



Consolidated Financial Statements

For the year ended December 31, 2021

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 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 2021 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 consolidated financial statements.



Cyndy Winslow

Commissioner of Finance and Regional Treasurer

May 25, 2022

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 consolidated statement of financial position as at December 31, 2021, and the consolidated 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 consolidated financial position of the Regional Municipality of Halton as at December 31, 2021, and the consolidated results of its operations, consolidated change in net financial assets and its consolidated 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 25, 2022

Consolidated Statement of Financial Position

As at December 31, 2021
(Dollars in Thousands)

FINANCIAL ASSETS	2021	2020
Cash and cash equivalents	\$367,729	\$485,269
Accounts receivable:		
Water and wastewater	42,649	44,225
Government Transfers	21,281	16,469
Other receivables	33,725	29,930
Other current assets	463	450
Investments (Note 2)	2,523,340	2,052,159
Loans receivable (Note 6)	4,831	4,879
Recoverable gross long-term debt from:		
Local Municipalities (Note 4)	232,880	244,255
Total financial assets	3,226,898	2,877,636
LIABILITIES		
Accounts payable and accrued liabilities (Notes 2 and 8)	363,802	311,478
Gross long-term liabilities (Note 4)	213,464	241,910
Sinking fund debentures (Note 4)	273,500	273,500
Deferred revenue (Note 10)	325,465	214,536
Landfill closure and post-closure liabilities (Note 11)	15,034	16,271
Employee future benefits liabilities (Note 13)	91,972	84,600
Total liabilities	1,283,237	1,142,295
NET FINANCIAL ASSETS	1,943,661	1,735,341
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	5,542,585	5,400,656
Prepaid expenses	2,533	3,061
Inventories	5,831	5,021
Total non-financial assets	5,550,949	5,408,738
ACCUMULATED SURPLUS (Note 15)	\$7,494,610	\$7,144,079

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Operations

For the year ended December 31, 2021
(Dollars in Thousands)

REVENUES	2021 Budget (Note 18)	2021	2020
Taxation	\$465,285	\$464,863	\$450,379
Development charges and developer contributions	195,577	195,577	200,183
User charges	254,679	259,476	263,872
Government transfers	210,889	281,786	219,820
Canada Community-Building Fund (Federal Gas Tax)	17,394	14,207	20,881
Investment income	53,827	65,165	71,140
Other revenue	17,694	17,789	16,998
Total revenues	1,215,345	1,298,863	1,243,273
EXPENSES (Note 17)			
General government	59,108	54,735	40,825
Social services	193,513	193,119	189,102
Social housing	50,317	58,335	55,000
Water and wastewater services	208,966	202,480	208,948
Solid waste services	44,607	46,625	48,905
Protection to persons and property	194,893	191,609	186,244
Health services	85,806	128,158	84,019
Transportation services	55,544	53,493	70,016
Planning and development	18,790	18,232	14,267
Recreation and cultural services	2,067	1,546	1,676
Total expenses	913,611	948,332	899,002
NET REVENUES	301,734	350,531	344,271
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,144,079	7,144,079	6,799,808
ACCUMULATED SURPLUS, END OF YEAR	\$7,445,813	\$7,494,610	\$7,144,079

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2021
(Dollars in Thousands)

	2021 Budget (Note 18)	2021	2020
Net revenues	\$301,734	\$350,531	\$344,271
Acquisition of tangible capital assets	(286,002)	(286,002)	(274,464)
Amortization of tangible capital assets	137,719	137,719	132,920
Loss on disposal of tangible capital assets	4,443	4,443	8,930
Proceeds on disposal of tangible capital assets	1,911	1,911	218
Change in inventory and prepaid expenses	(282)	(282)	(2,204)
Change in net financial assets	159,523	208,320	209,671
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,735,341	1,735,341	1,525,670
NET FINANCIAL ASSETS, END OF YEAR	\$1,894,864	\$1,943,661	\$1,735,341

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021
(Dollars in Thousands)

Cash provided by (used in):	2021	2020
OPERATING ACTIVITIES		
Net revenues	\$350,531	\$344,271
Items not involving cash:		
Amortization	137,719	132,920
Loss on disposal of tangible capital assets	4,443	8,930
Contributed tangible capital assets	(1,324)	(1,644)
Change in non-cash assets and liabilities:		
Accounts receivable	(7,031)	6,153
Accounts payable and accrued liabilities	52,324	(17,844)
Other current assets	(13)	(62)
Deferred revenue	110,929	56,303
Inventory and prepaid expenses	(282)	(2,204)
Landfill and post-closure liabilities	(1,237)	97
Employee future benefits liabilities	7,372	2,937
Net change in cash and cash equivalents from operating activities	653,431	529,857
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	1,911	218
Cash used to acquire tangible capital assets	(284,678)	(272,820)
Net change in cash from capital activities	(282,767)	(272,602)
INVESTING ACTIVITIES		
Loans receivable	(48)	(875)
Investments	(471,181)	(238,508)
Net change in cash and cash equivalents from investing activities	(471,133)	(239,383)
FINANCING ACTIVITIES		
Long-term debt issued and assumed	41	44
Long-term debt repaid	(14,763)	(17,508)
Mortgage repayments	(4,929)	(4,820)
Sinking fund contributions from Local Municipalities	2,580	2,496
Net change in cash and cash equivalents from financing activities	(17,071)	(19,788)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(117,540)	(1,916)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	485,269	487,185
CASH AND CASH EQUIVALENTS, END OF YEAR	\$367,729	\$485,269

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

The Corporation of the Regional Municipality of Halton (Regional Municipality of Halton or Halton Region) is an upper-tier municipality in the Province of Ontario ("Province"), Canada. It conducts its operations guided by the provisions of provincial statutes such as the *Municipal Act 2001*, *Planning Act*, *Building Code Act*, *Provincial Offences Act* and other related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidated Statements

The consolidated financial statements for 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 inter-company transactions and balances between HCHC and Halton Region are eliminated.

The financial activities of the Royal Botanical Gardens and the Conservation Authorities are excluded from these consolidated 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 Region 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 the Canada Community-Building Fund (Federal Gas Tax). Government transfers, such as the Canada Community-Building Fund (Federal Gas Tax) 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

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land improvements	5 to 70 years
Leasehold improvements	Based on lease term
Machinery and equipment	5 to 60 years
Vehicles	3 to 15 years

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

v. Contributed tangible assets

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

vi. Excluded assets

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

vii. Interest on debt to construct tangible capital assets

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

viii. Contaminated sites

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

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

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

ix. Inventories

Inventories are valued at the lower of cost and net realizable value.

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x. Reserves and Discretionary reserve funds

Halton Region follows the practice of allocating interest income and current net revenues into reserves and discretionary reserve funds that are retained for specific purposes, including maintaining assets in a state of good repair. These reserves and discretionary 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 and discretionary reserve funds have been created are included in accumulated surplus and are reported in Note 15.

xi. Government transfers

Government transfers are recognized as revenue in the consolidated 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 carried at cost. When there has been a loss in market value that is not determined to be a temporary decline, the respective investment is written down to recognize the loss. 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 Region's overall investment strategy and are included as investments on the Consolidated Statement of Financial Position.

xiii. Use of estimates

The preparation of consolidated 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 consolidated 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 liabilities, employee future benefits and post-employment liabilities and certain 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At year-end, Halton 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.

xvii. Landfill closure and post-closure liabilities

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 Halton Region's long-term borrowing rate. These costs are reported as a liability on the Consolidated Statement of Financial Position. This liability is amortized using the units of production method based upon capacity used during the year.

xviii. Pensions and employee future benefits liabilities

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 liabilities 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 consolidated financial statements, the plans are considered unfunded.

xix. Canadian Public Sector Accounting standards issued but not yet adopted

The standards noted below were not in effect for the year ended December 31, 2021, therefore, have not been applied in preparing these consolidated 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 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, 2021
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards applicable for fiscal years beginning on or after April 1, 2023:

Topic	Description
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 PSG 8 - Purchased intangibles	This Section establishes standards on how to account for and report purchased intangible assets.
Section PS 3160 - Public private partnerships	This Section establishes standards on how to account and report for public private partnership between public and private sector entities where the public sector entity procures infrastructure using private sector partner.

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 consolidated financial statements.

	2021		2020	
	Cost	Market Value	Cost	Market Value
Investments	\$2,523,340	\$2,552,676	\$2,052,159	\$2,167,281

In addition, Halton Region includes in its investment portfolio a balance of \$103,860 (2020 - \$89,595) which is restricted, as the funds are those of a Local Municipality. These funds are included within Accounts Payable and Accrued Liabilities in 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 \$348,246 (2020 - \$329,537) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2020 - \$nil). Roads and underground water and sewer systems in the amount of \$1,324 (2020 - \$1,644) 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 (2020 - \$nil). Halton Region owns various works of art and historical treasures that have not been included as tangible capital assets and therefore, are not recognized on the consolidated financial statements. These items are categorized as Museum Historical Artifacts or Museum Archival Materials.

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

The following tables summarize tangible capital asset balances by category for the years 2021 and 2020:

Asset Type	Opening Balance 01-Jan-21	Additions/ (Transfers)	Disposals	Ending Balance 31-Dec-21	Opening Accumulated Amortization Balance 01-Jan-21	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-21	Ending Net Book Value 31-Dec-21
General									
Buildings and building improvements	\$293,967	\$1,252	\$803	\$294,416	\$120,187	\$8,143	\$798	\$127,532	\$166,884
Computer hardware	38,235	6,865	1,139	43,961	20,326	5,193	1,139	24,380	19,581
Computer software	19,796	1,329	1,262	19,863	16,452	1,302	1,262	16,492	3,371
Land	190,635	11,048	138	201,545	-	-	-	-	201,545
Land improvements	77,152	892	-	78,044	39,771	2,089	-	41,860	36,184
Leasehold improvements	4,901	24	-	4,925	3,351	205	-	3,556	1,369
Machinery and equipment	229,910	2,869	1,032	231,747	128,007	7,388	1,004	134,391	97,356
Vehicles	35,579	3,161	2,498	36,242	21,174	3,800	2,219	22,755	13,487
Total general capital	890,175	27,440	6,872	910,743	349,268	28,120	6,422	370,966	539,777
Infrastructure									
Buildings and building improvements	588,960	23,607	240	612,327	178,880	12,383	217	191,046	421,281
Land	296,606	25,344	2,749	319,201	-	-	-	-	319,201
Land improvements	125,819	15,316	57	141,078	64,601	4,278	95	68,784	72,294
Linear	4,201,606	161,858	7,589	4,355,875	940,710	61,890	4,614	997,986	3,357,889
Machinery and equipment	840,916	13,728	618	854,026	339,504	31,048	423	370,129	483,897
Total infrastructure	6,053,907	239,853	11,253	6,282,507	1,523,695	109,599	5,349	1,627,945	4,654,562
Assets under construction	329,537	18,709	-	348,246	-	-	-	-	348,246
Total tangible capital assets	\$7,273,619	\$286,002	\$18,125	\$7,541,496	\$1,872,963	\$137,719	\$11,771	\$1,998,911	\$5,542,585

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

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, 2021
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4. LONG-TERM LIABILITIES

The use of long-term liabilities to finance capital expenditures 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 \$2,040 (2020 - \$2,910) 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 2021 is \$169,016 (2020 - \$12,820).

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

	2021	2020
Long-term liabilities incurred by Halton Region	\$179,321	\$202,838
Mortgages payable by HCHC	34,143	39,072
Subtotal gross long-term liabilities	213,464	241,910
Sinking fund debentures	273,500	273,500
Total long-term liabilities incurred by Halton Region	486,964	515,410
Less recoverable from Local Municipalities:		
Long-term debentures	142,150	150,945
Sinking Fund debentures	90,730	93,310
Subtotal Local Municipalities	232,880	244,255
Less cumulative Sinking Fund contributions from Local Municipalities	14,270	11,690
Net long-term liabilities at year end	\$239,814	\$259,465

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.

	2021	2020
Opening earnings	\$17,453	\$15,112
Halton Region contributions	1,827	1,827
Interest earned	536	514
Sinking Fund #148-11 earnings to date	\$19,816	\$17,453

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
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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.

	2021	2020
Opening earnings	\$18,647	\$14,665
Halton contributions	1,261	1,261
Oakville contributions	1,816	1,816
Milton contributions	303	303
Interest earned	734	602
Sinking Fund #43-15 earnings to date	\$22,761	\$18,647

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

	2021	2020
Property taxes – general purpose levy	\$57,822	\$61,723
Water	32,509	39,765
Wastewater	23,195	26,242
Development charges	126,288	131,735
Net long-term liabilities at year end	\$239,814	\$259,465

5. CHARGES FOR LONG-TERM LIABILITIES

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

	2021	2020
Gross principal repayment	\$43,678	\$47,261
HCHC mortgages	4,929	4,820
Less amounts recovered	(28,915)	(29,753)
Net principal	19,692	22,328
Gross interest paid	14,727	15,793
HCHC mortgages	952	1,051
Less amount recovered	(7,991)	(8,503)
Net interest	7,688	8,341
Total net principal and interest	\$27,380	\$30,669

Debentures bear interest at rates ranging from 0.30 (2020 - 0.65) per cent to 5.50 (2020 - 5.50) per cent. Mortgages of \$34,143 (2020 - \$39,072) 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 (2020 - 0.74) per cent and 5.94 (2020 - 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, 2021
(Dollars in Thousands)

5. CHARGES FOR LONG-TERM LIABILITIES (CONTINUED)

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

	2021	2020
Property taxes – general purpose levy	\$6,563	\$6,683
Water and wastewater revenues	9,470	11,841
Development charges	11,347	12,145
Total	\$27,380	\$30,669

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

	Instalment principal	Sinking Fund #148-11	Sinking Fund #43-15	HCHC mortgages	Total
2022	\$13,972	\$2,772	\$1,558	\$15,080	\$33,382
2023	8,835	3,379	1,608	11,102	24,924
2024	8,024	3,489	1,661	2,022	15,196
2025	3,386	3,603	1,715	3,437	12,141
2026	3,470	3,721	1,771	714	9,676
2027-2045	-	88,694	54,013	1,788	144,495
Total	\$37,687	\$105,658	\$62,326	\$34,143	\$239,814

6. LOANS RECEIVABLE

Halton Region has loans receivable in the amount of \$4,831 (2020 - \$4,879) from Conservation Halton. 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.

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 2021 is \$524 (2020 - \$545). Each loan is repayable over a set period at a variable interest rate listed below.

	2021	2020
Loans repayable over 10 years bearing interest of 3.0% with maturity dates from 2021-2027	\$611	\$813
Loans repayable over 20 years bearing interest of 3.0% with maturity dates from 2038-2039	402	351
Loans repayable over 30 years bearing interest of 3.2% with maturity dates from 2048-2049	3,818	3,715
Total	\$4,831	\$4,879

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
(Dollars in Thousands)

7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- a. Halton Region has outstanding contractual obligations of \$668,918 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:

2022	\$5,154
2023	2,938
2024	1,736
2025	1,244
2026	213

- 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 outcome is not determinable. Liabilities for non-insured claims are recorded in the year in which they are determined likely to occur and the amount can be estimated.

At year-end, Halton 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 \$4,768 (2020 - \$8,576) which is included in Accounts payable and accrued liabilities in the Consolidated Statement of Financial Position.

9. CONTINGENT ASSETS

As at December 31, 2021, Halton Region has certain outstanding legal actions in which Halton Region is seeking damages. Halton Region has determined that resolution of these claims in favour of Halton Region is undeterminable as at December 31, 2021.

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 \$206,287 (2020 - \$111,667), reserve fund for the Canada Community-Building Fund (Federal Gas Tax) in the amount of \$46,051 (2020 - \$25,219), COVID-19 Recovery Funding for Municipalities of \$4,883 (2020 - \$nil) and Safe Restart Agreement funding of \$nil (2020 - \$3,329). 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 eligible 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, 2021
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10. DEFERRED REVENUE (CONTINUED)

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

	Balance at 31-Dec-20	Inflows	Revenue Earned	Balance at 31-Dec-21
Development charges	\$111,667	\$288,873	\$194,253	\$206,287
Canada Community-Building Fund (Federal Gas Tax)	25,219	35,039	14,207	46,051
Safe Restart Agreement funding	3,329	5,334	8,663	-
COVID-19 Recovery Funding for Municipalities	-	5,380	497	4,883
Total Obligatory Reserve Funds	140,215	334,626	217,620	257,221
Unspent Capital Financing	54,689	12,082	13,803	52,968
Permits	1,795	1,564	1,358	2,001
Developer Accelerated (Note 15)	6,950	1,501	528	7,923
Developer Water Meters	1,145	480	622	1,003
Other	9,742	4,289	9,682	4,349
Total General - Halton Region	74,321	19,916	25,993	68,244
Total	\$214,536	\$354,542	\$243,613	\$325,465

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 25 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.

	2021	2020
Remaining capacity (m ³)	4,228,587	4,362,492
Reserve funds (Note 15)	\$21,436	\$20,734
Closure & post-closure care		
Estimated expenditures	18,961	20,602
Remaining expenditures to be recognized	(3,927)	(4,331)
Landfill closure and post closure liabilities	\$15,034	\$16,271

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, 2021, that meet the specified criteria (2020 - \$nil).

Notes to Consolidated Financial Statements

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13. EMPLOYEE FUTURE BENEFITS LIABILITIES

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:

	2021		2020	
	Accrued Liability	Reserve	Accrued Liability	Reserve
Retirement benefits				
Halton Region employees	\$16,907	\$21,500	\$15,973	\$20,054
Halton Regional Police Service	36,732	35,163	34,878	34,108
WSIB				
Halton Region employees	13,610	18,952	12,142	16,247
Halton Regional Police Service	6,323	5,349	4,341	4,846
Long-term disability				
Halton Region employees	8,686	13,042	9,257	12,246
Halton Regional Police Service	4,303	6,036	3,898	5,429
Vacation pay				
Halton Region employees	5,196	-	3,905	-
Halton Regional Police Service	148	-	141	-
Vested sick leave entitlements				
Halton Regional Police Service	67	100	65	97
Total	\$91,972	\$100,142	\$84,600	\$93,027

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

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$112,964	\$87,323
Current benefit cost	8,776	5,454
Interest	3,060	3,205
Benefits paid	(7,519)	(6,327)
Actuarial loss	-	23,309
Balance, end of year	117,281	112,964
Unamortized actuarial loss	(25,309)	(28,364)
Liability for benefits	91,972	84,600
Amortization of actuarial loss	\$3,055	\$605

The liabilities were determined by an actuarial valuation as at December 31, 2020 and extrapolation to December 31, 2021. 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, 2021
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13. EMPLOYEE FUTURE BENEFITS LIABILITIES (CONTINUED)

	2021	Remaining Service Life
Retirement benefits	\$(7,970)	7 to 13 years
WSIB	(13,714)	9 to 10 years
Long-term disability	(3,625)	8 years
Total	\$(25,309)	

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:

	2021	2020
Expected inflation rate	1.75%	1.75%
Discount rate:		
Retirement benefits	3.00%	3.00%
WSIB	2.75%	2.75%
Long-term disability	2.25%	2.25%
Expected salary increase	2.75%	2.75%
Expected dental care cost increase	3.75%	3.75%
Expected health cost increase	5.75% in 2021, reducing by 0.33% per year to 3.75% in 2027	6.09% in 2020, 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 or retirement. In 2021, payments out of the vested sick leave plan amounted to \$nil (2020 - \$nil) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$67 (2020 - \$65) are anticipated to be paid out in 2022 and have been reported on the Consolidated Statement of Financial Position.

14. PENSION AGREEMENTS

Halton Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its 3,550 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 accrued benefit obligation of the OMERS Plan as shown in the OMERS financial statements as at December 31, 2021 is \$120.8 billion (2020 - \$105.4 billion) with an actuarially determined funding deficit of \$3.1 billion (2020 - \$3.2 billion). OMERS is a multi-employer plan, therefore Halton Region does not recognize any share of the pension deficit.

Halton Region's contribution to OMERS for its current service amounted to \$30,023 (2020 - \$29,273) and is included as an expense on the Consolidated Statement of Operations. Employee contributions amounted to \$30,023 (2020 - \$29,273).

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 \$61.6 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

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15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following balances:

	2021	2020
Unexpended capital financing	\$844,667	\$722,447
Reserves and discretionary reserve funds (detailed below)	1,434,825	1,364,447
Sinking fund investment	28,310	24,411
Tangible capital assets	5,542,585	5,400,656
Developer financed assets	(7,923)	(6,950)
Amounts to be recovered in future years:		
From reserves and reserve funds on hand	(99,120)	(96,055)
From future revenues	(248,734)	(264,877)
Total Accumulated Surplus	\$7,494,610	\$7,144,079
Reserves and discretionary reserve funds set aside by Council:		
Stabilization - rate	\$35,764	34,721
Stabilization - tax	76,414	73,540
Regional COVID recovery	14,116	6,993
Program specific	110,313	98,794
Workplace safety and insurance	24,301	21,093
Self-insurance - general	6,900	6,492
Self-insurance - employee benefits	75,841	71,934
Landfill closure and post-closure	21,436	20,734
Equipment replacement - vehicle	11,917	11,208
Equipment replacement - building	6,078	6,855
Equipment replacement - equipment	13,685	12,075
Capital - rate	328,910	286,560
Capital - tax	480,635	490,233
Capital - investment	107,424	105,845
Other	121,091	117,370
Total Reserves and Discretionary Reserve Funds	\$1,434,825	\$1,364,447

Notes to Consolidated Financial Statements

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16. TRUST FUNDS

Trust Funds, in the amount of \$66 (2020 - \$70), for the residents of Allendale, Creek Way Village and Post Inn Village, which are administered by Halton Region, have not been included in these consolidated 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 consolidated 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.

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 Regional Municipality of Halton, 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.

Notes to Consolidated Financial Statements

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17. SEGMENTED INFORMATION (CONTINUED)

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 2021 Budget. In addition, certain government transfers 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 2021 and 2020.

	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 2021
Revenues									
Taxation*									
General purpose levy	\$171,437	\$60,425	\$28	\$16,052	\$41,150	\$47,902	\$38,372	\$56,455	\$431,821
Solid waste levy	-	-	-	28,220	-	-	-	-	28,220
Payment in lieu	2,010	708	-	-	482	562	450	610	4,822
Users charges	5,391	(266)	224,188	8,889	80	17,067	1,638	2,489	259,476
Provincial Transfers	6,332	1,542	766	-	94,837	140,342	19,893	9,568	273,280
Federal Transfers	-	2,837	11,369	-	44	283	8,178	2	22,713
Investment income	-	-	3,617	-	-	-	-	61,548	65,165
Development charges and developer contributions	1,735	57,686	124,172	75	3,607	-	2,348	5,954	195,577
Other revenue	1	-	1,492	7	11	-	15,690	588	17,789
Total revenues	186,906	122,932	365,632	52,243	140,211	206,156	86,569	137,214	1,298,863
Expenses									
Salaries, wages and employee benefits	148,715	3,368	38,147	4,367	98,387	78,402	5,719	60,770	437,875
Materials	7,132	1,902	23,754	1,466	6,625	6,454	3,830	5,710	56,873
Contracted services	11,183	15,444	36,222	36,030	7,613	23,312	8,255	34,656	172,715
Rents and financial expenses	341	5,144	1,400	123	1,641	827	4,746	2,275	16,497
Government transfers	10,086	174	692	172	1,056	68,391	28,171	6,764	115,506
Debt expense	1,704	-	5,022	-	10	-	952	-	7,688
Amortization of tangible capital assets	10,746	25,241	84,457	2,271	2,196	2,388	4,511	5,909	137,719
Program support	1,702	2,220	12,786	2,196	10,630	13,345	2,151	(45,030)	-
Other operating expenses	-	-	-	-	-	-	-	3,459	3,459
Total expenses	191,609	53,493	202,480	46,625	128,158	193,119	58,335	74,513	948,332
Net revenues	\$(4,703)	\$69,439	\$163,152	\$6,618	\$12,053	\$13,037	\$28,234	\$62,701	\$350,531

* 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 8-21.

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

Notes to Consolidated Financial Statements

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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 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
User charges	6,727	1,441	226,409	8,548	235	16,896	791	2,825	263,872
Provincial Transfers	6,213	2,807	2,816	-	49,887	135,525	11,596	9,576	218,420
Federal Transfers	-	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
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)	-
Other operating expenses	-	-	-	-	-	-	-	3,975	3,975
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, 2021
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18. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2021 operating and capital budgets approved by Halton Regional Council on December 16, 2020 and the HCHC Board on December 16, 2020.

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.

	2021 Budget
Revenues: Operating	
Halton Region approved budget (FN-44-20)	\$998,189
Development charges and developer contributions	195,577
Government Transfers	15,678
Gain on disposal of TCA	1,387
Other revenue adjustments	(8,217)
Reclassification between revenue and expense	(348)
HCHC approved budget (HC-22-20)	27,526
HCHC PSAS adjustments	1,781
HCHC intercompany transactions	(16,228)
Total consolidated revenues	1,215,345
Expenses: Operating	
Halton Region approved budget (FN-44-20)	998,189
Transfers to reserves - capital	(208,194)
Transfers from reserves - capital	11,347
Debt charges - principal	(17,852)
Transfers to reserves - operating	(53,653)
Transfers from reserves - operating	10,066
Amortization	133,656
Capital project cost resulting in operating expenses	20,619
(Gain)/loss on TCA	5,830
Employee future benefits	7,371
Landfill liability	(1,237)
Reclassification between revenue and expense	(348)
HCHC approved budget (HC-22-20)	27,526
HCHC PSAS adjustments	(2,383)
HCHC intercompany transactions	(17,326)
Total consolidated expenses	913,611
Net revenues	\$301,734

In accordance with PS 1200 Financial statement presentation, the originally planned budget must be presented in the Statement of Operations and is shown in the above table. In 2021, Halton Region's Council approved budget adjustments of \$62, for a total restated budget of \$998,127, through Council Report FN-15-21 re: "2021 Tax Policy" and MO-02-21 re: "Community Paramedic Program Update". The HCHC Board approved budget adjustments of \$3,465 for HCHC, for a total restated budget of \$30,991, through Board Report HC-02-21 re: "Federal and Provincial One Time Funding Update" and HC-14-21 re: "Operating and Capital Budget Variance Report for the period ending August 31, 2021".

Notes to Consolidated Financial Statements

For the year ended December 31, 2021
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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 Halton Region and HCHC properties and the risk of third-party property damage or bodily injury.

	Halton Region		HCHC	
	2021	2020	2021	2020
Insurance period of one year beginning on	1/1/2021	1/1/2020	11/1/2021	11/1/2020
Third party public liability claim limit per occurrence up to	\$50,000	\$50,000	\$5,000	\$10,000
Maximum deductible limit per occurrence - Liability	100	100	25	5
Maximum deductible limit per occurrence - Property	100	100	50	50
Coverage for properties replacement cost blanket limit	100,000	1,595,778	25,000	328,207
Insurance claims expense	378	773	-	25
Estimated value of outstanding litigated claims	1,455	1,534	15	20
Self-insurance reserves (Note 15)	6,900	6,492	N/A	N/A

Insurance claims of \$378 (2020 - \$773) as noted in the above table, are included as an expense in the consolidated statement of operations. In 2021, Halton Region and HCHC's insurance providers changed the coverage limit for replacement cost. The replacement cost coverage per occurrence is set at a limit of \$100,000 for Halton Region and \$25,000 for HCHC. In 2020, the total insured value was covered and the replacement cost coverage was \$1,595,778 for Halton Region and \$328,207 for HCHC.

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 COVID-19 outbreak was declared a pandemic by the World Health Organization. In 2021, Halton continued to respond to the COVID-19 pandemic and Public Health played a leadership role in implementing the local COVID-19 vaccination roll-out.

The COVID-19 pandemic had a financial impact of \$91,836 (2020 - \$30,235) in unforeseen costs incurred during the year. These costs were offset with \$91,836 (2020 - \$30,235) in Federal and Provincial transfers which included \$40,558 for the Vaccine Program. Revenue and expenses are reflected in the Consolidated Statement of Operations in the program area that incurred the expense; and the tangible capital assets purchased have been capitalized and amortized in accordance with Halton Region's tangible capital asset amortization methods.

	2021	2020
COVID-19 Funding		
Provincial Transfers	\$90,901	\$29,915
Federal Transfers	935	320
Total COVID-19 revenue	91,836	30,235
COVID-19 Costs		
Salaries, wages and employee benefits	48,240	16,046
Grants provided to child care, social housing providers	19,649	6,397
Contracted services	10,233	4,248
Other operating costs	7,635	2,545
Materials	6,020	943
Tangible capital assets purchased	59	56
Total COVID-19 costs incurred	91,836	30,235

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20. COVID-19 PANDEMIC (CONTINUED)

Included in Note 10 Deferred Revenue, is Provincial funding received during 2021 that is unused and eligible for future use in 2022 of \$4,883 (2020 - \$9,809) in accordance with the terms outlined in the funding agreements and has been summarized in the below table.

Provincial Funding	Funding Received	Funding Utilized	Deferred Revenue
Obligatory Reserve Fund			
Ministry of Municipal Affairs and Housing: COVID-19 Recovery Funding	\$5,380	\$497	\$4,883
Total COVID-19 Recovery funding	\$5,380	497	4,883

Additionally, one-time funding for Paramedic Services received in 2021 that is unused and not eligible for future use, will be settled with the Ministry in 2022 and has been included in Accounts payable and accrued liabilities section of the Consolidated Statement of Financial Position as amounts to be repaid and outlined in the table below.

Provincial Funding	Funding Received	Funding Utilized	Accounts Payable and Accrued Liabilities
Ministry of Health: COVID-19 One-Time Funding for Paramedic Services	\$381	\$67	\$314
Total	\$381	\$67	\$314

21. COMPARATIVE FIGURES

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