



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



Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

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