



2020

Annual Financial Report



The Regional Municipality Of Halton, Ontario
For the year ended December 31, 2020

2020 Annual Financial Report

For the fiscal year ending December 31, 2020

The Regional Municipality of Halton, Ontario

The report was prepared by:

Halton Region Finance Department

in co-operation with all Regional departments



Message from Halton Regional Chair Gary Carr

On behalf of Regional Council, I am pleased to present Halton's 2020 Annual Financial Report.

Despite impacts from COVID-19, Halton maintained its strong financial position in 2020 as a result of our expert leadership, strategic planning and prudent financial plans and practices. We also maintained our top credit rating, allowing public funds to go further when investing in essential Regional works, including road, water and wastewater projects.

To help support the community during COVID-19, Halton Region's 2021 Budget and Business Plan included an additional \$12.3 million for Public Health, Paramedic Services, Long-Term Care and Housing. It also addressed facility and technology-related costs, as well as strategic investments to meet ongoing staffing requirements. The majority of this value was provided by the Federal and Provincial Safe Restart Agreement and additional Provincial funding, resulting in a net cost to taxpayers of \$1.2 million. The Region has also invested \$1 million in Children's Services to maintain the current number of subsidized child care spaces as a result of Provincial funding reductions.

While the Annual Financial Report focuses on our work in 2020, many of the essential Regional programs, services and infrastructure projects budgeted for 2021 are underway. Some of these key investments include \$4.4 billion over 10 years for our capital program, including:

- Investing in our infrastructure:
 - **Water and wastewater infrastructure:** \$2.2 billion to fund projects such as water and wastewater services for new developments, renewing aging infrastructure and new water meter installations and replacements; and
 - **Transportation infrastructure:** \$1.7 billion to support Regional transportation projects such as road widening, new roads, grade separation and road resurfacing.
- Helping protect and enhance the natural environment through investment increases in:
 - **Waste management:** \$1.1 million primarily to address road upgrades and resurfacing at the Halton Waste Management Site; and
 - **Burlington Beach Waterfront Master Plan:** \$1.7 million for continued support to implement the Burlington Beach Waterfront Master Plan.

In 2021, the Region continues its efforts to keep residents safe and healthy, deliver essential services and oversee the rollout of COVID-19 vaccines in Halton. We are also planning ahead and making strategic investments in the core programs and infrastructure our community relies on. By working together, we can ensure Halton remains a great place to live, work, raise a family and retire.

To learn more about Regional finances and the 2021 budget, visit [halton.ca](https://www.halton.ca).

Sincerely,

Gary Carr
Halton Regional Chair

Contents

Introduction

- 1 Halton Regional Council 2019 - 2022
- 2 Recent Awards
- 3 Halton is a Great Place to Live
- 4 Economic Statistics
- 5 2019-2022 Strategic Business Plan
- 6 Halton Region's Corporate Organization
- 6 What We Do
- 7 Treasurer's Report

Consolidated Financial Statements

- 23 Management Report
- 24 Independent Auditor's Report
- 26 Consolidated Statement of Financial Position
- 27 Consolidated Statement of Operations
- 28 Consolidated Statement of Change in Net Financial Assets
- 29 Consolidated Statement of Cash Flows
- 30 Summary of Significant Accounting Policies
- 34 Investments
- 34 Tangible Capital Assets
- 36 Long-Term Liabilities
- 37 Charges for Long-Term Liabilities

- 38 Loans Receivable
- 39 Commitments and Contractual Obligations
- 39 Contingent Liabilities
- 39 Contingent Assets
- 39 Deferred Revenue
- 40 Landfill Closure and Post-Closure Liabilities
- 40 Contaminated Sites
- 41 Employee Future Benefits Payable
- 42 Pension Agreements
- 43 Accumulated Surplus
- 44 Trust Funds
- 44 Segmented Information
- 47 Budget Comparison
- 48 Public Liability Insurance
- 48 COVID-19 Pandemic

Five-Year Statistical Data

- 52 Five-Year Financial Statistics (unaudited)
- 55 Halton's Business Community and Key Sectors

One click | One tap | One call

One Halton



It's easy to access Regional programs and services.



Visit **halton.ca**



Download the OneHalton app



Email accesshalton@halton.ca
or call 311



Follow us on social media



Visit a Regional facility*

* Appointment may be required. Please email or call ahead. Visitors should follow public health measures and wear a non-medical mask or face covering, unless exempt.

Halton Regional Council 2019–2022

Halton Regional Council is the decision-making body for Halton Region. The Halton Regional Chair is the head of Regional Council, which is made up of 24 elected representatives including the Mayors of each Local Municipality.

Council agendas, meeting schedules and streaming video of Council meetings are available online at [halton.ca](https://www.halton.ca).



FRONT ROW: Lisa Kearns, Burlington; Marianne Meed Ward, Mayor, Burlington; Rick Bonnette, Mayor, Halton Hills; Gary Carr, Regional Chair; Gordon Krantz, Mayor, Milton; Rob Burton, Mayor, Oakville; Cathy Duddeck, Oakville

MIDDLE ROW: Angelo Bentivegna, Burlington; Shawna Stolte, Burlington; Jane Fogal, Halton Hills; Rick Malboeuf, Milton; Colin Best, Milton; Clark Somerville, Halton Hills; Pavan Parmar, Oakville; Rory Nisan, Burlington; Mike Cluett, Milton

BACK ROW: Kelvin Galbraith, Burlington; Allan Elgar, Oakville; Tom Adams, Oakville; Jeff Knoll, Oakville; Paul Sharman, Burlington; Zeeshan Hamid, Milton; Dave Gittings, Oakville; Sean O'Meara, Oakville

Recent Awards

Canadian Award for Excellence in Financial Reporting

2019 Annual Financial Report

The Government Finance Officers Association of the United States and Canada

Distinguished Budget Presentation Award

2020 Budget and Business Plan

The Government Finance Officers Association of the United States and Canada

Greater Toronto's Top Employer Award 2021

Halton Region

Mediacorp Canada Inc.

Highest Customer Service by Industry Award for Government

Access Halton

Service Quality Management Group

Maintenance Team of the Year Award

Water and wastewater treatment

Plant Engineering and Maintenance Association of Canada

Partnership for Safe Water Director's Award for outstanding commitment to high quality drinking water and treatment

Burlington, Burloak and Oakville Water Purification Plants
American Water Works Association



Halton is a Great Place to Live

Halton is home to more than 610,000 people and 13,580 businesses in four diverse municipalities: the City of Burlington and the Towns of Halton Hills, Milton and Oakville. Recognized for its strong financial position, safe communities and reliable services, Halton is a highly sought-after place to live, work, raise a family and retire.

Halton has the charm of small-town life and vibrant agricultural communities, with access to major urban centres and amenities.

With its central location and reliable transit networks, Halton is close to markets in the U.S., Toronto, Niagara and more. There are more than 20 post-secondary institutions within an hour's drive, providing a highly-skilled workforce for employers and training opportunities for residents.

Residents in Halton enjoy a high quality of life, which is supported by essential Regional programs, services and infrastructure. From agricultural activities to waterfront trails and more, there is so much to explore and enjoy in Halton.



Economic Statistics

610,517

2020 Population¹

#1

Lowest Crime Severity Index of all Canadian municipalities with more than 100,000 residents⁷

13,647

Number of Employers in 2020⁴

9.2%

Halton Unemployment Rate in 2020⁶

75%

Post-Secondary Attainment³

228,400

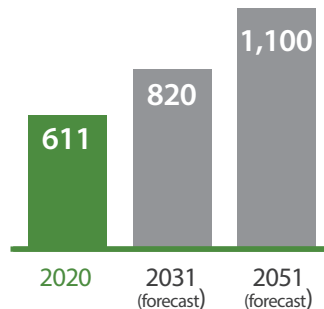
Total Jobs in Halton in 2020⁴

\$29B

Gross Domestic Product (GDP)⁸

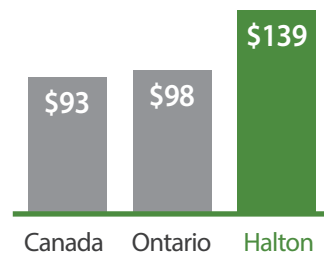
- 1 Halton Region Best Planning Estimates, June 2011 (forecasted)
- 2 Provincial *Places to Grow Act, Growth Plan for the Greater Golden Horseshoe (2019)*
- 3 Statistics Canada Census 2016
- 4 Halton Region 2020 Employment Survey Results
- 5 Statistics Canada Building Permits Survey, 2020 Halton Region Economic Review
- 6 Statistics Canada Labour Force Survey, 2020 Halton Region Economic Review
- 7 Statistics Canada Crime Severity Index
- 8 Conference Board of Canada, 2020 Halton Region Economic Review

Population Growth²
(thousands)



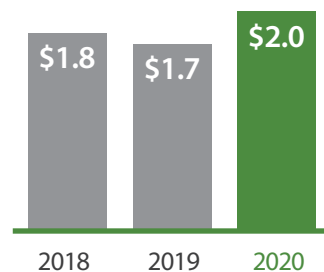
Halton Region is a growing community. To meet the requirements of the Provincial *Places to Grow Act, Growth Plan for the Greater Golden Horseshoe (2019)*, Halton is expected to grow to 1.1 million people by 2051.²

Average Household Income³
(thousands)



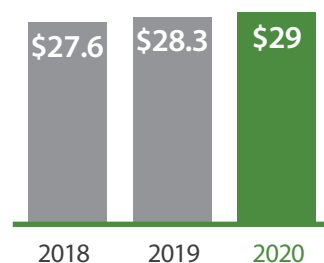
The average household income in Halton is higher than the provincial average. 75 per cent of adults also have some level of post-secondary education.³

Total Construction Value⁵
(billions)



Over the past five years, Halton's total building permit construction value is \$10.7 billion.⁵

Gross Domestic Product (GDP)⁸
(billions)



Over the past five years, Halton Region's GDP has increased by 2.9 per cent annually on average, totalling \$29B in 2020.⁸

2019–2022 Strategic Business Plan

Our 2019–2022 Strategic Business Plan sets the objectives and specific actions that help achieve our vision and shape the future.

The strategic planning process also ensures a strong alignment between Council priorities, our corporate and departmental business planning and processes, and the Region's Budget and Business Plan.

Through the consultation process, we identified 21 strategic objectives for this term of Council. The strategic objectives are organized into five themes. The Plan identifies the actions that need to be undertaken over the term to achieve these strategic objectives and their respective outcomes.

The five themes for 2019–2022 Strategic Business Plan are:



Planning and Growth Management

Ensuring that the necessary infrastructure and services are in place to maintain the high quality of life as the Region continues to grow.



Transportation and Infrastructure

Investing and delivering on capital improvements that provide efficient and safe transportation options and maintain infrastructure in a state-of-good-repair.



Community Well Being

Collaborating with partners to deliver the programs, services and supports that the community needs to be safe and healthy.



Environmental Sustainability and Climate Change

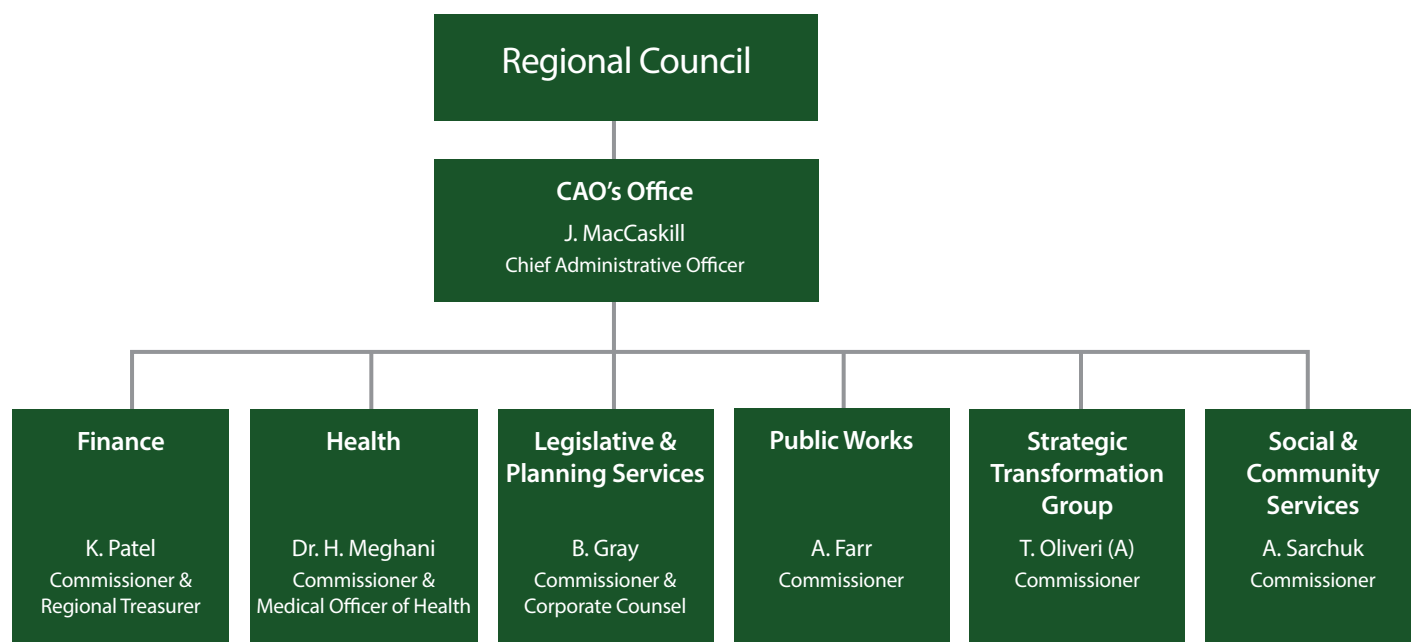
Protecting and enhancing the natural environment and reducing our collective carbon footprint to mitigate the impacts of climate change.



Effective Government

Transforming service delivery through innovation, technology and process improvements. Maintaining a strong financial position is critical for the future.

Halton Region's Corporate Organization



(A): Acting

What We Do

Halton Region supports people living and working in the City of Burlington and the Towns of Halton Hills, Milton and Oakville.

From clean drinking water to resilient infrastructure and public health programs, financial assistance and family supports, residents and businesses can rely on Halton Region to deliver the programs and services that matter.

Connect with us in the way that works best for you:



Visit [halton.ca](https://www.halton.ca)



Download the OneHalton app



Email accesshalton@halton.ca or call 311



Follow us on social media



Visit a Regional facility*

* Appointment may be required. Please email or call ahead. Visitors should follow public health measures and wear a non-medical mask or face covering, unless exempt.

Halton Region Services



Business services and economic development



Paramedic services



Children's services



Public health programs and services



Emergency planning



Regional roads and transportation



Financial assistance



Services for seniors



Housing services



Waste management



Infrastructure and construction



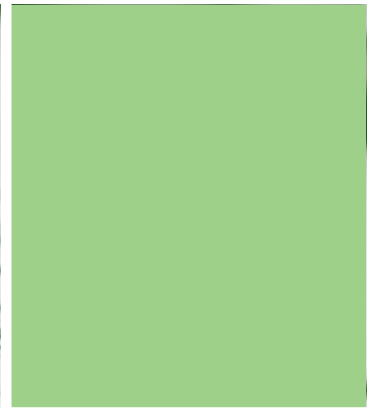
Wastewater treatment and distribution



Land use planning and growth management



Water purification and distribution



Treasurer's Report

Keshwer Patel
Commissioner of Finance and Regional Treasurer

I am pleased to present the consolidated financial statements for the Regional Municipality of Halton (Halton Region) for the year ended December 31, 2020. These consolidated financial statements and accompanying notes are prepared in accordance with Canadian public sector accounting standards.

Management at Halton Region is responsible for the information contained in the Annual Financial Report, which includes the consolidated financial statements, notes to the consolidated financial statements and other financial information.

The purpose of the Treasurer's Report is to analyze and comment on the principal features of the 2020 audited consolidated financial statements and to highlight key financial results that occurred during the year. This report gives the reader an excellent opportunity to assess Halton Region's financial activities and available resources.

Treasurer's Report

Community Profile

Halton Region is an upper-tier municipality providing services to residents in the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville. Close to major markets in Canada and the United States, Halton Region is located within the rapidly growing Greater Toronto and Hamilton Area (GTHA), offering expanded business and employment opportunities for more than 610,000 residents. Halton Region features 526 km² of green space and covers 969 km² of total land area, including portions of the Niagara Escarpment.



2020 Regional Economy Highlights

Halton maintained its strong financial position in 2020 despite the impacts of COVID-19 as a result of our strong leadership, strategic planning and prudent financial plans and practices.

Entering into 2020, Halton's labour force was in a position of strength with an in-demand, highly skilled and predominantly professional labour force. In 2020, the unemployment rate in Halton rose to an annual average of 9.2 per cent while the GTHA averaged 9.4 per cent and the provincial and national rates were 9.3 per cent each.

Halton's diversified industrial base has long sustained a strong regional economy, and the business community has remained resilient. However, the COVID-19 pandemic has had significant impacts; it is estimated that there were 13,580 employers across Halton in 2020, down slightly from 13,650 in 2019.

Development activity across Halton has been strong over the past number of years, and the COVID-19 pandemic appears to have mainly impacted development within the commercial retail sector. Overall, building permits issued for new construction and expansions continued across the region in 2020, with total building permit construction value reaching \$2 billion, driven primarily by an increase in residential construction.

COVID-19 Pandemic

The impact of COVID-19 pandemic on our community, and on the work of the Health Department, has been unprecedented. Halton Region Public Health managed 6,051 COVID-19 cases among Halton residents and associated high-risk contacts, while adapting to many policy changes necessitated by shifts in Provincial direction and fluctuating caseloads as the pandemic's first two waves unfolded. Public Health investigators also handled 154 outbreaks of COVID-19 in 2020, occurring at diverse settings throughout Halton, including long-term care and retirement homes, hospitals, workplaces, schools, child care centres, and community settings such as weddings.

Our Response to COVID-19

Halton Region served as a one-stop shop for the community to obtain accurate information about the pandemic in 2020, with staff responding to over 21,500 inquiries from the public and stakeholders, releasing and maintaining up-to-date communications materials, and updating COVID-19 case data via a dashboard on halton.ca/covid19 daily. While supporting the COVID-19 response, Public Health also continued to provide essential programs and services to keep our community safe. Paramedic Services took precautions as they did COVID-19 tests for residents unable to access an assessment centre, responded to medical emergencies, and provided residents with the care they needed. To address the unprecedented workload as staff responded to the COVID-19 pandemic, it was also necessary to hire additional staff.

Supporting the Provincial Vaccination Strategy

Stopping the spread of COVID-19 continues to be the Region's key priority. Many staff are also working to ensure our residents and businesses have the support they need as they navigate impacts from the pandemic. Vaccines are an essential part of slowing the spread of COVID-19 and protecting our community. The approval, availability and distribution of vaccines is now essential to protecting our community and stopping the spread of COVID-19. In late 2020, preparations began on how to deliver the COVID-19 vaccine to Halton residents. Halton Region Public Health is responsible for the allocation and administration of the vaccines at

Treasurer's Report

a regional level, based on the Provincial implementation plan, and is working closely with corporate and community partners to roll out the vaccine as quickly and equitably as possible.

Strategic Business Plan 2019–2022

Our Council-approved 2019–2022 Strategic Business Plan sets the objectives and specific actions that help achieve our vision and shape the future. The strategic planning process also ensures a strong alignment between Council priorities, our corporate and departmental business planning and processes, and the Region's Budget and Business Plan.

Regional Council identified five strategic themes, each with key objectives and specific actions that reflect current social, demographic and economic conditions and priorities:



The Plan establishes priorities and provides the basis for strengthening existing relationships with Local Municipalities, community partners, and the Provincial and Federal Governments to deal with current and emerging issues that are growing in complexity and require collaborative solutions.

The Plan is a cornerstone of the Region's commitment to public accountability, transparency and engagement, helping ensure that the Region meets the needs of the community and continues to be a great place to live.

Strong Long-Term Financial Position

AAA credit rating

Halton Region's AAA credit rating was reaffirmed by both S&P Global Ratings (AAA) and Moody's Investors Service (Aaa) in 2020. The primary factors that contributed to this achievement are Halton's history of strong budgetary performance, prudent fiscal management, declining debt levels and a positive financial outlook for the Region. Financial policies that reduce the risks associated with debt servicing include entering into agreements with developers for growth-related infrastructure. These agreements are developed through allocation programs and financing plans, which are unique to Halton and support the Region's growing economic base.

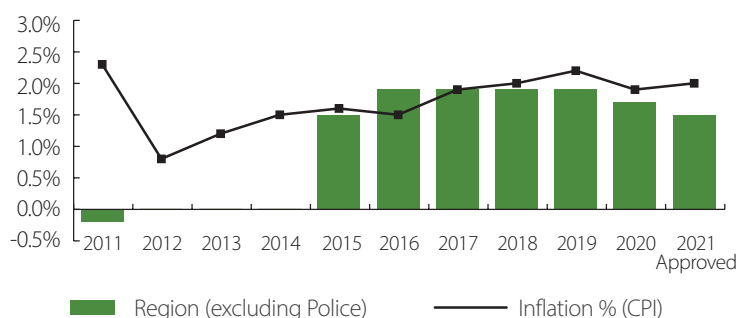
Halton's commitment to multi-year planning for operating and capital budgets allows the Region to anticipate spending pressures early, resulting in strong financial outcomes. The AAA rating is the highest credit rating available, allowing the Region to issue debt at the lowest possible cost, in turn reducing the financial impact to tax and rate payers. Halton Region has maintained its AAA credit rating for 32 years, which is a testament to its financial position, policies and practices.

Property taxes

The annual budget continues to maintain service levels in the Region's core service areas and ensures delivery of the priorities identified by Council through the Strategic Action Plan.

The 2021 Budget includes a 1.5 per cent increase in the Regional tax levy, maintaining the annual property tax rate increase for Regional services at or below the rate of inflation. This achievement delivered on a key Council priority identified in the Halton Region Strategic Business Plan 2019-2022. As shown in the graph below, despite facing significant budgetary pressures, Halton continues to keep taxes low while delivering high-quality services to residents through efficiency improvements, cost containment initiatives and assignment of resources to strategic priority areas.

Region Tax Impact (excluding Police)

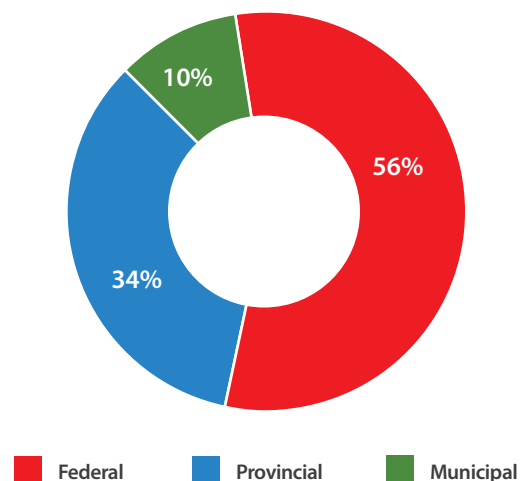


Treasurer's Report

The key priority for developing the tax budget is to maintain tax rate increases at or below the rate of inflation. To achieve this, the budget is prepared based on the following principles:

- the annual budget is prepared in accordance with the financial plans, annual targets and policies approved by Regional Council;
- Halton's strong financial position and financial planning principles will be continued to ensure the Region's AAA credit rating is maintained;
- strategic investments in additional staff resources resulting from growth, program enhancements or additional Federal/Provincial funding will require a business case to be considered by Council as part of the annual budget process;
- the annual budget includes investment in the state-of-good-repair of the Region's assets to maintain a good overall condition of the assets as the Region's infrastructure continues to age and expand;
- Regional programs are funded from sustainable revenues to ensure ongoing expenditures are not funded from temporary or one-time revenues;
- 10-year Operating and Capital Budget forecasts are prepared;
- all growth-related capital costs that can be recovered under the *Development Charges Act, 1997* (DCA) will be recovered from growth in the annual budget. In order to proceed with growth in the Region, an acceptable financing plan must be approved by Council prior to development proceeding;
- Halton Region's own debt limits are not exceeded throughout the 10-year forecasts;
- reserves are maintained at levels to ensure financial sustainability to support the state-of-good-repair of Regional assets, tax and rate stabilization reserves targets, and to fund specific program requirements; and
- the budget presented to Halton Region tax and rate payers is clear and easy to understand, as evidenced by the annual receipt of the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada (GFOA).

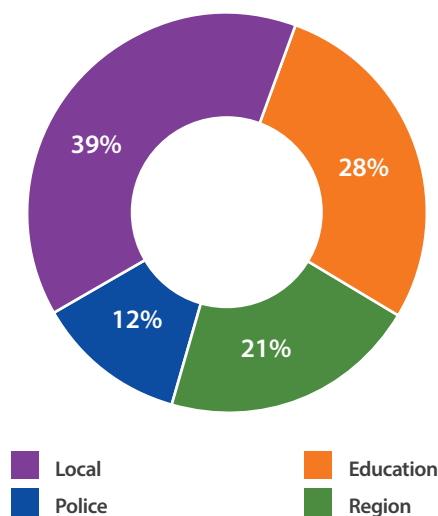
Average Ontario Family Tax Bill Breakdown



Fraser Institute's Canadian Tax Simulator, 2021.

2020 figures not available due to delays in data release caused by COVID-19.

Percentage Share of 2020 Property Tax Bill



Treasurer's Report

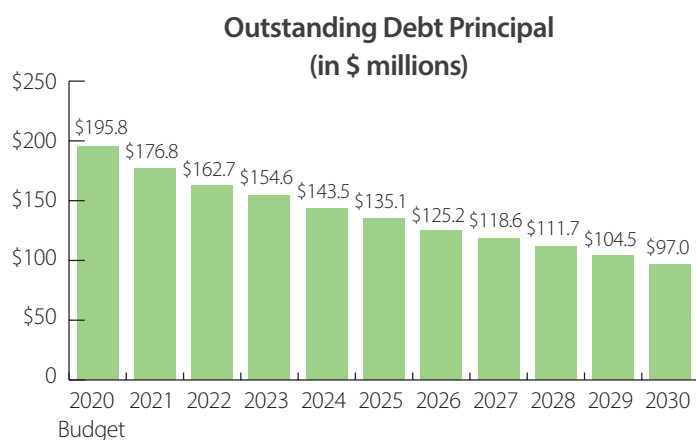
Financial Management

Capital Financing Strategy

The long-term maintenance of the Region's solid fiscal foundation is one of the primary goals established by Regional Council. Continued diligence in managing debt levels and maintaining adequate reserves is required to sustain Halton Region's strong financial position.

Long-term financing requirements are driven by the long-term capital infrastructure plan and asset management needs. The Region utilizes its reserves and debt in the financing of the state-of-good-repair capital program for existing infrastructure. The reserves (including operating contributions, Gas Tax revenue, and investment earnings) are used in support of the Region's pay-as-you-go approach in financing the ongoing or recurring life cycle requirements. Debt financing is utilized for significant upgrade and rehabilitation initiatives, ensuring that the operating impacts from the significant capital program remain smooth and that the timing of revenue recoveries from rate/tax payers is appropriately matched with the benefit of infrastructure.

The following chart illustrates the annual projected debt levels over the next 10 years. Debt levels have peaked at \$195.8 million in 2020, mainly driven by funding required for the Police Headquarter expansion in 2015. The level declines substantially over the forecast period as the Region moves forward with the pay-as-you-go funding approach for the state-of-good-repair capital program and as existing debt retires.



The Region's pay-as-you-go financing strategy and the related reduction in debt and debt charges provide Halton Region with the flexibility to respond to unexpected requirements in priority areas without significant impact to tax and rate payers.

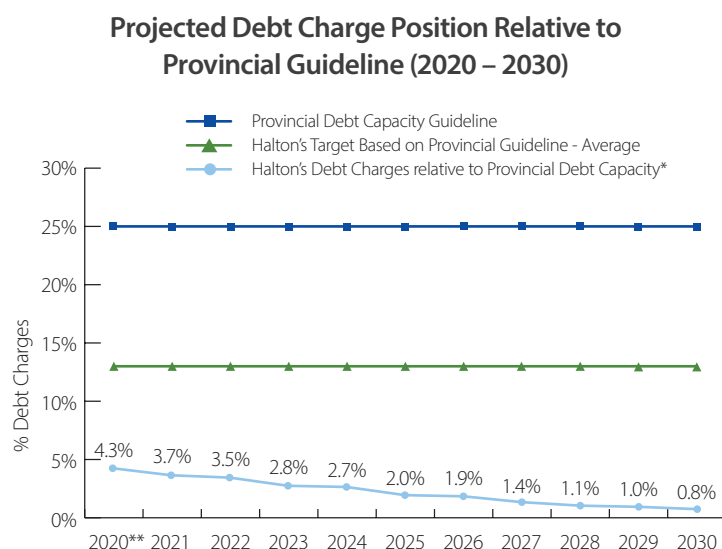
Halton Region relies on development charges (DCs) to finance new/expansion infrastructure required for growth. DCs, combined with the Regional interim financing through the Capital Investment Revolving Fund, Tax Capital Reserve and debt, are used for the



financing of growth-related projects consistent with the financing strategy in report FN-46-19/PW-50-19/LPS112-19. In particular, the Regional interim financing is provided for the non-residential employment capital cost share and will be recovered from future DCs including carrying costs under the financing plan. This plan ensures that all growth-related costs that can be recovered under the DC by-law will be recovered and that Halton's strong financial position is not compromised.

Debt capacity

The Province sets a debt capacity guideline for municipalities at 25 per cent of own revenues. Halton Region's own guideline (10 per cent of total gross operating expenditures) translates to approximately 13 per cent of own revenues. The chart below illustrates Halton Region's projected ratios as presented in the 2021 Budget. The Region's ratios continue to remain well below the Region's guideline and the trend relative to the Provincial guideline declines substantially over the forecast period due to the reduction of debt financing discussed earlier.



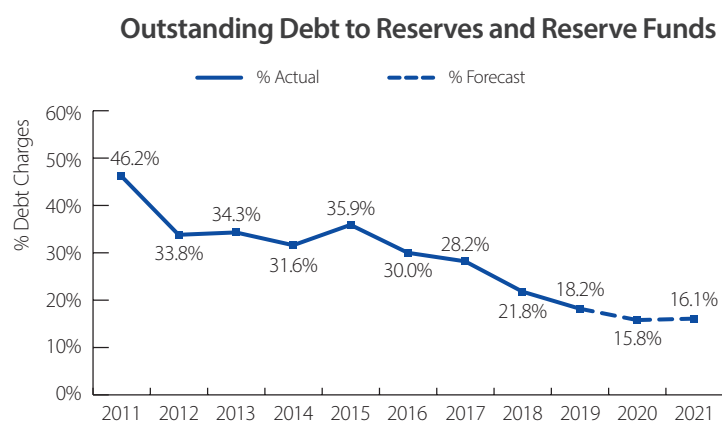
* Debt charges are projected based on inflated debt and include other long-term financial obligations

** 2020 Debt Charges reflects the projected year end actual

Treasurer's Report

Debt to reserve ratio

The following Outstanding Debt to Reserves/Reserve Funds chart illustrates the impact of Halton Region's financial plans in terms of the debt to reserve ratio. The lower the ratio, the more financial flexibility that is available to respond to new requirements, and the more secure Halton Region's overall financial position. The ratio is expected to increase in 2021 (16.1 per cent) from the 2020 level as the Region funds capital projects.



Key Priorities

Halton Region's vision is to enhance the quality of life for residents of Halton today and into the future. To meet this vision, our 2019–2022 Strategic Business Plan has identified five strategic themes that reflect the priorities of Regional Council for our community: planning and growth management; transportation and infrastructure; community well-being; environmental sustainability and climate change; and effective government. The Region is committed to preserving a landscape that is rich, diverse, balanced, productive and sustainable and a society that is economically strong, equitable and caring.

Planning and growth management

Halton's Regional Official Plan is a key part of planning for growth in our community. It helps maintain our high quality of life by guiding current and future land use. The Province's Growth Plan mandates that Halton grow to 1.1 million residents and 500,000 jobs by the year 2051. Halton is reviewing the Regional Official Plan to ensure new development meets this direction and remains responsive to our community's needs—today and in the years to come.

The Regional Official Plan Review (ROPR) is outlined in Report No. LPS41-19 re: Regional Official Plan Review Progress Update on the Integrated Growth Management Strategy and Preliminary Growth Scenarios, and Report No. LPS-44-20 re: Integrated Growth Management Strategy Evaluation Framework. This review is a multi-year project, which is planning for growth in Halton to 2051.

In July 2020, the Region released five Discussion Papers for public comment on the themes of: Climate Change, Natural Heritage, Agricultural and Rural Systems, Regional Urban Structure and the North Aldershot Planning Area. Based on local planning priorities, an additional Discussion Paper focused on a revised boundary for Burlington's Urban Growth Centre and Major Transit Station Area was added in fall 2020. Public consultation ended in December 2020. In February 2021, ROPR began its second stage of public consultation on different Growth Concepts that outline how and where the Region could grow to the year 2051. Input will be used to inform the development of a Preferred Growth Concept. Draft Regional Official Plan Amendment 48 (ROPA 48) is also being considered by Regional Council. ROPA 48 provides direction on how to accommodate future growth in existing urban areas. A final amendment to the Regional Official Plan is anticipated to be adopted in 2022, and will prepare for an updated Transportation and Water/Wastewater Master Plan, as well as an update to the Development Charges By-Law.



Transportation and infrastructure

The Region is committed to expanding transportation options throughout Halton while promoting safety, minimizing environmental impact, optimizing traffic flows and ensuring state-of-good-repair of core infrastructure. Providing timely, accessible and consistent information on construction activity and engaging residents throughout construction projects will continue to be priorities.

Asset Management Plans

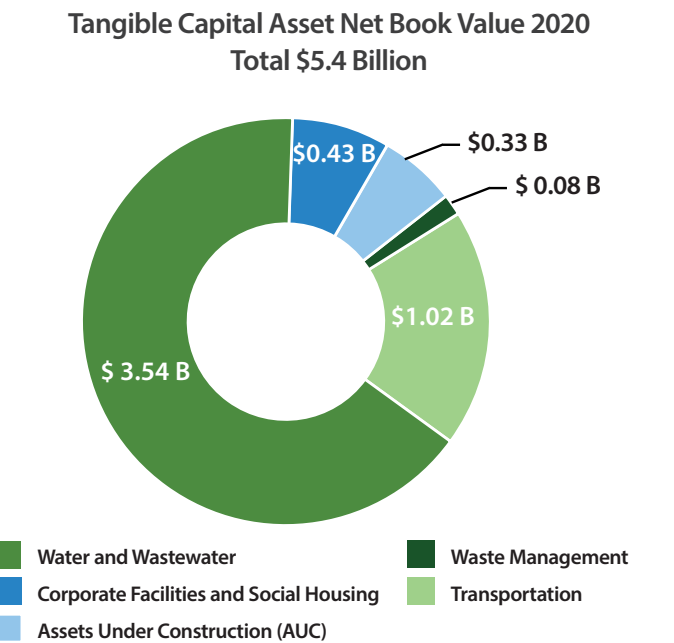
Maintaining Regional assets and infrastructure in a state of good repair is a key priority. The Region updates the Corporate Asset Management Plan on a regular basis, which guides investment decisions in the Budget to ensure assets continue to be in good condition and meet desired levels of service.

Treasurer's Report

Although the Region already has a comprehensive Asset Management Plan, the Region retained a consultant in 2020 to update the Asset Management Program. The objective of the project is to comply with Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure and industry best practice. The scope of work includes, alignment of practices across Regional departments to ensure consistency, while enabling a line of sight between capital/operating investments and Halton's strategic priorities and services to residents and businesses.

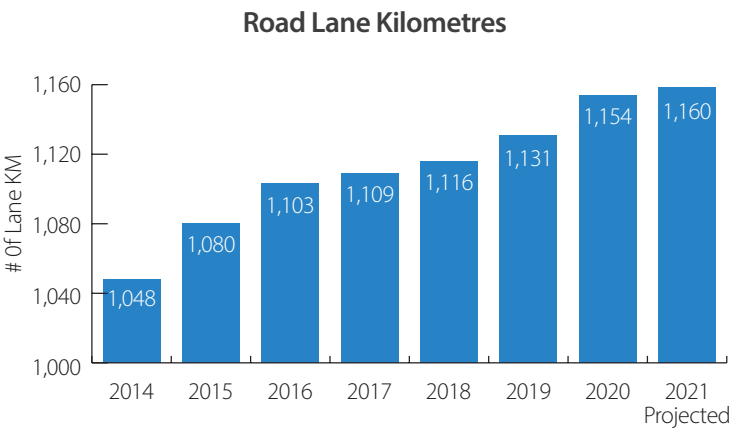
In 2020, Public Works retained a consultant to update the lifecycle models and ensure that corresponding 100-year capital plans for the state-of-good-repair are based on accurate, reliable and transparent documentation. The lifecycle models are long-term projections of the cost of rehabilitation and replacement interventions throughout the life of an asset. The scope of work includes validation of the existing models, development of new models or modelling approaches in alignment with current best practices, updating of the lifecycle models with new and updated data, preparation of updated 100-year capital plans, and development of processes and procedures to maintain the models.

Halton's asset management program has resulted in most infrastructure assets being rated as very good to good condition and meeting desired service levels. Infrastructure assets have significant value and are the key resources used to provide services to the public and improve the quality of life for residents. Halton Region endeavors to reduce construction impacts on residents and businesses and achieve lowest project delivery costs by bundling water, sewer and road replacement components as large contracts where practical.



Road maintenance

The Region contracts the repair and maintenance of Regional roads to the Local Municipalities through the Regional Road Maintenance Agreement. A major driver of the increased road maintenance cost is the increase in lane kilometres to support growth in the Region. Between 2014 and 2020, the Region's transportation network system has been in a state of accelerated growth, with an estimated increase of 106 lane kilometres. The following table shows the growth in the Regional road network over the past several years.



Advanced Traffic Management System

A critical tool in traffic engineering is the use of Intelligent Transportation Systems (ITS) or Advanced Traffic Management Systems (ATMS). An ATMS is a "state-of-the-art" traffic signal control system consisting of a very powerful central processing unit programmed with complex algorithms, working together with equipment in the field such as detection devices (loops, video cameras, radar, etc.), closed circuit television cameras, traffic signals, warning and travel time information signs/messaging boards, emergency and transit pre-emption devices, monitoring and data collection devices, etc. All of these intelligent devices work together to move traffic safely and efficiently in response to real-time traffic demands and allow staff to make informed decisions based on real-time data. The Region's Road Operations program undertook a feasibility study and the findings were reported to Regional Council in 2018 (PW-10-18 re: Regional Advanced Traffic Management System (ATMS, Our File: PR-3205A)), which recommended the implementation of the ATMS. This implementation essentially sets the stage for establishing Regional roads as smart corridors.

Treasurer's Report



Community well being

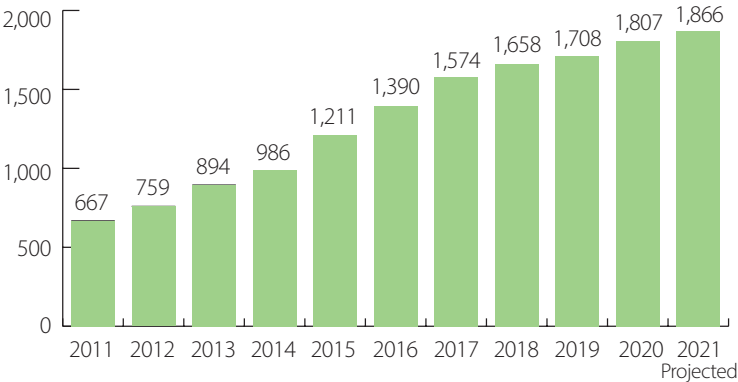
The Region contributes to the health and safety of our community by providing programs and services that continue to respond to the changing demographics and diversity of Halton residents. This includes creating partnerships and programs to respond to the needs of older adults, the need for additional assisted and affordable housing, and collaborating on initiatives to support the health, safety and well-being of the community.

Comprehensive Housing Strategy (CHS)

As approved by Council in Report No. SS-19-19/LPS86-19 re: Comprehensive Housing Strategy 2014 – 2024 – Five Year Review the Region refreshed its CHS to reflect current housing priorities and the supporting financial plan. The *Housing Services Act* requires that the CHS be reviewed and updated at least once every five years. Halton’s housing program has expanded based on continued contribution from the Region and the funding allocated from the Provincial and Federal governments. The Regional funding for new community housing opportunities (previously referred to as assisted housing) will continue at \$7.8 million annually, as set out in the CHS. Funding will continue at this level to deliver the target of 550 to 900 new community housing opportunities to 2024.

Through the Region’s significant investment and the Provincial government’s previous Investment in Affordable Housing-Extension (now Ontario Priorities Housing Initiative), Investment in Affordable Housing-Social Infrastructure Fund and Home For Good programs, Halton has been very successful in the delivery of additional new housing opportunities through the Regional CHS, as shown in the following graph.

New Community Housing Opportunities in Halton
(Total Cumulative)



Between 2011 and 2020, Halton has created an additional 1,251 community housing opportunities. Halton Region’s CHS Update 2014-2024 committed to create up to 900 new housing opportunities. 913 new housing opportunities have been created between 2014 and the end of 2020, with an additional 59 budgeted in 2021. Halton is therefore expected to meet its target well ahead of the planned dates.

Halton Region also works with community partners on a wide range of issues to support residents who are vulnerable to negative social, economic or health outcomes. Two primary vehicles through which this occurs are the Halton Region Community Investment Fund (HRCIF) and the Halton Community Safety and Well-Being (CSWB) Plan, both of which serve as mechanisms to identify and respond to human service issues in a collaborative manner. The HRCIF enhances the health, safety and well-being of Halton residents by providing funding to non-profit social service and community health programs and initiatives. This includes programs that strengthen mental health, prevent homelessness, and support vulnerable individuals, older adults, children and youth.



Treasurer's Report

Environmental sustainability and climate change

The Region continues its effort to reduce the carbon footprint of Regional operations to mitigate the impacts of climate change. The Region also continues to ensure that Halton infrastructure and services are resilient and that risks associated with severe weather events are mitigated where possible. The Region is committed to protecting the natural and agricultural areas and the natural heritage system of Halton. Key objectives include a permanently secure, economically viable agricultural industry, assessing the health of the natural heritage system, determining required restoration and remediation, and developing policies and approaches which seek to balance the natural heritage system interests with those of agricultural areas.

Climate Change Response

The Region has, for many years, invested in programs and services that address climate change, including but not limited to:

- implementation and operation of successful waste diversion programs that have extended the life of the landfill from the original expectancy of 2012 to between 2044 and 2048;
- the addition of active transportation lane kilometres as part of road capital projects, with a total of 74 new on-road active lane kilometres added since 2015, at an average cost of \$250,000 per kilometre for both sides of the road;
- an advanced traffic management system that will reduce vehicle idling and greenhouse gas emissions by improving traffic movement;
- continued investment in the basement flooding program that continues to reduce the potential for basement flooding resulting from severe weather events, with 5,085 downspouts and 334 weeping tiles disconnected since the start of the program, and continued investment through the capital program to address system improvements related to wastewater flows;
- energy management initiatives undertaken in all Regional facilities;
- advanced meter infrastructure which will eliminate vehicle trips to manually read meters; and
- installation of Variable Frequency Drive motor controllers at all new pumping stations over the past 10 years to ensure energy efficiency.

Waterfront Master Plan

Council approved the Burlington Beach Waterfront Master Plan and the related financing plan in 2015 as outlined in Report No. LPS54-15 re: Burlington Beach Regional Waterfront Park - 2015 Master Plan and Report No. LPS59-15 re: Burlington Beach Acquisition Implementation/Strategy (T5800D), committing approximately \$51.8 million of Regional investment between 2015 and 2035. As identified in LPS88-20 (Burlington Beach Regional Waterfront Park Update), a consultant is required to provide expertise in transmission design in order to better inform discussions with Hydro One Networks Inc. and support Council's future decision making with respect to hydro line burial or relocation.

The Halton Region Waterfront Parks program was designed to recognize the significant environmental, economic, cultural, and recreational importance of the Lake Ontario (and the Burlington Bay) shoreline to the residents of Halton and the Province. The program will provide an opportunity to maximize public accessibility to the Halton Waterfront by increasing the amount of well-distributed public space and a variety of recreational, cultural and tourism opportunities along the Halton waterfront.



Treasurer's Report

Alternate Energy Technologies

The Region continues to investigate alternate energy technologies to reduce Regional energy costs and further reduce greenhouse gas emissions. Through the 2019–2022 Strategic Business Plan, the Region intends to reduce the carbon footprint related to regional services and achieve a five per cent reduction in greenhouse gas emissions, five per cent reduction in hydro consumption per megalitre of water and wastewater treated, as well as a 10 per cent reduction in the hydro consumption for street lights.

The Region is also continuing the conversion of approximately 6,461 existing High Pressure Sodium street lights to LED technology over six years (2016–2021) with a capital investment of \$400,000 required in 2021. Based on the current market trend, the energy savings resulting from this program is projected to reach \$600,000 by 2021, when the conversion is expected to be complete. These savings have been incorporated in the Road Operations budget and forecast to mitigate the street light hydro cost.

Long-Term Water Meter Strategy

As reported to Council in Report No. PW-45-19/FN-35-19 re: Long Term Water Meter Strategy – Implementation Plan, staff undertook a competitive procurement process for the selection of a vendor for the installation of a Region-wide Advanced Meter Infrastructure System (AMI) in 2020. The selection process concluded in 2021 and implementation of the Sensus FlexNet AMI system has begun. Meters that have reached or are nearing end-of-life will be replaced in conjunction with the installation of the Region-wide AMI system. Benefits of AMI technology include revenue protection, improved operational efficiency, enhanced customer service, improved distribution system performance monitoring and environmental benefits, and a reduction in the number of meter reading issues and service calls to which meter technicians respond. The proactive maintenance program for large meters (40 mm and greater), which began in 2017, will continue, prolonging the life of the meters and ensuring that the proper volume of water is being recorded. Based on the results of meter testing, the meter replacement program will be optimized to ensure that larger meters are scheduled for replacement when their accuracy in measuring volume degrades.

Effective government

Halton's future success is dependent on its strong financial foundation and its commitment to invest in the state-of-good-repair of Regional infrastructure and assets. Enhancing public engagement and awareness of Regional programs to promote transparency and accountability are key objectives to this priority as the Region transforms service delivery through innovation, technology and continuous improvements.

Continuous Improvements

The 2019–2022 Strategic Business Plan establishes an objective of annual tax rate increases not to exceed inflation. Management Committee plays an active role in reviewing the base budget and proposed strategic investments to ensure service levels are maintained and Council priorities are achieved. Halton Region is committed to continuous improvement by:

- increasing use of technology;
- streamlining business processes;
- reallocating resources to address priorities;
- implementing efficiencies through all of the Region's programs;
- identifying cost-savings while maintaining levels of service;
- enhancing customer service; and
- responding to growth requirements.

Digital and Workplace Transformation

A key objective in the 2019–2022 Strategic Business Plan is to leverage technology to improve service delivery and create efficiencies. The response to COVID-19 has accelerated this requirement, as many staff needed technology to work from home and Regional services were increasingly provided electronically.

As our workplace continues to transform in response to various pressures and opportunities, focus continues to be on supporting staff with wellness and disability support and ensuring our policy framework is modern and appropriately responds to our legislative obligations.



Treasurer's Report

Financing Growth Principles

A key principle in accommodating the Region's growth-related capital infrastructure program is that existing taxpayers are not affected, to the extent possible under the *Development Charges Act* (DCA), by the cost of growth-related capital requirements or the risks related to financing these costs. To achieve this objective while accommodating Provincial growth targets, Council requires a financing plan be approved prior to the accommodation of new growth. The 2020 Development Financing Plan approved in Report No. FN-46-19/ PW-50-19/ LPS112-19 re: 2020 Allocation Program Options and discussed in LPS74-20 re: 2020 Allocation Program Update includes the release of 18,743 Single Detached Equivalents (SDE's) in Halton, without financial impact to the existing taxpayers to the extent possible under the DCA.

The principles and financial measures established under the Development Financing Plan significantly limit the Region's exposure with respect to financing growth-related infrastructure.

The current 2020 Allocation Program Update includes the release of 18,743 Single Detached Equivalents (SDE's) in Halton and includes water, wastewater and roads projects approved between 2018 and 2021 and forecasted in 2022. At the time of the report in 2019, the 2020 Allocation Program contemplated \$1.5 billion in growth related financing to support expenditures between 2018 and 2022. This consisted of \$489 million in water and wastewater costs, \$956 million in roads and \$44 million in general services.

As projects progress through the design stage in the 2020 allocation program adjustments are made to the program. Adjustment to project costs and timing will be incorporated into the next Development Charge (DC) study, where relevant, to ensure that "growth pays for growth" to the extent possible under the DCA. The timing of the next Allocation Program will proceed once an acceptable financing plan has been undertaken based on the updates to future projects within a future DC study.

Operating Results Highlights

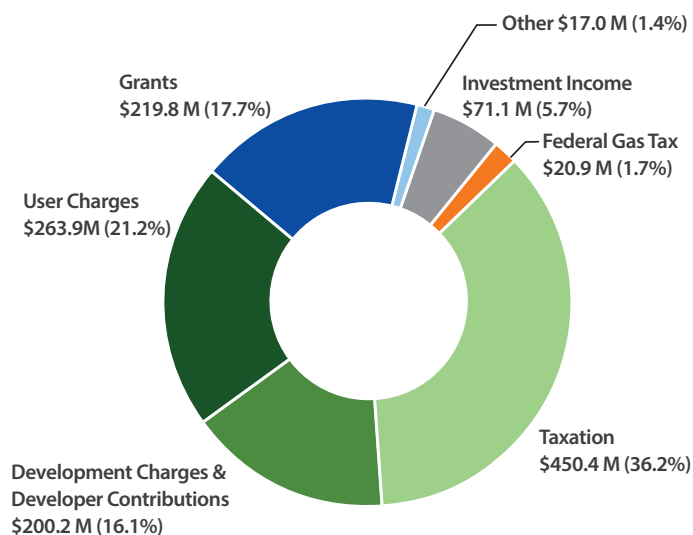
The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all entities which are accountable to and controlled by Halton Region. They include the activities of all committees of Council, Halton Regional Police Service and the Halton Community Housing Corporation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

The Consolidated Statement of Operations summarizes the revenues and expenses for 2020. The focus of this statement is net revenues, which is the difference between revenues of \$1.24 billion and operating expenses of \$899 million for the 2020 reporting period. Halton Region reported net revenue of \$344 million in 2020, compared to \$314 million in 2019. Net revenues are required

to fund future capital replacement, finance current tangible capital asset acquisitions and fund debt principal repayments, which are included in the annual budget.

The following provides a summary of the source of revenue used to fund Halton Region's operations and capital investments.

Halton Region 2020 Consolidated Revenues Total \$1.243 Billion



Overall, revenue increased by \$89 million, or 7.7 per cent, from 2019. The increase was mainly driven by increases in development charges and grants. Development charges increased as a result of increased project spending. Grant revenue increased due to additional subsidies received to address financial pressures related to the COVID-19 pandemic.

Expenses in the Consolidated Statement of Operations totaled \$899 million in 2020, increasing by \$59 million, or seven per cent, from 2019. This increase was mainly driven by the roads materials cost increase for resurfacing in Transportation Services as well as the increase in Health Services compensation due to the COVID-19 pandemic.

Treasurer's Report

The following provides a summary of services provided to the community for these expenses by program.

Social services

Operations of \$189.1 million

- Financial assistance to an average of 2,000 Halton Ontario Works caseloads per month
- Child care fee assistance to 4,404 children
- Increase of 467 licensed child care spaces within Halton Region from 30,177 to 30,644
- Direct care and service to older adults through 572 beds at Regionally operated long-term care homes
- Funding for 63 community projects and programs through the Halton Region Community Investment Fund using one-year and multi-year funds for a total of \$3 million
- Provided emergency child care services to 224 children
- Supported 284 child care centres in reopening safely in response to COVID-19
- 410 emergency assistance applications were processed, 225 temporary emergency shelter spaces were established, and 9,814 essential goods packages were delivered to combat the pandemic



Social housing

Operations of \$55.0 million

- Oversight of 5,147 housing units, of which 2,210 are directly operated by Halton Community Housing Corporation
- Rental assistance from Halton Region for 1,165 units and 3,600 units through housing providers
- 99 new assisted housing opportunities for a cumulative total of 1,251 units since 2011

Water and wastewater services

Operations of \$208.9 million

- Treatment of more than 65 million cubic metres of water and 91 million cubic metres of wastewater
- Operation and maintenance of 12 water treatment plants (treatment provided prior to distribution), 22 municipal wells, six wastewater treatment plants and one biosolids facility
- Operation and maintenance of more than 2,324 kilometres of water mains, seven bulk water stations, 23 reservoirs and storage facilities, 15 booster stations, more than 1,965 kilometres of wastewater mains and 83 pumping stations



Solid waste services

Operations of \$48.9 million

- Collection and disposal of 100,001 tonnes of residential garbage and the diversion of 142,920 tonnes of residential Blue Box and organic materials, representing a 58.8 per cent residential diversion rate

Treasurer's Report

Health services

Operations of \$84 million

- Ambulance services through the deployment of 26 emergency vehicles and 249 paramedics
- Answered 50,634 paramedic calls and transported 30,243 patients
- Delivery of 118,360 influenza vaccines at Health Department clinics and through distribution to community partners
- Connected with 2,845 parents of children and youth by providing parenting information at groups, seminars and consultations
- Completed 2,704 inspections of food premises
- Screened 14,226 children for oral health in elementary schools
- Managed 6,051 COVID-19 cases among residents and associated high-risk contacts
- Handled 154 outbreaks of COVID-19 in the community
- Responded to over 21,500 inquiries about COVID-19 from the public and stakeholders



Protection to persons and property

Police, Emergency Management and Conservation Authorities

Operations of \$186.2 million

- Police services through the deployment of 740 police officers
- Emergency services for the operation of 911 call centre, which received 129,357 emergency calls
- Contributions to Conservation Halton (with an area of 1,059 km², 26 km of shoreline and seven conservation areas), Grand River Conservation Authority (with an area of 6,800 km² and 12 conservation areas), and Credit Valley Conservation (with an area of 1,000 km² and 11 conservation areas)



Transportation services

Operations of \$70 million

- Maintenance of 1,154 lane kilometres of roadway (kilometres multiplied by the number of lanes), 59 per cent of which were rated as good to very good condition
- Maintenance and operation of 97 bridges, 221 major culverts, 271 signalized intersections and 6,851 streetlights

Other services

General government, planning and development, and recreation and cultural services

Operations of \$56.8 million

- In 2020, Council approved 179 staff reports and 74 by-laws for a total of 253 documents
- For planning purposes, Halton has 30,248 hectares of land designated for development

Treasurer's Report

Financial Statement to Budget Comparison

The purpose of the financial statements is to provide users with an understanding of the financial position and operating results of the Region over the fiscal period. The annual financial statements of Halton Region are prepared on a full accrual basis in accordance with Canadian Public Sector Accounting Standards (PSAS) prescribed by the Chartered Professional Accountants of Canada. These accounting standards require the Region to record revenue when it is earned and expenses when incurred, regardless of when the cash is received or paid.

Accrual accounting requires tangible capital assets, which provide services for longer than one year, to be recorded at cost in the financial statements when they are placed into service.

Each year, the book value of these long-lived assets is reduced by recording amortization expense which represents the cost of services provided by the asset during the year. In addition, transfers to reserves and debt principal repayments are not recorded as expenses in the financial statements, representing a difference from the Council-approved operating budget.

The key purpose of the budget is to set property taxes and utility rate fees in order to fund the various programs and services, as well as infrastructure investment, to ensure the long-term financial sustainability of the Region and debt repayment. Debt financing is used in accordance with Regional policies to finance major infrastructure projects. As the Regional operating budget is prepared on a modified accrual basis, transfers to reserves and debt principal repayments are considered as expenditures in the budget. In addition, the full cost of acquiring tangible capital assets is included in the capital budget to ensure sufficient funding is in place. Other items that are not recorded on an accrual basis in the budget include expenses for employee future benefits, liabilities for contaminated sites and the post-closure landfill liability.

Due to the differences in purpose and methodology, Halton Region adjusts the presentation of the budget figures from a modified accrual basis to a PSAS accrual basis as part of the financial statement preparation and to provide transparency for budgetary performance. The details of the adjustments are included in Note 18 to the Consolidated Financial Statements. The full accrual budget is also included in the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets.

When comparing the adjusted operating PSAS accrual-based budget to actual operating results, actual net revenues are higher than the budgeted amount by \$67.4 million, which represents a 7.4 per cent variance based on the budgeted expenditures of \$911.8 million. The favourable variance was driven by higher-than-anticipated revenue of \$54.6 million due to a \$22.9 million increase in grant funding mainly for the COVID-19 pandemic, \$17.2 million return of capital gains earned on investments and \$8.6 million in user charges mainly driven by additional water and wastewater revenue and \$4.2 million in federal gas tax grant.

In addition, there were net expenditure savings of \$13.0 million driven by operational savings in water and wastewater services, general government and Police.

Accountability and Transparency

Financial management and control

The financial management and control at Halton Region is largely governed through by-laws that prescribe purchasing, accounting, investment and risk management procedures as well as debt policy. Council has sole authority to allocate funds through the annual approval of the operating and capital budgets.

The Finance Department is responsible for advising program areas and providing oversight of the approved budget and the financial policies and procedures. The Finance Department is also responsible for maintaining accurate and reliable financial records, the safeguarding of Regional assets and various reporting functions including budget variance reports presented to Council on a periodic basis, which are available for public review.

The Internal Audit team at Halton Region performs independent audits of systems, processes and controls to ensure compliance with Regional and legislated policies and by-laws. The internal audits assess efficiencies and risks and identify recommendations for improvement, which are communicated to programs for implementation.

The *Municipal Act, 2001* requires Halton Region to engage independent auditors to express an opinion as to whether the financial statements present fairly the Region's financial position and operating results. In fulfilling this duty, the external auditors are provided full access to all Halton Region records and transactions and meet periodically with staff to address matters arising from the audit or from new policies and procedures introduced during the fiscal year. Prior to their submission to Halton Regional Council's Audit Committee, the consolidated financial statements are examined by Halton Region's external auditors, Deloitte LLP.

Treasurer's Report

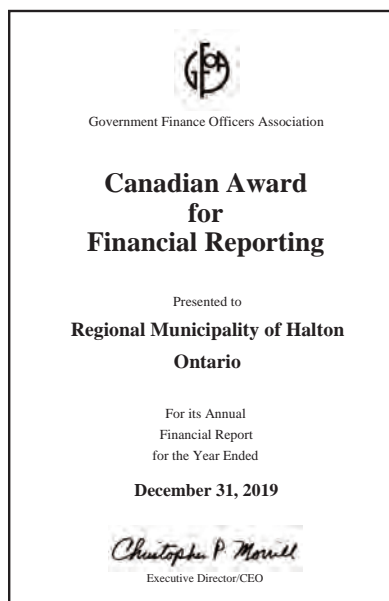
The external auditors performed an audit of the statements in accordance with Generally Accepted Auditing Standards, and expressed an unqualified opinion that the statements "present fairly, in all material respects" Halton Region's financial position. The auditors are responsible for advising Halton Region management and Council of significant control or operational issues that may be identified during their audit procedures.

The role of the Audit Committee is to assist Regional Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process. The Audit Committee also provides a high level of public accountability and assurance that municipal services are administered in an efficient, effective and economical manner.

Throughout the year, the external auditors meet periodically with management to approve the scope and timing of audit-specific activities and to review any findings and recommendations.

Awards for Financial Reporting and Budget Presentation

Our commitment to developing fiscally responsible budgets and presenting financial information to Halton Region tax and rate payers in a clear and easy-to-understand format was recognized by the Government Finance Officers Association of the United States and Canada.



Halton Region was awarded the Canadian Award for Financial Reporting for its Annual Financial Report for the fiscal year ended December 31, 2019. This is the 14th year the Region has received this award. In order to receive the award, a government unit must publish an easily readable and efficiently organized Annual Financial Report, including content that conforms to

program standards. Such reports should go beyond the minimum requirements of Generally Accepted Accounting Principles and demonstrate an effort to clearly communicate the municipal government's financial picture, address user needs and enhance user understanding of municipal financial reporting.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the program requirements, and we are submitting it to the Government Finance Officers Association.

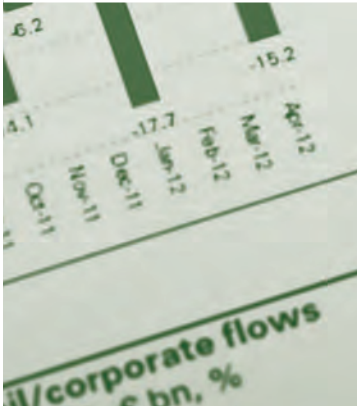
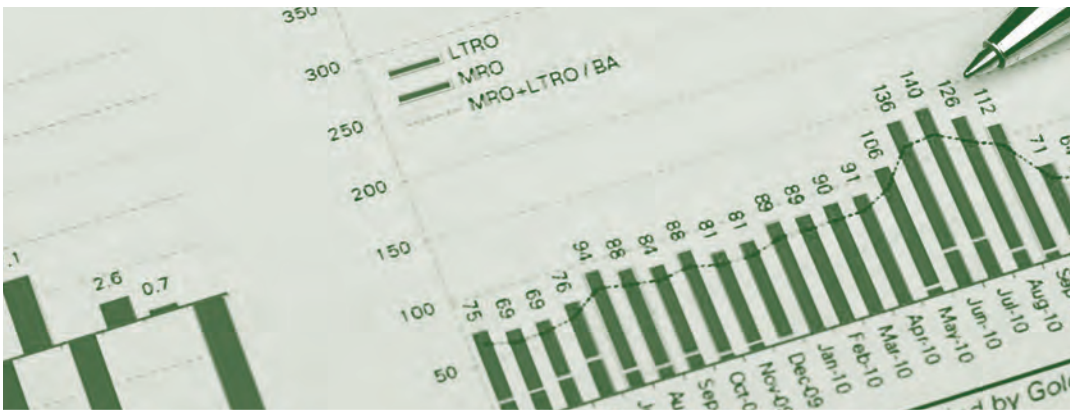


The Government Finance Officers Association of the United States and Canada also presented Halton Region with its Distinguished Budget Presentation Award for the 2020 Budget and Business Plan. This award reflects the commitment of Council, management and staff to meet the highest standards of governmental budgeting. Halton Region has received the award for 16 consecutive years, representing a significant achievement in budget development and reporting.

Conclusion

Halton Region's strong financial position is the result of strong fiscal management through balanced financial policies, stringent internal controls and accurate, timely and relevant financial reporting. As the Region continues its focus on governing for the future while facing the financial challenges posed by growth and the COVID-19 pandemic, ensuring continued financial sustainability through effective financial planning and risk management will remain a key priority to achieve a strong sustainable long-term financial position.

Keshwer Patel
Commissioner of Finance and Regional Treasurer
May 19, 2021



Consolidated Financial Statements

For the year ended December 31, 2020

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 2020 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.

Keshwer Patel

Commissioner of Finance and Regional Treasurer

May 19, 2021

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, 2020, 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, 2020, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2021

Consolidated Statement of Financial Position

As at December 31, 2020
(Dollars in Thousands)

FINANCIAL ASSETS	2020	2019
Cash and cash equivalents	\$485,269	\$487,185
Accounts receivable:		
Water and wastewater	44,225	37,435
Ontario and federal grants	16,469	22,743
Other receivables	29,930	36,599
Other current assets	450	388
Investments (Note 2)	2,052,159	1,813,651
Loans receivable (Note 6)	4,879	4,004
Recoverable gross long-term debt from:		
Local Municipalities (Note 4)	244,255	262,572
Total financial assets	2,877,636	2,664,577
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	311,478	329,322
Gross long-term liabilities (Note 4)	241,910	280,015
Sinking fund debentures (Note 4)	273,500	273,500
Deferred revenue (Note 10)	214,536	158,233
Landfill closure and post-closure liabilities (Note 11)	16,271	16,174
Employee future benefits payable (Note 13)	84,600	81,663
Total liabilities	1,142,295	1,138,907
NET FINANCIAL ASSETS	1,735,341	1,525,670
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	5,400,656	5,268,260
Prepaid expenses	3,061	2,479
Inventory	5,021	3,399
Total non-financial assets	5,408,738	5,274,138
ACCUMULATED SURPLUS (Note 15)	\$7,144,079	\$6,799,808

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

For the year ended December 31, 2020
(Dollars in Thousands)

REVENUES	2020 Budget (Note 18)	2020	2019
Taxation	\$449,568	\$450,379	\$434,869
Development charges and developer contributions	200,139	200,183	161,835
User charges	255,232	263,872	250,623
Grants	196,956	219,820	201,384
Federal gas tax grant	16,637	20,881	23,524
Investment income	53,883	71,140	65,029
Other revenue	16,269	16,998	16,714
Total revenues	1,188,684	1,243,273	1,153,978
EXPENSES (Note 17)			
General government	47,872	40,825	41,511
Social services	187,984	189,102	186,561
Social housing	54,203	55,000	52,599
Water and wastewater services	217,225	208,948	191,337
Solid waste services	46,976	48,905	43,084
Protection to persons and property	189,400	186,244	181,248
Health services	79,741	84,019	73,544
Transportation services	70,626	70,016	53,902
Planning and development	15,095	14,267	15,715
Recreation and cultural services	2,676	1,676	418
Total expenses	911,798	899,002	839,919
NET REVENUES	276,886	344,271	314,059
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,799,808	6,799,808	6,485,749
ACCUMULATED SURPLUS, END OF YEAR	\$7,076,694	\$7,144,079	\$6,799,808

See accompanying notes to consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2020
(Dollars in Thousands)

	2020 Budget (Note 18)	2020	2019
Net revenues	\$276,886	\$344,271	\$314,059
Acquisition of tangible capital assets	(274,464)	(274,464)	(292,304)
Amortization of tangible capital assets	132,920	132,920	122,814
Loss on disposal of tangible capital assets	8,930	8,930	5,296
Proceeds on disposal of tangible capital assets	218	218	803
Change in inventory and prepaid expenses	(2,204)	(2,204)	(236)
Change in net financial assets	142,286	209,671	150,432
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,525,670	1,525,670	1,375,238
NET FINANCIAL ASSETS, END OF YEAR	\$1,667,956	\$1,735,341	\$1,525,670

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2020
(Dollars in Thousands)

Cash provided by (used in):	2020	2019
OPERATING ACTIVITIES		
Net revenues	\$344,271	\$314,059
Items not involving cash:		
Amortization	132,920	122,814
Loss on disposal of tangible capital assets	8,930	5,296
Contributed tangible capital assets	(1,644)	(4,472)
Change in non-cash assets and liabilities:		
Accounts receivable	6,153	15,202
Accounts payable and accrued liabilities	(17,844)	10,425
Other current assets	(62)	(46)
Deferred revenue	56,303	(38,222)
Inventory and prepaid expenses	(2,204)	(236)
Landfill and post-closure liabilities	97	140
Employee future benefits payable	2,937	2,912
Net change in cash from operating activities	529,857	427,872
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	218	803
Cash used to acquire tangible capital assets	(272,820)	(287,832)
Net change in cash from capital activities	(272,602)	(287,029)
INVESTING ACTIVITIES		
Loans receivable	(875)	(1,993)
Investments	(238,508)	193,565
Net change in cash from investing activities	(239,383)	191,572
FINANCING ACTIVITIES		
Long-term debt issued and assumed	44	45
Long-term debt repaid	(17,508)	(18,281)
Mortgages payable and repayment	(4,820)	(4,710)
Sinking fund contributions from Local Municipalities	2,496	2,416
Net change in cash from financing activities	(19,788)	(20,530)
NET CHANGE IN CASH	(1,916)	311,885
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	487,185	175,300
CASH AND CASH EQUIVALENTS, END OF YEAR	\$485,269	\$487,185

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(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 and accumulated surplus of all entities which are accountable to and controlled by Halton Region. They include the activities of all committees of Council and Boards, Halton Regional Police Service and the Halton Community Housing Corporation (HCHC). All interdepartmental and inter-organizational assets and liabilities and revenues and expenses have been eliminated. Halton Region owns 100% of HCHC and this entity is reported using the consolidated basis method, where intercompany 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.

Trust funds which are administered by Halton Region are not included in these consolidated financial statements but are reported separately in Note 16.

(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

For the year ended December 31, 2020
(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:

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

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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fixed income securities issued by Canadian governments, banks and corporations as well as money market bond funds 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. Discounts and premiums are amortized using the effective interest method. Sinking fund investments 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. Significant estimates relate to accounts receivable, accrued liabilities, landfill closure and post-closure liability, employee future benefits and post-employment liabilities and expenses.

Estimates are based on information available to management at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these 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 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

For the year ended December 31, 2020
(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.

xix. Accounting standards issued but not yet adopted

The standards noted below were not in effect for the year ended December 31, 2020, therefore, have not been applied in preparing these financial statements. Management is assessing the impact of these standards on future statements.

Standards applicable for fiscal years beginning on or after April 1, 2022:

Topic	Description
Section PS 1201 - Financial statement presentation	This Section establishes general reporting principles and standards for the disclosure of information in government financial statements.
Section PS 2601 - Foreign currency translation	This Section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.
Section PS 3280 - Asset retirement obligation	This Section establishes standards on how to account for and report a liability for asset retirement obligations.
Section PS 3041 - Portfolio investments	This Section establishes standards on how to account for and report portfolio investments in government financial statements.
Section PS 3400- Revenue	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.
Section PS 3450 - Financial instruments	This Section establishes standards on how to account for and report all types of financial instruments including derivatives.

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

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.

	2020		2019	
	Cost	Market Value	Cost	Market Value
Investments	\$2,052,159	\$2,167,281	\$1,813,651	\$1,853,652

In addition, Halton includes in its investment portfolio a balance of \$89,595 (2019 - \$89,870) 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.

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 \$329,537 (2019 - \$448,502) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2019 - \$nil). Roads and underground water and sewer systems in the amount of \$1,644 (2019 - \$4,472) 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 (2019 - \$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 2020 and 2019.

Asset Type	Opening Balance 01-Jan-20	Additions/ Transfers	Disposals	Ending Balance 31-Dec-20	Opening Accumulated Amortization Balance 01-Jan-20	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-20	Ending Net Book Value 31-Dec-20
General									
Buildings and building improvements	\$287,141	\$12,031	\$5,205	\$293,967	\$115,353	\$8,154	\$3,320	\$120,187	\$173,780
Computer hardware	35,001	6,659	3,425	38,235	19,204	4,546	3,424	20,326	17,909
Computer software	19,726	941	871	19,796	15,682	1,641	871	16,452	3,344
Land	183,656	6,979	-	190,635	-	-	-	-	190,635
Land improvements	74,080	3,456	384	77,152	37,988	1,948	165	39,771	37,381
Leasehold improvements	4,900	1	-	4,901	3,099	252	-	3,351	1,550
Machinery and equipment	231,616	7,388	9,094	229,910	129,125	7,574	8,692	128,007	101,903
Vehicles	33,649	3,972	2,042	35,579	19,098	3,790	1,714	21,174	14,405
Total general capital	869,769	41,427	21,021	890,175	339,549	27,905	18,186	349,268	540,907
Infrastructure									
Buildings and building improvements	595,709	(5,228)	1,521	588,960	167,766	12,034	920	178,880	410,080
Land	249,827	46,791	12	296,606	-	-	-	-	296,606
Land improvements	122,630	3,685	496	125,819	61,342	3,722	463	64,601	61,218
Linear	3,979,653	232,373	10,420	4,201,606	887,428	58,230	4,948	940,710	3,260,896
Machinery and equipment	768,722	74,381	2,187	840,916	310,467	31,029	1,992	339,504	501,412
Total infrastructure	5,716,541	352,002	14,636	6,053,907	1,427,003	105,015	8,323	1,523,695	4,530,212
Assets under construction	448,502	(118,965)	-	329,537	-	-	-	-	329,537
Total tangible capital assets	\$7,034,812	\$274,464	\$35,657	\$7,273,619	\$1,766,552	\$132,920	\$26,509	\$1,872,963	\$5,400,656

Notes to Consolidated Financial Statements

For the year ended December 31, 2020

(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

Asset Type	Opening Balance 1-Jan-19	Additions	Disposals	Ending Balance 31-Dec-19	Opening Accumulated Amortization Balance 01-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

For the year ended December 31, 2020
(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 \$2,910 (2019 - \$4,815) 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 2020 is \$12,820 (2019 - \$27,063).

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

	2020	2019
Long-term liabilities incurred by Halton Region	\$202,838	\$236,123
Mortgages payable by HCHC	39,072	43,892
Subtotal gross long-term liabilities	241,910	280,015
Sinking fund debentures	273,500	273,500
Total long-term liabilities incurred by Halton Region	515,410	553,515
Less recoverable from Local Municipalities:		
Long-term debentures	150,945	166,766
Sinking Fund debentures	93,310	95,806
Subtotal Local Municipalities	244,255	262,572
Less cumulative Sinking Fund contributions from Local Municipalities	11,690	9,194
Net long-term liabilities at year end	\$259,465	\$281,749

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.

	2020	2019
Opening earnings	\$15,112	\$12,795
Halton contributions	1,827	1,827
Interest earned	514	490
Sinking Fund #148-11 earnings to date	\$17,453	\$15,112

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(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.

	2020	2019
Opening earnings	\$14,665	\$10,811
Halton contributions	1,261	1,261
Oakville contributions	1,816	1,816
Milton contributions	303	303
Interest earned	602	474
Sinking Fund #43-15 earnings to date	\$18,647	\$14,665

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

	2020	2019
Property taxes – general purpose levy	\$61,723	\$65,944
Water	39,765	47,560
Wastewater	26,242	30,606
Development charges	131,735	137,639
Net long-term liabilities at year end	\$259,465	\$281,749

5. CHARGES FOR LONG-TERM LIABILITIES

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

	2020	2019
Gross principal repayment	\$47,261	\$48,259
HCHC mortgages	4,820	4,710
Less amounts recovered	(29,753)	(29,978)
Net principal	22,328	22,991
Gross interest paid	15,793	16,976
HCHC mortgages	1,051	1,153
Less amount recovered	(8,503)	(9,100)
Net interest	8,341	9,029
Total net principal and interest	\$30,669	\$32,020

Debentures bear interest at rates ranging from 0.65 per cent to 5.50 per cent. Mortgages of \$39,072 (2019 - \$43,892) 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 0.74 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

For the year ended December 31, 2020
(Dollars in Thousands)

5. CHARGES FOR LONG-TERM LIABILITIES (CONTINUED)

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

	2020	2019
Property taxes – general purpose levy	\$6,683	\$6,920
Water and wastewater revenues	11,841	13,153
Development charges	12,145	11,947
Total	\$30,669	\$32,020

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

	Instalment principal	Sinking Fund #148-11	Sinking Fund #43-15	HCHC mortgages	Total
2021	\$14,747	\$2,652	\$1,508	\$4,929	\$23,836
2022	13,972	2,772	1,558	15,078	33,380
2023	8,835	2,898	1,608	11,102	24,443
2024	8,026	3,029	1,661	2,022	14,738
2025	3,384	3,166	1,715	3,437	11,702
2026-2045	3,470	91,124	54,269	2,503	151,366
Total	\$52,434	\$105,641	\$62,319	\$39,071	\$259,465

6. LOANS RECEIVABLE

Halton Region has loans receivable in the amount of \$4,879 (2019 - \$4,004) 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 2020 is \$545 (2019 - \$510). Each loan is repayable over a set period at a variable interest rate listed below.

	2020	2019
Loans repayable over 10 years bearing interest of 3.0% with maturity dates from 2021-2027	\$813	\$1,048
Loans repayable over 20 years bearing interest of 3.0% with maturity dates from 2038-2039	351	371
Loans repayable over 30 years bearing interest of 3.2% with maturity dates from 2048-2049	3,715	2,585
Total	\$4,879	\$4,004

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- a. Halton Region has outstanding contractual obligations of \$223,690 for capital works still to be constructed. Regional Council has approved 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:

2021	\$4,175
2022	3,885
2023	2,724
2024	1,518
2025	1,026

- c. 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 \$8,576 (2019 - \$10,527) which is included in Accounts Payable in the Statement of Financial Position.

9. CONTINGENT ASSETS

As at December 31, 2020, 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, 2020.

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 development charge reserve funds in the amount of \$111,667 (2019 - \$57,216), reserve fund for the Federal gas tax grant in the amount of \$25,219 (2019 - \$28,554) and Safe Restart Agreement Phase 1 funding of \$3,329 (2019 - \$nil). 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

For the year ended December 31, 2020
(Dollars in Thousands)

10. DEFERRED REVENUE (CONTINUED)

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

	Balance at 31-Dec-19	Inflows	Revenue Earned	Balance at 31-Dec-20
Development charges	\$57,216	\$252,946	\$198,495	\$111,667
Federal gas tax grant	28,554	17,546	20,881	25,219
Safe Restart Agreement Phase 1 funding	-	12,614	9,285	3,329
Total Obligatory Reserve Funds	85,770	283,106	228,661	140,215
Unspent Capital Financing	58,492	-	3,803	54,689
Permits	2,023	1,350	1,578	1,795
Developer Accelerated (note 15)	7,066	2,344	2,460	6,950
Developer Water Meters	1,290	309	454	1,145
Other	3,592	20,278	14,128	9,742
Total General - Region	72,463	24,281	22,423	74,321
Total	\$158,233	\$307,387	\$251,084	\$214,536

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 and an inflation factor 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.

	2020	2019
Remaining capacity (m ³)	4,362,492	4,476,326
Reserve funds (Note 15)	\$20,734	\$19,933
Closure & post-closure care		
Estimated expenditures	20,602	20,488
Remaining expenditures to be recognized	(4,331)	(4,314)
Landfill closure and post closure liabilities	\$16,271	\$16,174

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, 2020, that meet the specified criteria (2019 - \$nil).

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(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, long-term disability, 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.

	2020		2019	
	Accrued Liability	Reserve	Accrued Liability	Reserve
Retirement benefits				
Halton employees	\$15,973	\$20,054	\$14,698	\$17,662
Halton Regional Police Service	34,878	34,108	33,289	32,535
WSIB				
Halton employees	12,142	16,247	11,066	13,826
Halton Regional Police Service	4,341	4,846	4,128	4,695
Long-term disability				
Halton employees	9,257	12,246	10,473	11,648
Halton Regional Police Service	3,898	5,429	4,037	4,658
Vacation pay				
Halton employees	3,905	-	3,747	-
Halton Regional Police Service	141	-	161	-
Vested sick leave entitlements				
Halton Regional Police Service	65	97	64	94
Total	\$84,600	\$93,027	\$81,663	\$85,118

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

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$87,323	\$85,016
Current benefit cost	5,454	5,233
Interest	3,205	3,119
Benefits paid	(6,327)	(6,045)
Actuarial loss	23,309	
Balance, end of year	112,964	87,323
Unamortized actuarial loss	(28,364)	(5,660)
Liability for benefits	84,600	81,663
Amortization of actuarial loss	\$605	\$605

The liabilities were determined by an actuarial evaluation as at December 31, 2020. The unamortized actuarial loss is amortized over the expected average remaining service life with estimates to December 31, 2023. Halton Region commissions actuarial reviews of the retirement benefits, WSIB and long-term disability obligations every three years.

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

13. EMPLOYEE FUTURE BENEFITS PAYABLE (CONTINUED)

	2020	Remaining Service Life
Retirement benefits	\$(9,111)	7 to 13 years
WSIB	(15,603)	9 to 10 years
Long-term disability	(3,650)	8 years
Total	\$(28,364)	

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:

	2020	2019
Expected inflation rate	1.75%	1.75%
Discount rate:		
Retirement benefits	3.00%	4.00%
WSIB	2.75%	3.75%
Long-term disability	2.25%	3.50%
Expected salary increase	2.75%	2.75%
Expected dental care cost increase	3.75%	3.75%
Expected health cost increase	6.09% in 2020, reducing by 0.33% per year to 3.75% in 2027	6.42% in 2019, 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 2020, payments out of the vested sick leave plan amounted to \$nil (2019 - \$nil) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$65 (2019 - \$64) are anticipated to be paid out in 2021 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 multiemployer plan, on behalf of its 3,486 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 2020 with \$105 billion in net assets and held its funded ratio at 97%. The Region does not recognize any share of the pension deficit of \$3.2 billion (2019 - \$3.4 billion) as OMERS is a multiemployer plan.

Halton Region's contribution to OMERS for its current service amounted to \$29,273 (2019 - \$28,193) and is included as an expense on the Consolidated Statement of Operations. Employee contributions amounted to \$29,273 (2019 - \$28,193).

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 \$58.7 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

For the year ended December 31, 2020
(Dollars in Thousands)

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following balances:

	2020	2019
Unexpended capital financing	\$722,447	\$600,821
Reserves and reserve funds (detailed below)	1,364,447	1,297,428
Sinking fund investment	24,411	20,592
Tangible capital assets	5,400,656	5,268,260
Developer financed assets	(6,950)	(7,066)
Amounts to be recovered in future years:		
From reserves and reserve funds on hand	(96,055)	(93,175)
From future revenues	(264,877)	(287,052)
Total Accumulated Surplus	\$7,144,079	\$6,799,808
Reserves and reserve funds set aside by Council:		
Stabilization - rate	34,721	33,487
Stabilization - tax	73,540	71,452
Regional COVID recovery	6,993	-
Program specific	98,794	92,759
Workplace safety and insurance	21,093	18,521
Self-insurance - general	6,492	6,073
Self-insurance - employee benefits	71,934	66,597
Landfill closure and post-closure	20,734	19,933
Equipment replacement - vehicle	11,208	8,864
Equipment replacement - building	6,855	17,679
Equipment replacement - equipment	12,075	8,680
Capital - rate	286,560	282,984
Capital - tax	490,233	444,967
Capital - investment	105,845	113,075
Other	117,370	112,357
Total Reserves and Reserve Funds	\$1,364,447	\$1,297,428

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

16. TRUST FUNDS

Trust Funds, in the amount of \$70 (2019 - \$78), 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

For the year ended December 31, 2020
(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 2020 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 2020 and 2019.

	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 2020
Revenues									
Taxation*									
General purpose levy	\$171,437	\$60,425	\$21	\$16,593	\$41,150	\$47,902	\$38,372	\$41,908	\$417,808
Solid waste levy	-	-	-	27,673	-	-	-	-	27,673
Payment in lieu	2,010	708	-	-	482	562	450	686	4,898
Users charges	6,727	1,441	226,409	8,548	235	16,896	791	2,825	263,872
Ontario grants	6,213	2,807	2,816	-	49,887	135,525	11,596	9,576	218,420
Canada grants	-	6,357	14,524	-	43	254	1,102	1	22,281
Investment income	-	-	3,617	-	-	-	-	67,523	71,140
Development charges and developer contributions	3,064	64,016	115,959	241	1,557	-	10,749	4,597	200,183
Other revenue	7	-	133	106	(19)	-	16,080	691	16,998
Total revenues	189,458	135,754	363,479	53,161	93,335	201,139	79,140	127,807	1,243,273
Expenses									
Salaries, wages and employee benefits	144,637	3,105	37,610	4,311	62,892	73,709	5,705	51,267	383,236
Materials	6,785	15,820	29,547	2,529	3,373	6,330	4,062	6,189	74,635
Contracted services	10,290	21,683	36,392	36,850	2,947	20,551	7,263	27,818	163,794
Rents and financial expenses	1,242	3,118	3,625	151	637	767	4,645	4,244	18,429
Government transfers	9,772	217	726	249	874	71,148	25,167	5,519	113,672
Debt expense	1,778	-	5,499	-	13	-	1,051	-	8,341
Allowance for taxes written off	-	-	-	-	-	-	-	3,975	3,975
Amortization of tangible capital assets	10,190	23,498	81,616	2,127	2,174	2,358	4,608	6,349	132,920
Program support	1,550	2,575	13,933	2,688	11,109	14,239	2,499	(48,593)	-
Total expenses	186,244	70,016	208,948	48,905	84,019	189,102	55,000	56,768	899,002
Net revenues	\$3,214	\$65,738	\$154,531	\$4,256	\$9,316	\$12,037	\$24,140	\$71,039	\$344,271

* 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 32-20.

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

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

17. SEGMENTED INFORMATION (CONTINUED)

	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
User 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
Rents and financial expenses	-	-	-	-	-	-	-	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

For the year ended December 31, 2020
(Dollars in Thousands)

18. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2020 operating and capital budgets approved by Halton Regional Council on December 11, 2019 and the HCHC Board on December 11, 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.

	2020 Budget
Revenues: Operating	
Approved budget (FN-45-19)	\$967,246
In-year changes*	516
Revised approved budget	967,762
Development charges and developer contributions	200,139
Grants	8,185
Other revenue adjustments	1,295
Reclassification between revenue and expense	(348)
HCHC approved budget (HC-27-19)	27,454
HCHC PSAS adjustments	147
HCHC intercompany transactions	(15,950)
Total consolidated revenues	1,188,684
Expenses: Operating	
Approved budget (FN-45-19)	967,246
In-year changes*	516
Revised approved budget	967,762
Transfers to reserves - capital	(197,673)
Transfers from reserves - capital	12,495
Debt charges - principal	(20,597)
Transfers to reserves - operating	(53,619)
Transfers from reserves - operating	5,028
Amortization	128,679
Capital project cost resulting in operating expenses	49,515
(Gain)/Loss on TCA	8,930
Employee future benefits	2,937
Landfill liability	98
Reclassification between revenue and expense	(348)
HCHC approved budget (HC-27-19)	27,454
HCHC PSAS adjustments	(2,321)
HCHC intercompany transactions	(16,542)
Total consolidated expenses	911,798
Net revenues	\$276,886

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

18. BUDGET COMPARISON (CONTINUED)

In-year changes:

* Refer to Report No. - Re:	Amount
SS-05-20 - Autism Early Identification Demonstration Project Update	\$295
FN-12-20 - 2020 Tax Policy	221
Total	\$516

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 thirdparty property damage or bodily injury.

	Halton Region		HCHC	
	2020	2019	2020	2019
Insurance period of one year beginning on	1/1/2020	1/1/2019	11/1/2020	11/1/2019
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	50	20
Coverage for properties replacement cost blanket limit	1,595,778	1,521,853	328,207	322,027
Insurance claims expense	773	797	25	70
Estimated value of outstanding claims	1,534	1,260	20	25
Self-insurance reserves (Note 15)	6,492	6,073	N/A	N/A

Insurance claims of \$773 (2019 - \$797) as noted in the above table, are included as an expense 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. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Region in future periods.

The COVID-19 emergency had a financial impact of \$30,235 in unforeseen costs incurred in 2020. These costs were offset with \$30,235 in Federal and Provincial funding utilized for specific COVID-19 supporting programs and activities including two grant programs: to assist childcare and housing providers. Revenue and expenses are reflected in the Consolidated Statement of Operations in the program area that incurred the expense; and the assets purchased have been capitalized and amortized in accordance with the Region's tangible capital asset amortization methods.

Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

20. COVID-19 PANDEMIC (CONTINUED)

	2020
COVID-19 Funding	
Ontario grants	\$29,915
Canada grants	320
Total COVID-19 revenue	30,235
COVID-19 Costs	
Salaries, wages and employee benefits	16,046
Grants provided to child care and social housing providers	6,397
Contracted services	4,248
Materials	2,545
Other operating costs	943
Tangible capital assets purchased	56
Total COVID-19 costs incurred	30,235
Net Impact	\$ -

Included in Note 10 Deferred Revenue is Provincial and Federal funding received in 2020 that is unused and eligible for future use in 2021 of \$9,809 in accordance with the terms outlined in the funding agreements and has been summarized in the below table.

Provincial and Federal Grants	Funding Received	Funding Utilized	Deferred Revenue
Obligatory Reserve Fund			
Ministry of Municipal Affairs and Housing: Safe Restart Agreement Phase 1	\$12,614	\$9,285	\$3,329
Total Obligatory Reserve Funds	12,614	9,285	3,329
Other			
Government of Canada: COVID-19 Economic Response Plan	3,019	283	2,736
Ministry of Long-Term Care: Personal Support Worker Temporary Wage Enhancement	743	509	234
Ministry of Long-Term Care: Infection Prevention and Control - Minor Capital	296	48	248
Ministry of Education: Safe Restart Funding and Emergency Child Care Subsidy	6,697	3,700	2,997
Ministry of Health: School Focused Nursing Initiative	1,173	1,057	116
Mississauga Halton Local Health Integration Network: Community Support Services	355	319	36
Ministry of Long-Term Care: COVID-19 Prevention and Containment	4,778	4,665	113
Total Other	17,061	10,581	6,480
Total	\$29,675	\$19,866	\$9,809

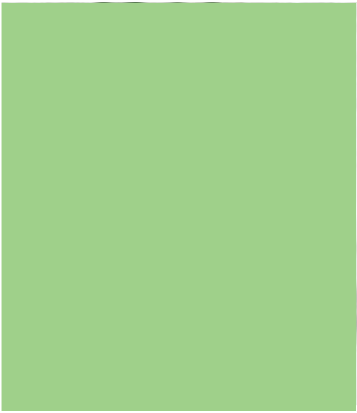
Notes to Consolidated Financial Statements

For the year ended December 31, 2020
(Dollars in Thousands)

20. COVID-19 PANDEMIC (CONTINUED)

Additionally, Provincial funding received in 2020 that is unused and not eligible for future use, will be settled with the Ministry in 2021 and has been included in the Accounts payable and accrued liabilities section of the Consolidated Statement of Financial Position as amounts to be repaid and outlined in the below table.

	Funding Received	Funding Utilized	Accounts Payable and Accrued Liabilities
Provincial Grants			
Ministry of Long-Term Care: Temporary Pandemic Pay	\$2,331	\$2,160	\$171
Ministry of Health: Public Health Temporary Pandemic Pay	255	2	253
Ministry of Health: Paramedic Services Temporary Pandemic Pay	1,121	697	424
Total	\$3,707	\$2,859	\$848



Five-Year Statistical Data

For the year ended December 31, 2020

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2020	2019	2018	2017 Restated*	2016
CONSOLIDATED FINANCIAL POSITION					
Financial assets	\$2,877,636	\$2,664,577	\$2,574,054	\$2,441,969	\$2,379,273
Non-financial assets	5,408,738	5,274,138	5,110,511	4,903,796	4,609,443
Total Assets	8,286,374	7,938,715	7,684,565	7,345,765	6,988,716
Accounts payable and accrued liabilities	311,478	329,322	318,897	283,618	271,013
Gross long-term liabilities	241,910	280,015	315,179	333,873	361,831
Sinking fund debentures	273,500	273,500	273,500	273,500	273,500
Deferred revenue	214,536	158,233	196,455	228,242	236,859
Landfill closure and post-closure liabilities	16,271	16,174	16,034	15,412	14,663
Employee benefits payable	84,600	81,663	78,751	75,603	71,356
Total Liabilities	1,142,295	1,138,907	1,198,816	1,210,248	1,229,222
Accumulated Surplus	\$7,144,079	\$6,799,808	\$6,485,749	\$6,135,517	\$5,759,494
CONSOLIDATED OPERATIONS					
Sources of Revenue					
Property taxes - General purpose	\$422,706	\$407,941	\$393,168	\$377,615	\$365,009
- Solid waste	27,673	26,928	26,196	25,769	25,336
Government transfers - Ontario	218,420	200,382	218,099	174,492	159,610
- Canada	1,400	1,002	840	858	933
User charges	263,872	250,623	244,646	230,420	226,023
Investment income	71,140	65,029	58,875	58,094	63,738
Development charges and developer contributions	200,183	161,835	196,576	246,915	302,134
Federal gas tax	20,881	23,524	15,967	20,332	12,623
Other revenue	16,998	16,714	17,380	23,089	13,096
Total Revenues	1,243,273	1,153,978	1,171,747	1,157,584	1,168,502
Expenses by Function					
General government	40,825	41,511	40,261	41,279	36,996
Social services	189,102	186,561	181,681	165,754	158,583
Social housing	55,000	52,599	49,999	48,614	42,980
Water and wastewater services*	208,948	191,337	187,354	188,774	187,856
Solid waste services	48,905	43,084	43,984	42,442	41,478
Protection to persons and property	186,244	181,248	171,531	165,400	161,762
Health services	84,019	73,544	73,616	71,699	68,934
Transportation services*	70,016	53,902	55,940	60,598	56,857
Planning and development	14,267	15,715	14,087	12,552	12,626
Recreation and cultural services	1,676	418	3,062	2,815	2,666
Total Expenses by Function	899,002	839,919	821,515	799,927	770,738
Net Revenues	344,271	314,059	350,232	357,657	397,764
Accumulated Surplus, Beginning of Year	6,799,808	6,485,749	6,135,517	5,777,860	5,361,730
Accumulated Surplus, End of Year	\$7,144,079	\$6,799,808	\$6,485,749	\$6,135,517	\$5,759,494

* In 2017, Urban and Rural Storm Water were included with Water and wastewater services instead of Transportation services in order to align Financial Statement and Notes to the FIR. 2016 has also been reclassified for comparative purposes.

** In 2018, management implemented a TCA policy change to support the long term water meter strategy approved by council in 2016, report PW-29-16. This policy change was adopted retrospectively, and water meters that were previously expensed have been included in the TCA inventory. 2017 statements have been revised to include Water Meters owned by Halton Region.

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2020	2019	2018	2017 Restated*	2016
Analysis of Expenses by Category					
Salaries, wages and employee benefits	\$383,236	\$359,552	\$344,366	\$334,980	\$323,720
Materials	74,635	52,144	53,470	58,118	59,154
Contracted services	163,794	168,280	177,218	163,508	159,252
Financial expenses	18,429	14,136	11,242	17,084	22,510
Government transfers	113,672	110,046	106,973	95,695	80,995
Debt services	8,341	9,029	9,736	10,861	11,968
Allowance for taxes written off	3,975	3,918	4,258	6,645	6,294
Amortization	132,920	122,814	114,252	113,036	106,845
Total Expenses	\$899,002	\$839,919	\$821,515	\$799,927	\$770,738
CONSOLIDATED CHANGE IN NET FINANCIAL ASSETS					
Net revenues	\$344,271	\$314,059	\$350,232	\$357,657	\$397,764
Acquisition of tangible capital assets	(274,464)	(292,304)	(322,938)	(399,708)	(467,726)
Amortization of tangible capital assets	132,920	122,814	114,252	113,036	106,845
Loss on disposal of tangible capital assets	8,930	5,296	2,087	(583)	14,090
Proceeds on disposal of tangible capital assets	218	803	402	10,395	262
Change in inventories and prepaids	(2,204)	(236)	(518)	873	(305)
Change in net financial assets	209,671	150,432	143,517	81,670	50,930
Net Financial Assets, Beginning of Year	1,525,670	1,375,238	1,231,721	1,150,051	1,099,121
Net Financial Assets, End of Year	\$1,735,341	\$1,525,670	\$1,375,238	\$1,231,721	\$1,150,051
Long-Term Liabilities					
Total long-term liabilities	\$515,410	\$553,515	\$588,679	\$607,373	\$635,331
Recoverable debt (Overlapping):					
Local Municipalities	(244,255)	(262,572)	(277,206)	(282,784)	(283,130)
Cumulative sinking fund contributions from Local Municipalities	(11,690)	(9,194)	(6,778)	(4,440)	(2,180)
Net Long-Term Liabilities	259,465	281,749	304,695	320,149	350,021
Recovered from:					
Tax levy	61,723	65,944	70,072	65,069	69,318
Rate supported	66,007	78,166	91,029	105,506	124,026
Development charges	131,735	137,639	143,594	149,574	156,677
	259,465	281,749	304,695	320,149	350,021
Other Information					
Annual repayment limit*	\$171,561	\$161,286	\$151,516	\$136,987	\$125,528
Reserves	1,364,448	1,297,428	1,199,541	1,073,253	1,052,652

* The annual repayment limit is calculated at 25% of the Municipalities own source revenues less net debt charges.

** In 2018, management implemented a TCA policy change to support the long term water meter strategy approved by council in 2016, report PW-29-16. This policy change was adopted retrospectively, and water meters that were previously expensed have been included in the TCA inventory. 2017 statements have been revised to include Water Meters owned by Halton Region.

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2020	2019	2018	2017 Restated*	2016
EXPENDITURE ANALYSIS					
Consolidated expenditure per capita	\$1,473	\$1,407	\$1,408	\$1,404	\$1,386
Net debt per capita	\$425	\$472	\$522	\$562	\$629
Net debt per household	\$1,135	\$1,264	\$1,404	\$1,515	\$1,704
Debt charges as a % of consolidated expenditure	2.6%	2.7%	3.1%	3.7%	4.4%
REVENUE ANALYSIS					
Property taxes and user charges as a % of consolidated revenue	74.9%	74.9%	74.9%	78.1%	79.7%
Total grants as a % of consolidated revenue	19.4%	19.5%	20.0%	16.9%	14.8%
Debt charges as a % of consolidated non-grant revenue	2.0%	2.2%	2.4%	2.9%	3.2%
STATISTICS					
Population (a)	610,517	596,940	583,363	569,787	556,210
Households (a)	228,656	222,857	217,058	211,260	205,461
Halton Census division average unemployment rate (b)	9.2%	4.1%	5.3%	4.0%	5.5%
Toronto CMA (c)	10.8%	6.0%	6.0%	6.4%	7.0%
Hamilton CMA (c)	8.8%	4.3%	4.9%	5.0%	6.2%
Area in hectares (a)*	96,924	96,924	96,924	96,924	96,925
Continuous full-time employees (Actual as of December 31st)					
Police (including civilians)	1,084	1,060	1,043	1,033	1,016
Other full-time	2,009	1,982	1,866	1,867	1,859
Typical Resident's Annual Regional					
Property Taxes And User Charges					
Property taxes - general purpose **	\$266	\$276	\$286	\$299	\$310
Water	478	464	444	420	405
Wastewater	554	535	520	509	478
** Per \$100,000 Current Value Assessment (CVA) Based on annual water consumption for a residential home of 250m ³ /Year					
Property Taxes Collected					
Total property taxes collected on our behalf by Local Municipalities	\$444,368	\$431,867	\$417,089	\$396,663	\$383,975
Taxable Assessment					
Residential & farm	\$132,215,029	\$122,398,881	\$113,217,084	\$104,217,865	\$96,875,286
Commercial & industrial (C/I)	32,934,861	31,325,603	29,129,643	27,264,009	25,983,927
	\$165,149,890	\$153,724,483	\$142,346,727	\$131,481,874	\$122,859,213
Annual assessment growth rate	7.4%	8.0%	8.3%	7.0%	6.2%
Ratio of C/I to total taxable assessment	19.9%	20.4%	20.5%	20.7%	21.1%
Permits Issued					
Residential	3,027	3,015	2,835	5,395	3,733
Non-residential	41	153	146	136	164

(a) June 2011 Best Planning Estimates

(b) Statistics Canada Labour Force Survey - custom tabulation, 3-month moving average unadjusted

(c) Statistics Canada Table 14-10-0096-01

* The area was previously recorded as 96,925ha from 2013-2016. The boundary has not changed in this time but it is believed that this should be rounded down to 96,924ha for a more accurate assessment.

** 2018, management implemented a TCA policy change to support the long term water meter strategy approved by council in 2016, report PW-29-16. This policy change was adopted retrospectively, and water meters that were previously expensed have been included in the TCA inventory. 2017 statements have been revised to include Water Meters owned by Halton Region.

Halton's business community and key sectors

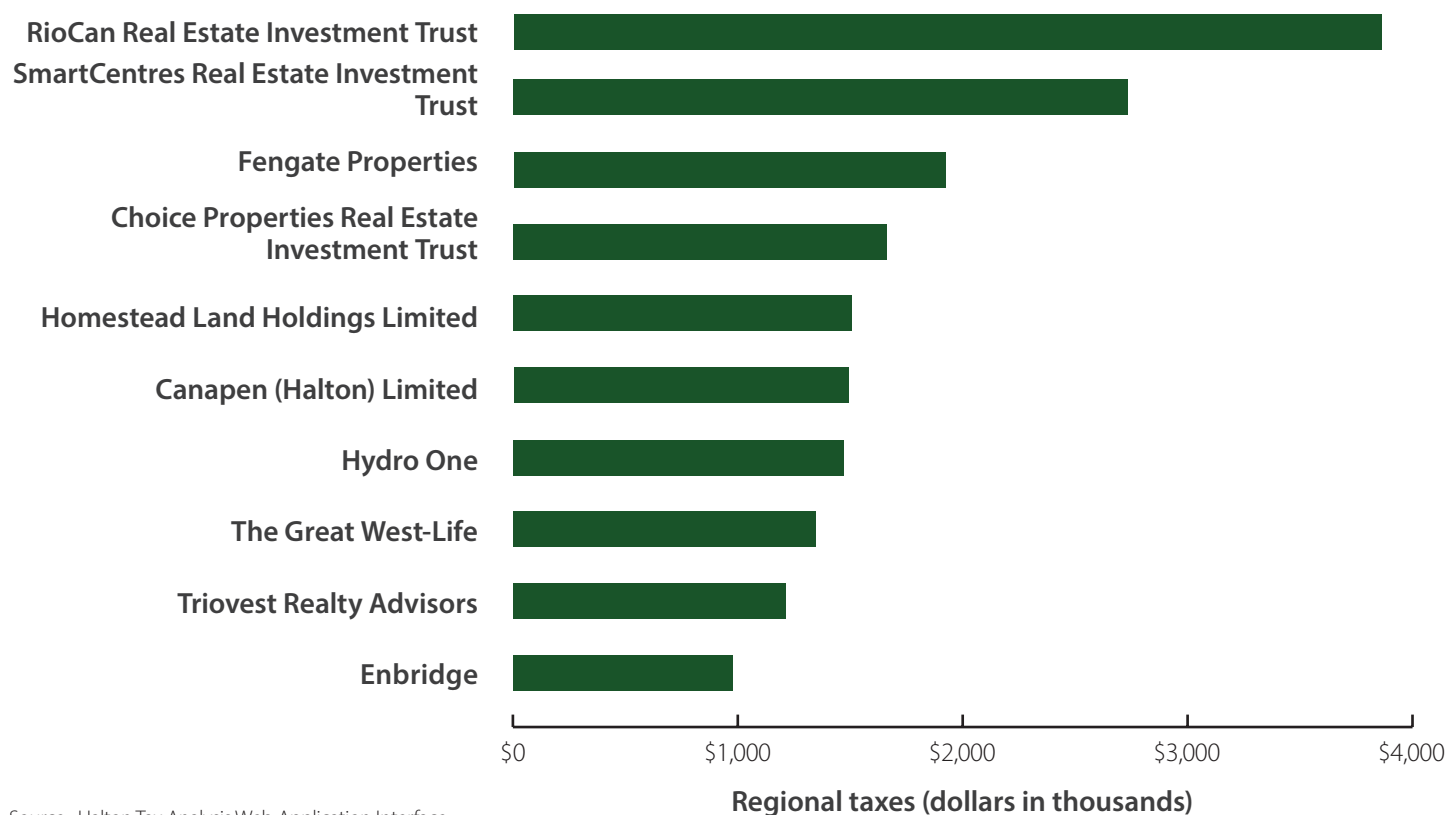
Top 10 Private Sector Employers in Halton in 2020

(Based on number of employees)

Business Name	Location	Sector
Ford Motor Company of Canada	Oakville	Automotive Assembly & Headquarters
Evertz Microsystems	Burlington	Electronics Manufacturing & Headquarters
Karmax Heavy Stamping (division of Magna)	Milton	Automotive Parts Manufacturing
Collins Aerospace	Oakville	Aerospace Parts Manufacturing
Sofina Foods (Fearmans Pork)	Burlington	Meat Processing
Gordon Food Service	Milton	Food & Beverage Distribution
Modatek Systems (division of Magna)	Milton	Automotive Parts Manufacturing
Innomar Strategies (division of AmerisourceBergen)	Oakville	Research and Development in Life Sciences and Pharmaceutical Services
Siemens Canada	Oakville	Engineering Technology & Headquarters
Aviva Canada	Oakville	Insurance Services

Source: Halton Economic Development, Halton Employment Survey

Principal Corporate Taxpayers in 2020



Source: Halton Tax Analysis Web Application Interface

