercompany transactions	(17,264)
Total consolidated expenses	858,195
Net revenues	\$267,168

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2019
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In-year changes:

* Refer to Report No. - Re:	Amount
FN-29-19 - Operating Budget Variance Report for the period ending April 30, 2019	\$2,094
SS-03-19 - Community Homelessness Prevention Initiative (CHPI) Annual Investment Plan and Federal Homelessness Enhancement	150
SS-06-19 - Services for Seniors Funding Increase - Behavioural Supports Ontario	65
FN-18-19 - 2019 Tax Policy	1,819
Total	\$4,128

19. PUBLIC LIABILITY INSURANCE

Halton Region and HCHC have comprehensive risk management programs in place for the identification, evaluation and treatment of risk designed to minimize or prevent the risk of damage to Region and HCHC properties and the risk of third-party property damage or bodily injury.

	Halton Region		HCHC	
	2019	2018	2019	2018
Insurance period of one year beginning on	1/1/2019	1/1/2018	11/1/2019	11/1/2018
Third party public liability claim limit per occurrence up to	\$50,000	\$50,000	\$10,000	\$10,000
Maximum deductible limit per occurrence	100	100	20	5
Coverage for properties replacement cost blanket limit	1,521,853	1,954,287	322,027	310,459
Insurance claims expense	797	823	70	72
Estimated value of outstanding claims	1,260	1,253	25	25
Self-insurance reserves (Note 16)	6,073	5,780	N/A	N/A

Insurance claims identified on the previous table, are included in the consolidated statement of operations.

HCHC uses purchased insurance and Halton Region uses a combination of self-insurance and purchased insurance to protect themselves financially against the risks that they cannot reasonably control. Halton Region is self-insured for claims such as environmental liability, Councillor and employee legal indemnification. These claims are expensed within the current operating year and are funded through the self-insurance reserve fund as are all Halton Region's insurance claim deductibles.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.