



2021

Annual Financial Report



The Regional Municipality Of Halton, Ontario
For the year ended December 31, 2021

2021 Annual Financial Report

For the fiscal year ending December 31, 2021

The Regional Municipality of Halton, Ontario

The report was prepared by:

Halton Region Finance Department

in co-operation with all Regional departments



Message from Halton Regional Chair Gary Carr

On behalf of Regional Council, I am pleased to present Halton's 2021 Annual Financial Report.

As a result of our prudent, forward-looking financial planning principles, we maintained the Region's strong financial position throughout 2021. We continued to respond to the pandemic while providing critical Regional services, such as paramedic services, delivery of clean drinking water, long-term care and waste collection and drop-off services. Halton Region Public Health played a leadership role in the COVID-19 response, including the largest vaccination roll-out we have experienced in decades. We also preserved our top credit rating, which provides access to the best capital financing rates. This minimizes the long-term costs of critical infrastructure investments and helps public funds go further for the Region and for the Local Municipalities when the Region raises capital on their behalf.

In 2021, we continued our work to implement actions set out in the 2019–2022 Strategic Business Plan. The 2021 Annual Financial Report outlines our investments and progress towards achieving key objectives under the Plan's five strategic themes: planning and growth management, transportation and infrastructure, community well-being, environmental sustainability and climate change, and effective government. From road improvements to enhanced social housing and services that protect resident health and well-being, the Plan has helped shape the future of Halton.

While this Annual Financial Report highlights our work in 2021, many Regional programs, services and infrastructure projects budgeted for the current year are already underway. Our 2022 Budget and Business Plan includes investments in public health and long-term care, Halton's digital strategy, housing services, the state of good repair for Regional infrastructure and more. We are also planning for continued growth in our community with our 10-year capital budget for infrastructure, which includes:

- **Water and wastewater infrastructure:** \$2.2 billion to fund projects such as water and wastewater services for new developments, ensuring a state of good repair and maintenance for plants and facilities.
- **Transportation infrastructure:** \$1.7 billion to support Regional transportation projects such as road widening, grade separations, sound barriers, storm pump stations and road resurfacing.

I encourage you to read the 2021 Annual Financial Report to learn about the Region's work to keep residents safe and healthy, deliver essential services and build infrastructure that maintains a high quality of life for our growing community. By making strategic investments in our region's future, we can ensure Halton remains a great place to live, work, raise a family and retire.

To learn more about Regional finances and the 2022 budget, visit [halton.ca](https://www.halton.ca).

Sincerely,

Gary Carr
Halton Regional Chair

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* Appointment may be required.
Please email or call ahead. Visitors
must follow all required public health
measures.

Halton Regional Council 2019–2022

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

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



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

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

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

Recent Awards

Canadian Award for Excellence in Financial Reporting

2020 Annual Financial Report
Government Finance Officers Association of the United States and Canada

Distinguished Budget Presentation Award

2021 Budget and Business Plan
The Government Finance Officers Association of the United States and Canada

Greater Toronto's Top Employer Award 2022

Halton Region
Mediacorp Canada Inc.

Local Municipal Champion Award 2020

Integrated System Navigation Initiative (Social & Community Services)
Ontario Municipal Social Services Association (OMSSA)



Halton is a Great Place to Live



Halton is made up of four diverse municipalities—the City of Burlington and the Towns of Halton Hills, Milton and Oakville—that provide a mix of small-town life, access to major urban centres and vibrant agricultural communities. The growing region is home to more than 624,000 people and 13,600 businesses located from the shores of Lake Ontario to the Niagara Escarpment.

With its central location, Halton is close to markets in Toronto, Niagara, the U.S. and more. The region is within an hour's drive of more than 20 post-secondary institutions, which provide a highly skilled workforce for employers and training opportunities for residents.

Agricultural events, waterfront trails and cycling paths provide valuable tourism and opportunities for residents to explore and enjoy all that our community has to offer. From drinking water to public health, community planning, waste collection and regional infrastructure, Halton's programs and services ensure residents continue to enjoy a high quality of life.

Recognized for its strong financial position, safe communities, green spaces and resident-centric services, Halton is a great place to live, work, raise a family and retire.

Economic Statistics

624,094

2021 Population¹

75%

Post-Secondary Attainment³

13,600

Number of Employers in 2021⁴

234,800

Total Jobs in Halton in 2021⁴

6.5%

Halton Unemployment Rate in 2021⁶

#1

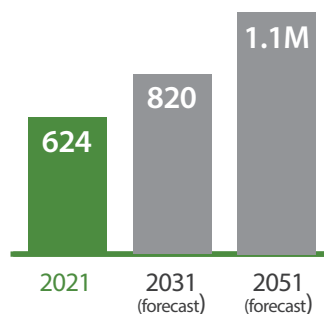
Lowest Crime Severity Index of all Canadian municipalities with more than 100,000 residents⁷

\$29.8B

Gross Domestic Product (GDP)⁸

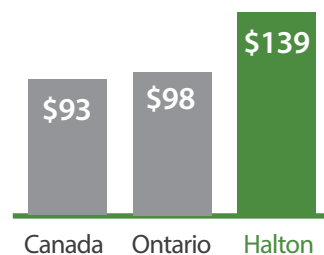
- 1 Halton Region Best Planning Estimates, June 2011 (forecasted)
- 2 Provincial *Places to Grow Act, Proposed Growth Plan for the Greater Golden Horseshoe* (2019)
- 3 Statistics Canada Census, 2016
- 4 Halton Region 2021 Employment Survey Results, 2021 Halton Region Economic Review
- 5 Statistics Canada, Building Permits Survey, 2021 Halton Region Economic Review
- 6 Statistics Canada Labour Force Survey, 2021 Halton Region Economic Review
- 7 Statistics Canada Crime Severity Index
- 8 Conference Board of Canada, 2020, 2021 forecast, 2021 Halton Region Economic Review

Population Growth²
(thousands)



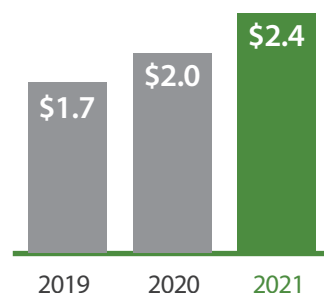
Halton is one of the fastest growing communities in Ontario. To meet the requirements of the Provincial *Places to Grow Act, Growth Plan for the Greater Golden Horseshoe* (2019), Halton is expected to grow to 1.1 million people by 2051.²

Average Household Income³
(thousands)



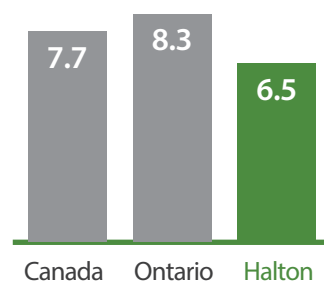
Halton residents have a higher average household income than residents in the rest of the province. Residents are also well educated; 75 per cent of adults have some level of post-secondary education.³

Total Construction Value⁵
(billions)



Over the past five years, Halton's total building permit construction value was \$10.9B.⁵

Unemployment Rate⁶
(per cent)



In 2021, the unemployment rate in Halton averaged 6.5 per cent, lower than the averages provincially and nationally.⁶

2019–2022 Strategic Business Plan

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

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

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

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



**Planning
and Growth
Management**

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



**Transportation
and Infrastructure**

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



**Community
Well Being**

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



**Environmental
Sustainability and
Climate Change**

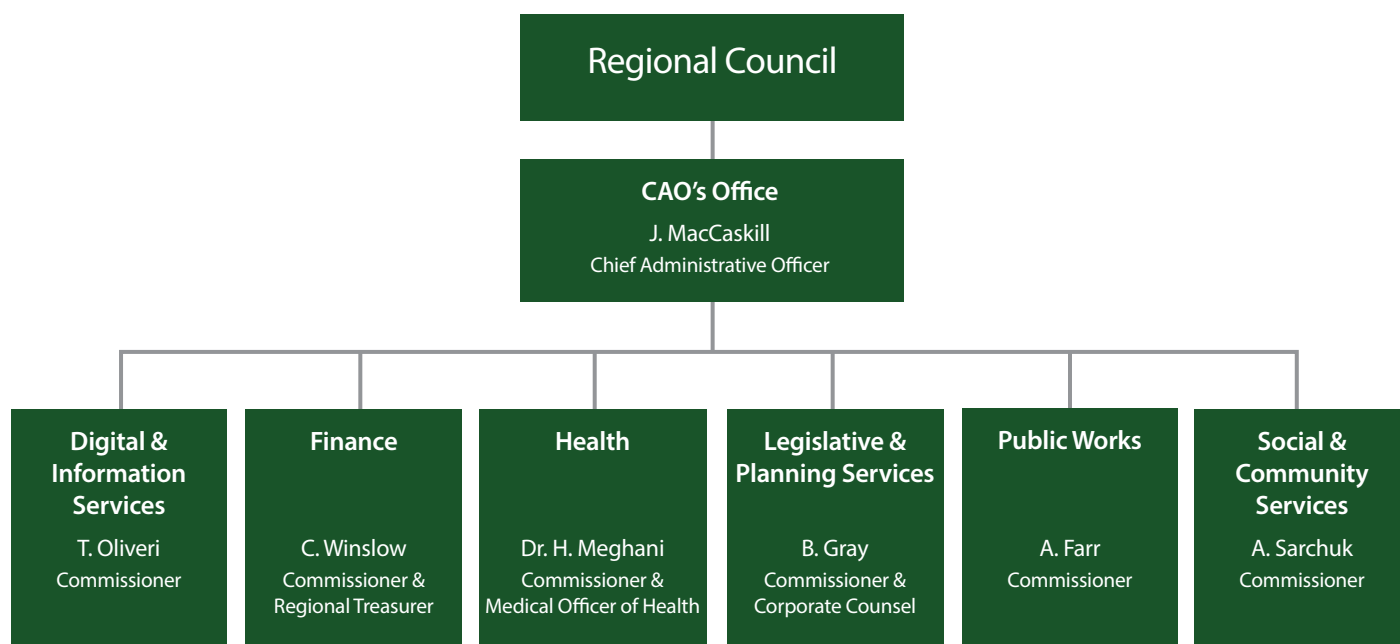
Protecting and enhancing the natural environment and reducing our collective carbon footprint to mitigate the impacts of climate change.



**Effective
Government**

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

Halton Region's Corporate Organization



What We Do

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

From clean drinking water to resilient infrastructure, public health programs, financial assistance and family supports, residents and businesses can rely on Halton Region to deliver essential programs and services that keep our community a great place to live.

Halton Region Programs and Services



Business services and economic development



Infrastructure and construction



Services for seniors



Children's services



Land use planning and growth management



Waste management



Emergency planning



Paramedic services



Wastewater collection and treatment



Financial assistance



Public health programs and services



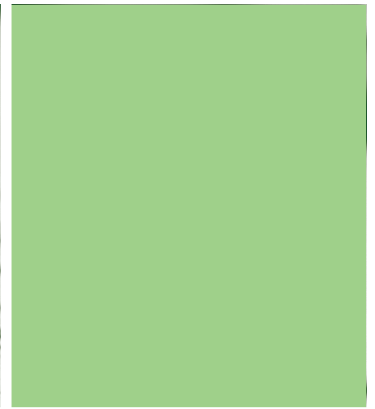
Water purification and distribution



Housing services



Regional roads and transportation



Treasurer's Report

Cyndy Winslow
Commissioner of Finance and Regional Treasurer

I am pleased to present the consolidated financial statements for the Regional Municipality of Halton (Halton Region or the Region) for the year ended December 31, 2021. These consolidated financial statements and accompanying notes are prepared in accordance with Canadian public sector accounting standards.

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

The purpose of the Treasurer's Report is to analyze and comment on the principal features of the 2021 consolidated financial statements and to highlight key priorities and financial results that occurred during the year. This report communicates to residents, businesses and all stakeholders the details of the Region's 2021 financial performance and related information about significant financial policies and key priorities.

Treasurer's Report

Community Profile

Halton Region is an upper-tier municipality providing services to residents in the City of Burlington and the Towns of Halton Hills, Milton and Oakville. Close to major markets in Canada and the United States, Halton Region is located within the rapidly growing Greater Toronto and Hamilton Area (GTHA), offering expanded business and employment opportunities for more than 624,000 residents and 13,600 businesses. Halton Region features 526 km² of green space and covers 969 km² of total land area, including portions of the Niagara Escarpment.



2021 Regional Economy Highlights

Halton maintained its strong financial position in 2021 despite the impacts of COVID-19 as a result of strong leadership, strategic planning and prudent financial plans and practices.

Halton Region's labour market stabilized in 2021, following a significant rise in unemployment in 2020 (to 9.2 per cent). Despite the ongoing waves of the COVID-19 pandemic that persisted throughout 2021, Halton Region's unemployment rate averaged 6.5 per cent, which is well below the broader GTHA, provincial and federal rates. This was partly attributable to Halton Region's highly skilled, professional workforce, which is more adaptable to shift to a hybrid and work-from-home workforce model.

Halton Region is home to a growing business community in a diverse range of industry sectors, with clusters in engineering, automotive, technology, financial services, food processing and logistics distribution. There were 13,600 employers across Halton Region in 2021, employing 234,800 workers.

The pace of development across Halton Region continued to accelerate in 2021, with a 20 per cent rise over 2020 in total construction value approved for development. Growth was driven by another strong year in residential development, which also rose by 20 per cent.

COVID-19 Pandemic

Our Response to COVID-19

In 2021, our community continued to respond to the impacts of the COVID-19 pandemic while also working towards growth and recovery. Halton Region Public Health managed 23,159 lab-reported cases of COVID-19 among Halton residents and associated high-risk contacts, while adapting to many policy changes necessitated by shifts in Provincial direction and fluctuating case numbers as the pandemic's three additional waves unfolded. Public Health investigators also handled 364 outbreaks of COVID-19 in 2021, with a shift towards focusing on high priority settings such as long-term care and retirement homes.

Halton Region continued to be a one-stop shop for the community to obtain accurate information about the pandemic, with Communications and Public Health staff responding to approximately 397,000 inquiries from the public and stakeholders, up from 21,500 in 2020. Staff released and maintained up-to-date communication materials and updated COVID-19 case and vaccination data via a dashboard on halton.ca/COVID19 daily to provide accurate information for the 17.5 million visits to Halton's COVID-19 webpages in 2021, up from 1.4 million in 2020.

Throughout 2021, the majority of Public Health staff were deployed to the COVID response, supporting either COVID infection control or vaccination. Select staff remained in their home positions supporting essential programs and services to keep our community safe, such as: responding to non-COVID communicable diseases, providing financial aid for oral health services, visiting high-risk new mothers in the community and providing prenatal classes and nutrition programs for pregnant mothers. Paramedic Services assisted in the COVID response by providing mobile COVID-19 tests and vaccination for long-term care residents and homebound residents in the community, in addition to their regular responsibilities of responding to medical emergencies.

Treasurer's Report

Supporting the Provincial Vaccination Strategy

Vaccination became the Region's key priority for COVID-19 in 2021, as vaccines are an essential part of protecting our community against severe outcomes from COVID-19. Halton Region is responsible for the allocation and administration of the vaccines at a Regional level, with some exceptions (such as pharmacies who receive vaccines directly from the Province, based on the Provincial Implementation plan). In 2021, Regional staff came together for near constant planning and preparation, including locating clinic sites, developing an online vaccine booking system and setting up clinic sites, as well as hiring, training, scheduling and managing clinic staff in order to roll out the mass vaccination clinics and paediatric clinics. This ensured the quickest and most equitable response possible to provide the COVID-19 vaccine safely to Halton residents.

Vaccination Roll Out: 2021 Highlights

Vaccination against COVID-19 began in January with public health and paramedic mobile teams prioritizing long-term care residents. These teams continued reaching other high-risk settings throughout the year.

The Region's first mass vaccination clinic opened on March 6, 2021 along with the rise of the Delta variant. By the end of June, our clinic staff were vaccinating everyone age 12 and older who were eligible for a second dose in all four municipalities.

In late November, children age five to 11 became eligible for their first dose, and our staff worked again to open special paediatric clinics. By late December, staff responded to an influx of adults age 18 years and older who became eligible for their third dose to boost community protection against the new Omicron variant.

By the end of 2021, the vaccine coverage among Halton residents 12 years and older had reached our goal of 90 per cent with at least two doses. Of the 945,482 vaccinations given in Halton to Halton residents in 2021, 56 per cent were received at a Halton Region Public Health clinic, long-term care and retirement homes, primary care, and mobile clinics.

As the pandemic continues into 2022, Halton Region Public Health remains agile to respond to additional waves and variants of COVID-19, new groups eligible for vaccination or additional doses against COVID-19, and any further Provincial guidance or measures.

Strategic Business Plan 2019–2022

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

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

	Planning and Growth Management
	Transportation and Infrastructure
	Community Well Being
	Environmental Sustainability and Climate Change
	Effective Government

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

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

Halton Region's response to the COVID-19 pandemic has impacted the 2019–2022 Strategic Business Plan, in some cases delaying outcomes and related actions and in other cases accelerating actions due to the necessity to adjust programs, services and initiatives. At the end of 2022, it is projected that the Region will have achieved more than 72 per cent of its target objectives as outlined in Report No. CA-05-22 re: 2019–2022/2023–2026 Halton Region's Strategic Business Plan Update.

Treasurer's Report

Strong Long-Term Financial Position

AAA credit rating

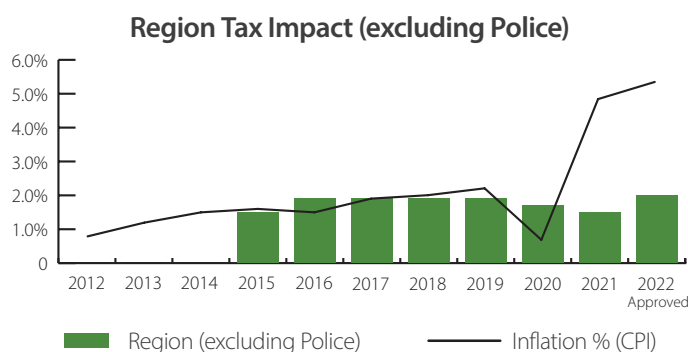
Halton Region's AAA credit rating was reaffirmed by both S&P Global Ratings (AAA) and Moody's Investors Service (Aaa) in 2021. The primary factors that contributed to this achievement are Halton Region's history of strong budgetary performance, prudent fiscal management, declining debt levels and a positive financial outlook for the Region. Financial policies that reduce the risks associated with debt servicing include entering into agreements with developers for growth-related infrastructure. These agreements are developed through allocation programs and financing plans, which are unique to Halton Region and support the Region's growing economic base.

Halton's commitment to multi-year planning for operating and capital budgets allows the Region to anticipate spending pressures early, resulting in strong financial outcomes. The AAA/Aaa ratings are the highest credit ratings available, allowing the Region to issue debt at the lowest possible cost, in turn reducing the financial impact to tax and rate payers. As of year-end 2021, Halton Region has maintained its AAA and Aaa credit ratings for 33 years, which is a testament to its financial position, policies and practices.

Property taxes

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

The 2022 Budget includes a 2.0 per cent increase in the Regional tax levy (excluding Police), maintaining the annual property tax rate increase for Regional services at or below the rate of inflation. This achievement delivered on a key Council priority identified in the Halton Region Strategic Business Plan 2019-2022. As shown in the graph below, despite facing significant budgetary pressures, Halton Region continues to keep taxes low while delivering high-quality services to residents through improving efficiency, cost containment initiatives and assignment of resources to strategic priority areas.



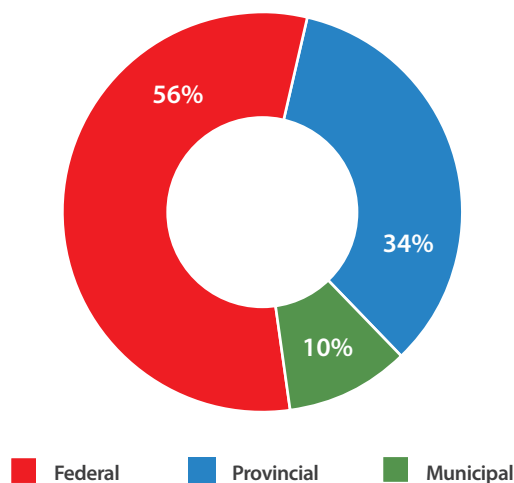
The key priority for developing the tax budget is to maintain tax rate increases at or below the rate of inflation. To achieve this, the budget is prepared based on the following principles:

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

Treasurer's Report

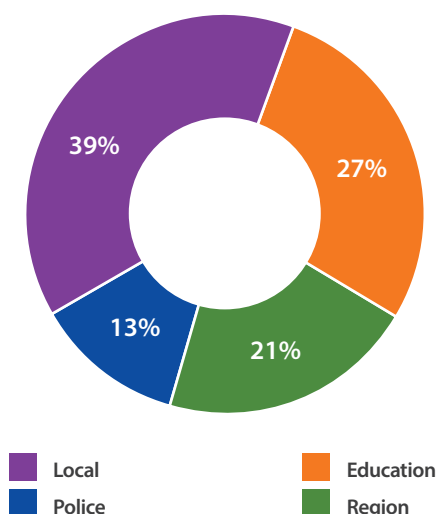
The property tax impact of Regional Services per \$100,000 current value assessment (CVA) increased from \$168 in 2020 to \$171 in 2021.

Average Ontario Family Tax Bill Breakdown



Fraser Institute's Canadian Tax Simulator, 2021.
Figures may not add due to rounding.

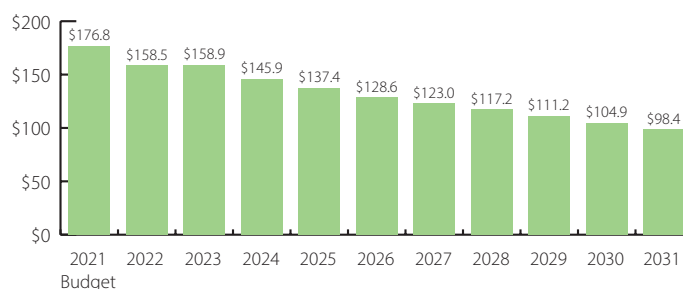
Percentage Share of 2021 Property Tax Bill



Halton Region utilizes its reserves and debt in the financing of the state-of-good-repair capital program for existing infrastructure. The reserves (including operating contributions, Canada Community-Building Fund (formerly the Federal Gas Tax) revenue and investment earnings) are used in support of the Region's pay-as-you-go approach in financing ongoing or recurring life cycle requirements. Debt financing is utilized for significant upgrade and rehabilitation initiatives, ensuring the operating impacts from the significant capital program remain smooth and the timing of revenue recoveries from tax and rate payers is appropriately matched with the benefit of infrastructure.

The following chart illustrates the annual projected debt levels over the next 10 years. Debt levels peaked at \$176.8 million in 2021, mainly driven by funding required for the Police Headquarters expansion in 2015. The level declines substantially over the forecast period as the Region moves forward with the pay-as-you-go funding approach for the state-of-good-repair capital program and as existing debt retires.

Outstanding Debt Principal (in \$ millions)



Halton Region relies on development charges (DCs) to finance new and expand existing infrastructure required for growth. The current DC By-law No. 25-22 (Residential and Non-Residential Water and Wastewater, Roads and General Services Development Charges for Built Boundary and Greenfield), which was supported by a DC Background Study dated December 15, 2021, was passed by Council on May 25, 2022 and will come into effect September 1, 2022. Under DC legislation, a DC by-law must be updated every five years (or sooner) to reflect updated growth forecasts and infrastructure costs. DCs, combined with the Regional interim financing through the Capital Investment Revolving Fund, Tax Capital Reserve and debt, are used for the financing growth-related projects consistent with Report No. FN-46-19/ PW-50-19/ LPS-112-19. In particular, the Regional interim financing is provided for the non-residential employment capital cost share and will be recovered from future DCs, including carrying costs under the financing plan. This plan ensures all growth-related costs that can be recovered under the DC By-law will be recovered and Halton Region's strong financial position is not compromised.

Financial Management

Capital Financing Strategy

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

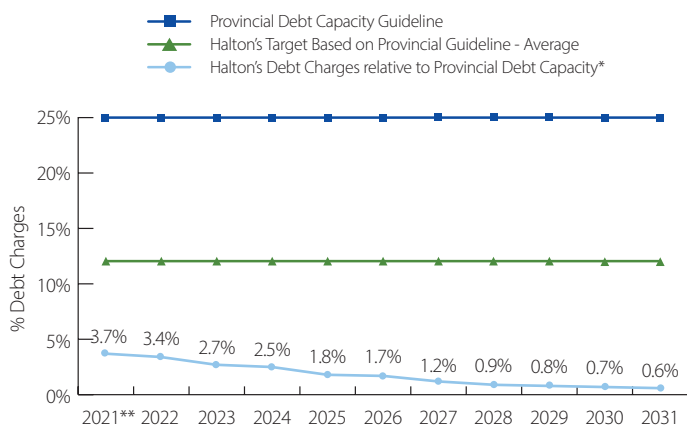
Long-term financing requirements are driven by the long-term capital infrastructure plan and asset management needs.

Treasurer's Report

Debt capacity

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

Projected Debt Charge Position Relative to Provincial Guideline (2021 – 2031)



* Debt charges are projected based on inflated debt and include other long-term financial obligations (i.e. lease payments)

** 2021 Debt Charges reflects the projected year end actual.

Key Priorities

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



Planning and growth management

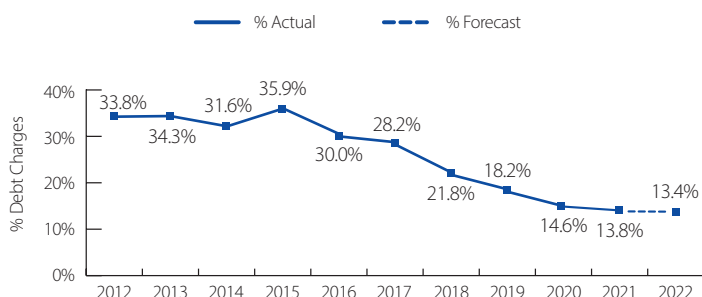
Based on the Provincial Growth Plan, Halton Region is expected to grow to a population of 1.1 million people and 500,000 jobs by 2051. While planning for and balancing residential and employment growth, the Region will continue to ensure the necessary infrastructure and services are in place to maintain a high quality of life for Halton residents. Planning for this growth to create complete, active and healthy communities served by high-quality infrastructure, including a comprehensive transportation system, is a high priority for Halton. The Region's distinct approach to planning and funding growth and commitment to support intensification in identified areas are key to our long-term success.

Halton's Regional Official Plan Review (ROPR) is currently in Phase 3 of the review process, which focuses on three key outcomes – policy directions, draft Regional Official Plan Amendments (ROPA), and a comprehensive update of the Regional Official Plan. These aspects of the ROPR will ensure that the Official Plan reflects the changes in Halton Region and remains consistent with the overall vision for growth in the region. On July 6, 2021, ROPA 48 was adopted by Regional Council and defines the Regional Urban Structure. The Regional Urban Structure is a key premise for the Region's Integrated Growth Management Strategy, which will influence growth and development in Employment Areas.

Debt to reserve ratio

The following Outstanding Debt to Reserves and Reserve Funds chart illustrates the impact of Halton Region's financial plans in terms of the debt-to-reserve ratio. The lower the ratio, the more financial flexibility available to respond to new requirements and the more secure Halton Region's overall financial position. The ratio is expected to decrease in 2022 (13.4 per cent) from the 2021 level because of declining outstanding debt.

Outstanding Debt to Reserves and Reserve Funds



Treasurer's Report

In November 2021, Council also received the draft Preferred Growth Concept outlining how the Region will grow over the next 30 years. The Preferred Growth Concept outlined a proposal for how and where Halton could accommodate another 482,000 people and 222,000 jobs to meet the Provincial requirement of 1.1 million people and 500,000 jobs by 2051. Five Growth Concepts were put forth for consideration and exploration of various approaches for the Region to be able to achieve conformity with Provincial growth policies.

Transportation and infrastructure

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

Asset Management Plans

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

Although Halton Region already has a comprehensive Asset Management Plan, the Region retained a consultant in 2020 to update the Asset Management Program. The objective of the project is to comply with Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure and industry best practice. The scope of work includes alignment of practices across Regional departments to ensure consistency, while enabling a line of sight between capital/operating investments and Halton's strategic priorities and services to residents and businesses. Report No. PW-01-22/FN-11-22/DI-01-22 re: "Asset Management Program and Lifecycle Models Update" was received by Council on May 25, 2022 which met the objectives of Ontario Regulation 588/17.

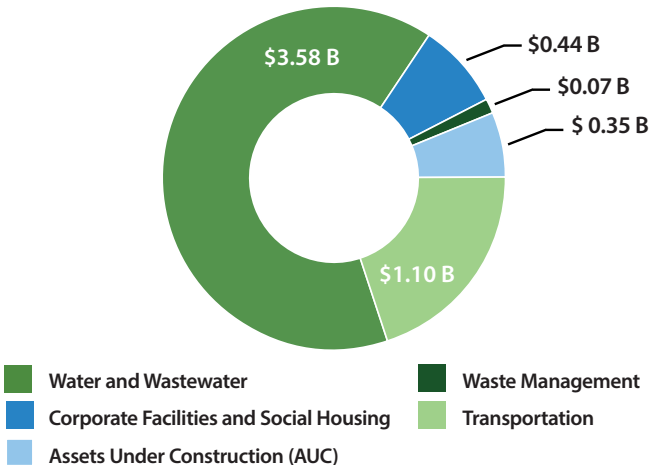
As part of the consultant's work under the Asset Management Plan Update, Public Works retained their consultant to update the lifecycle models and ensure corresponding 100-year capital plans for the state-of-good-repair are based on accurate, reliable and transparent documentation. The lifecycle models are long-term projections of the cost of rehabilitation and replacement interventions throughout the life of an asset. The scope of work includes validation of the existing models, development of new models or modelling approaches in alignment with current best practices, updating of the lifecycle models with new and updated data, preparation of updated 100-year capital plans,

and development of processes and procedures to maintain the models.

Halton Region's asset management program has resulted in most infrastructure assets being rated as very good to good condition and meeting desired service levels. Infrastructure assets have significant value and are the key resources used to provide services to the public and maintain the high quality of life for residents.

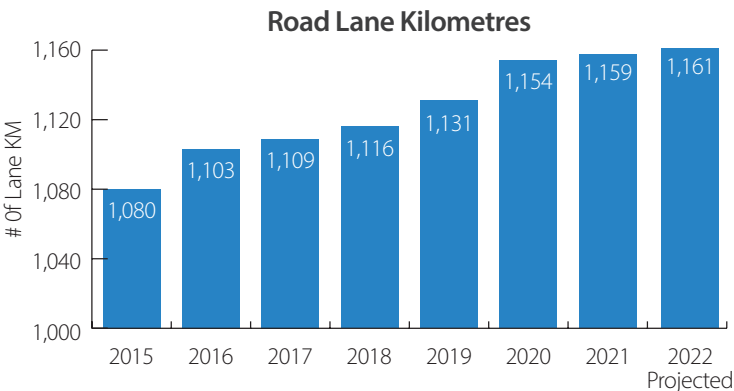
Halton Region endeavors to reduce construction impacts on residents and businesses and achieve lowest project delivery costs by bundling water, sewer and road replacement components as large contracts where practical.

Tangible Capital Asset Net Book Value 2021
Total \$5.54 Billion



Road maintenance

Halton Region contracts the repair and maintenance of Regional roads to the Local Municipalities through the Regional Road Maintenance Agreement. A major driver of the increased road maintenance cost is the increase in lane kilometres to support growth in the region. Between 2015 and 2021, the Region's transportation network system has been in a state of accelerated growth, with an increase of 79 lane kilometres. The following table shows the growth in the Regional road network over the past several years.



Treasurer's Report



Advanced Traffic Management System

A critical tool in traffic engineering is the use of Intelligent Transportation Systems (ITS) or Advanced Traffic Management Systems (ATMS). An ATMS is a state-of-the-art traffic signal control system consisting of a powerful central processing unit programmed with complex algorithms, working together with equipment in the field, such as:

- detection devices (loops, video cameras, radar, etc.);
- closed circuit television cameras;
- traffic signals;
- warning and travel time information signs/messaging boards;
- emergency and transit pre-emption devices; and
- monitoring and data collection devices.

All of these intelligent devices work together to move traffic safely and efficiently in response to real-time traffic demands and allow staff to make informed decisions based on real-time data. The Region's Road Operations program undertook a feasibility study and the findings were reported to Regional Council in 2018 (Report No. PW-10-18 re: Regional Advanced Traffic Management System (ATMS, Our File: PR-3205A)), which recommended the implementation of an ATMS. A status update was provided in November 2021 through PW-34-21 (Re: Regional Advanced Traffic Management System (ATMS) Our File: PR-3205A) on the benefits and implementation plan for an ATMS. The overall project will be reviewed and refined once the IT Network Design is complete.

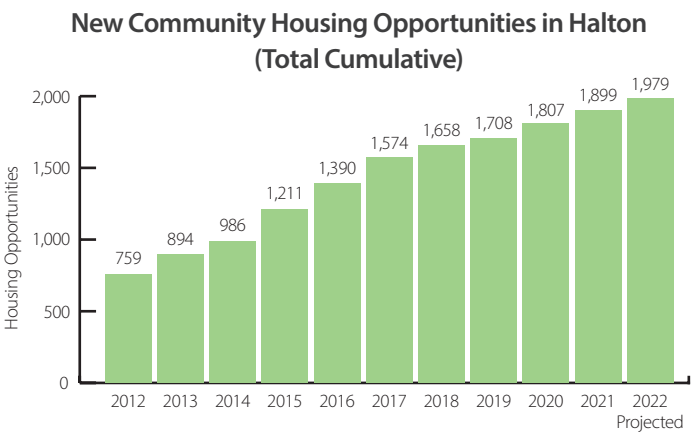
Community well being

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

Comprehensive Housing Strategy (CHS)

As approved by Council in Report No. SS-19-19/LPS-86-19 re: Comprehensive Housing Strategy 2014–2024 – Five Year Review, the Region refreshed its CHS to reflect current housing priorities and the supporting financial plan. The *Housing Services Act* requires the CHS to be reviewed and updated at least once every five years. Halton's housing program has expanded based on continued contribution from Halton Region and the funding allocated from the Provincial and Federal governments. The Regional funding for new community housing opportunities (previously referred to as assisted housing) will continue at \$7.8 million annually, as set out in the CHS. Funding will continue at the same level to respond to the increasing demand for assisted housing.

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



Between 2012 and 2021, Halton Region has created an additional 1,232 community housing opportunities. Halton Region's CHS Update 2014-2024 committed to create up to 900 new housing opportunities. 1,005 new housing opportunities have been created between 2014 and the end of 2021, with an additional 80 budgeted in 2022, therefore meeting its target well ahead of the planned dates.

Report No. LPS-84-21/SS-25-21 re: Portfolio Approach to Achieving Comprehensive Housing Strategy Objectives, proposes a strategic, multi-pronged, development approach to create new assisted housing opportunities through to 2031. This positions Halton Region to deliver over 600 purpose-built rental and assisted units over the next 10 years.

Treasurer's Report

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



Environmental sustainability and climate change

Halton Region continues its effort to reduce the carbon footprint of Regional operations to mitigate the impacts of climate change. Halton Region also continues to ensure Regional infrastructure and services are resilient and risks associated with severe weather events are mitigated where possible. Halton Region is committed to protecting natural and agricultural areas and the natural heritage system of Halton. Key environmental sustainability and climate change objectives in the 2019–2022 Strategic Business Plan include:

- ensuring a permanently secure, economically viable agricultural industry;
- assessing the health of the natural heritage system;
- determining required restoration and remediation; and
- developing policies and approaches that seek to balance the natural heritage system interests with those of agricultural areas.

Climate Change Response

On September 11, 2019, Regional Council approved a motion to declare a climate emergency for the purposes of deepening the Region's commitment to protecting and improving the resiliency of the economy, environment and community from climate change. Through this declaration, Regional Council asked staff to

develop a climate change strategy, including short and long-term actions to address climate change mitigation and adaptation across Halton. At its meeting held on February 17, 2021, staff provided Regional Council with an update on Halton Region's planned response to climate change, including reductions in greenhouse gas (GHG) emissions through Report No. PW-15-21/ST-03-21/LPS-26-21 (re: Climate Change Response Update). This report included the formalization of a partnership between Halton Region and the Halton Environmental Network (HEN) through a Memorandum of Understanding. HEN is a community entity that has been coordinating environmental initiatives in the region, including through the Halton Climate Change Collaborative, since its inception in 2017. As such, HEN is well positioned to continue to support coordination of climate change initiatives in Halton and enhanced community engagement.

Waterfront Master Plan

Council approved the Burlington Beach Waterfront Master Plan and the related financing plan in 2015, as outlined in Report No. LPS-54-15 re: Burlington Beach Regional Waterfront Park - 2015 Master Plan and Report No. LPS-59-15 re: Burlington Beach Acquisition Implementation/Strategy (T5800D), committing approximately \$51.8 million of Regional investment between 2015 and 2035. As identified in Report No. LPS-88-20 (Burlington Beach Regional Waterfront Park Update), feasibility studies are required prior to initiating the detailed design and construction drawings for Burlington Beach to identify and mitigate potential construction and long-term maintenance risks, inform the preparation of detailed design documents and position the project to obtain the relevant permits and approvals for construction. In addition, a consultant is required to provide expertise in transmission design to better inform discussions with Hydro One Networks Inc. and support Council's future decision-making with respect to hydro line burial or relocation.

The Halton Region Waterfront Parks program was designed to recognize the significant environmental, economic, cultural and recreational importance of the Lake Ontario (and the Burlington Bay) shoreline to the residents of Halton and the Province. The program will provide an opportunity to maximize public accessibility to the Halton waterfront by increasing the amount of well-distributed public space and a variety of recreational, cultural and tourism opportunities along the Halton waterfront. Implementation of Phase 2 of the Burloak Waterfront Master Plan as set out in Report No. LPS-108-19 (Burloak Regional Waterfront Park 2019 Update) is substantially completed. The approved Master Plan for Burloak Regional Waterfront Park identifies amenities in the western limits of the park, including a permanent washroom facility and splash pad for implementation as part of Phase 3.

Treasurer's Report

Alternate Energy Technologies

Halton Region continues to investigate alternate energy technologies to reduce Regional energy costs and further reduce greenhouse gas emissions.

Through the 2019–2022 Strategic Business Plan, the Region intends to reduce the carbon footprint related to Regional services and achieve a five per cent reduction in greenhouse gas emissions, five per cent reduction in hydro consumption per megalitre of water and wastewater treated, as well as a 10 per cent reduction in the hydro consumption for streetlights. The Region is also continuing the conversion of existing High Pressure Sodium street lights to LED technology.

Long-Term Water Meter Strategy

As reported to Council in Report No. PW-28-21/FN-30-21 (re: Long Term Water Meter Strategy – Implementation Plan Update), Halton Region awarded the Advanced Metering Infrastructure System (AMI) and Meter Replacement contract in 2021. Meters that have reached or are nearing end-of-life will be replaced in conjunction with the installation of the Region-wide AMI system. Benefits of AMI technology include:

- revenue protection;
- improved operational efficiency;
- enhanced customer service;
- improved distribution system performance monitoring and environmental benefits; and
- a reduction in the number of meter reading issues and service calls to which meter technicians must respond.

The proactive maintenance program for large meters (40 mm and greater), which began in 2017, will continue, prolonging the life of the meters and ensuring the proper volume of water is being recorded. Based on the results of meter testing, the meter replacement program will be optimized to ensure larger meters are scheduled for replacement when their accuracy in measuring volume degrades.

Effective government

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

Continuous Improvements

The 2019–2022 Strategic Business Plan establishes an objective of keeping annual property tax rate increases at or below the rate of inflation. Regional staff actively review proposed budgets and implementation plans for strategic initiatives to ensure service levels are maintained and Council priorities are achieved. Halton Region is committed to continuous improvement by:

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

Digital and Workplace Transformation

Halton Region's 2019–2022 Strategic Business Plan prioritizes the delivery of high-quality digital services to residents and businesses. To achieve this objective, the Region developed a new digital strategy through Report No. ST-07-21 re: Digital Strategy and Audit and Accountability Fund Update. The Strategy provides the framework to enhance digital services by transforming business processes and services to ensure complete, high-quality online service delivery. The Strategy also identifies the technologies and infrastructure required to deliver digital services effectively. As many staff continue to work from home or transition to hybrid work arrangements and services become increasingly reliant on electronic delivery, dependence on technology continues to increase.



Treasurer's Report

Financing Growth Principles

A key principle in accommodating the Region's growth-related capital infrastructure program is that existing taxpayers are not affected, to the extent possible under the DCA, by the cost of growth-related capital requirements or the risks related to financing these costs. To achieve this objective while accommodating Provincial growth targets, Council requires a financing plan be approved prior to the accommodation of new growth. The 2020 Development Financing Plan approved in Report No. FN-46-19/PW-50-19/LPS-112-19 re: 2020 Allocation Program Options and discussed in Report No. LPS-74-20 re: 2020 Allocation Program Update includes the release of 18,743 Single-Detached Equivalents (SDEs) in Halton.

The 2020 Allocation Program Update includes water, wastewater and roads projects approved in budgets between 2018 and 2021 and forecasted in 2022. As part of the development of the 2022 Capital Budget, the timing and cost estimates for projects within the 2020 Allocation Program were reviewed and updated where required.

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

Given the current stage of the Regional Official Plan Update and the multi-year time frame for the development of the masterplans, the updated new growth beyond 2031 cannot be accommodated into this DC By-law update. However, once the Best Planning Estimates (BPEs) are updated with the amendment to the Regional Official Plan, these will be incorporated into the next DC study update to capture growth to 2051.

As projects progress through the design stage in the 2020 Allocation Program, adjustments are made to the program. Adjustment to project costs and timing have been incorporated into the 2022 DC study, to ensure that "growth pays for growth" to the extent possible under the DCA. The timing of the next Allocation Program will proceed once an acceptable financing plan has been undertaken based on the updates to future projects within a future DC study.

Operating Results Highlights

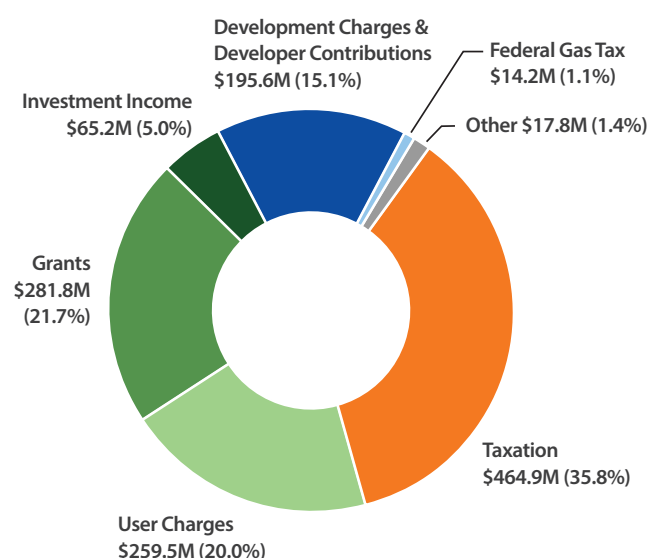
The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all entities that are accountable to and controlled by Halton Region. They include the activities of all committees of Council, Halton Regional Police Service and the Halton Community Housing Corporation (HCHC).

The Consolidated Statement of Operations summarizes the revenues and expenses for 2021. The focus of this statement is net revenues, which is the difference between revenues of \$1.3 billion and operating expenses of \$948 million for the 2021 reporting period. Halton Region reported net revenue of \$351 million in 2021, compared to \$344 million in 2020.

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

The following pie chart provides a summary of the source of revenue used to fund Halton Region's operations and capital investments. Overall, revenue increased by \$56 million, or 4.5 per cent, mainly from government transfers. Governmental transfer revenue increased due to additional subsidies received to address financial pressures related to the COVID-19 pandemic.

Halton Region 2021 Consolidated Revenues
Total \$1.30 Billion



Expenses in the Consolidated Statement of Operations totaled \$948 million in 2021, increasing by \$49 million (or 5.5 per cent) from 2020. This increase was mainly driven by the increase in both General Government and Health Services compensation to support the COVID-19 vaccination program as well as other clinic operational costs.

Treasurer's Report

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

Social services

Operations of \$193.1 million

- financial assistance to an average of 1,584 residents in Halton through Ontario Works per month
- child care fee assistance to 3,586 children
- increase of 59 licensed child care spaces within Halton Region from 30,644 to 30,703
- direct care and service to older adults through 572 beds at Regionally operated long-term care homes
- funding for 65 community projects and programs through the Halton Region Community Investment Fund using one-year and multi-year funds for a total of \$3.5 million
- provided emergency child care services to 453 children
- supported 127 child care centres in reopening safely in response to COVID-19
- 472 emergency assistance applications were processed, 222 temporary emergency shelter spaces were established, and 11,521 essential goods packages were delivered during the pandemic



Social housing

Operations of \$58.3 million

- oversight of 5,291 housing units, of which 2,210 are directly operated by Halton Community Housing Corporation
- rental assistance from Halton Region for 1,223 units and 3,600 units through housing providers
- 92 new assisted housing opportunities for a cumulative total of 1,232 units since 2012

Water and wastewater services

Operations of \$202.5 million

- treatment of more than 64 million cubic metres of water and 89 million cubic metres of wastewater
- operation and maintenance of 12 water treatment plants (treatment provided prior to distribution), 22 municipal wells, six wastewater treatment plants and one biosolids facility
- operation and maintenance of more than 2,350 kilometres of water mains, seven bulk water stations, 22 reservoirs and storage facilities, 15 booster stations, more than 1,971 kilometres of wastewater mains and 83 pumping stations



Solid waste services

Operations of \$46.6 million

- collection and disposal of 99,932 tonnes of residential garbage and the diversion of 137,988 tonnes of residential Blue Box and organic materials, representing a 58 per cent residential diversion rate

Treasurer's Report

Health services

Operations of \$128.2 million

- ambulance services through the deployment of 26 emergency vehicles and 241 paramedics
- answered 55,158 paramedic calls and transported 33,686 patients
- distributed 222,820 influenza vaccines to community partners (excluding pharmacies)
- completed 1,743 inspections of food premises
- administration of 488,311 COVID-19 vaccines at Public Health mass clinics
- distributed 30,127 COVID-19 vaccines to primary care
- completed 2,092 COVID-19 inspections

Protection to persons and property

Police, emergency management and Conservation Authorities

Operations of \$191.6 million

- police services through the deployment of 770 police officers
- emergency services for the operation of 911 call centre, which received 144,081 emergency calls
- contributions to Conservation Halton (with an area of 1,059 km², 26 km of shoreline and eight conservation areas), Grand River Conservation Authority (with an area of 6,800 km² and 12 conservation areas) and Credit Valley Conservation (with an area of 1,000 km² and 11 conservation areas)



Transportation services

Operations of \$53.5 million

- maintenance of 1,159 lane kilometres of roadway (kilometres multiplied by the number of lanes), 59 per cent of which were rated as good to very good condition
- maintenance and operation of 92 bridges, 220 major culverts, 278 signalized intersections and 7,030 streetlights

Other services

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

Operations of \$74.5 million

- in 2021, Council approved 209 staff reports and 63 by-laws for a total of 272 documents
- for planning purposes, Halton has 30,248 hectares of land designated for development

Treasurer's Report

Financial Statement to Budget Comparison

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

Accrual accounting requires tangible capital assets, which provide services for longer than one year, to be recorded at cost in the consolidated financial statements when they are placed into service. Each year, the book value of these long-lived assets is reduced by recording amortization expenses, which represents the cost of services provided by the asset during the year. In addition, transfers to reserves and debt principal repayments are not recorded as expenses in the consolidated financial statements, representing a difference from the Council-approved operating budget.

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

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

When comparing the adjusted operating PSAS accrual-based budget to actual operating results, actual net revenues are higher than the budgeted amount by \$48.8 million, which represents a 5.3 per cent variance based on the budgeted expenditures of \$913.6 million. The favourable variance was driven by higher-than-anticipated revenue of \$83.5 million due to a \$70.9 million increase in Provincial funding (mainly for the COVID-19 pandemic response) and \$11.3 million in investment income.

Accountability and Transparency

Financial management and control

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

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

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

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

The external auditors performed an audit of the consolidated financial statements in accordance with Generally Accepted Auditing Standards, and expressed an unqualified opinion that the consolidated financial statements "present fairly, in all material respects" Halton Region's financial position. The auditors are responsible for advising Halton Region management and the

Treasurer's Report

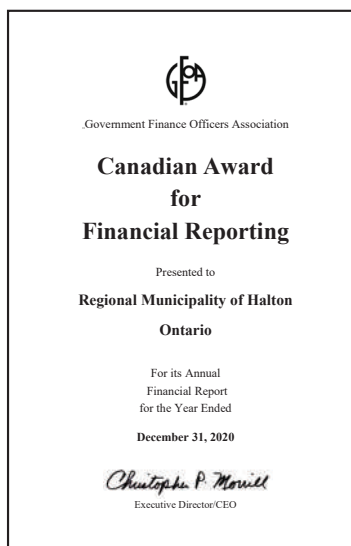
Audit Committee of significant control or operational issues that may be identified during their audit procedures.

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

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

Awards for Financial Reporting and Budget Presentation

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



Halton Region was awarded the Canadian Award for Financial Reporting for its Annual Financial Report for the fiscal year ended December 31, 2020. This is the 15th year the Region has received this award. To receive the award, a government unit must publish an easily readable and efficiently organized Annual Financial Report, including content that conforms to program standards. Such reports should go beyond the minimum requirements of Generally Accepted Accounting Principles and demonstrate an effort to clearly communicate the municipal government's financial picture, address user needs and enhance user understanding of municipal financial reporting.

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

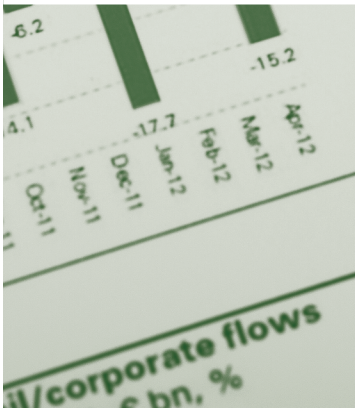
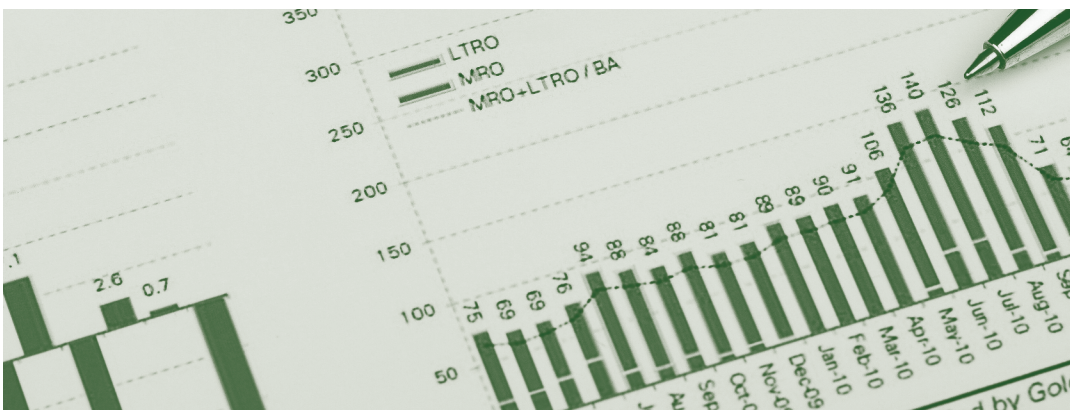


Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Regional Municipality of Halton, Ontario**, for its Annual Budget for the fiscal year beginning **January 1, 2021**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. This award is valid for a period of one year only. This award reflects the commitment of Council, management and staff to meet the highest standards of governmental budgeting. Halton Region has received the award for 17 consecutive years, representing a significant achievement in budget development and reporting.

Conclusion

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

Cyndy Winslow
Commissioner of Finance and Regional Treasurer
May 25, 2022



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:

- 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. 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
(Dollars in Thousands)

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
(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.

	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
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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
(Dollars in Thousands)

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

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

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
(Dollars in Thousands)

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

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

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

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

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

For the year ended December 31, 2021
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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

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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

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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

Notes to Consolidated Financial Statements

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

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.

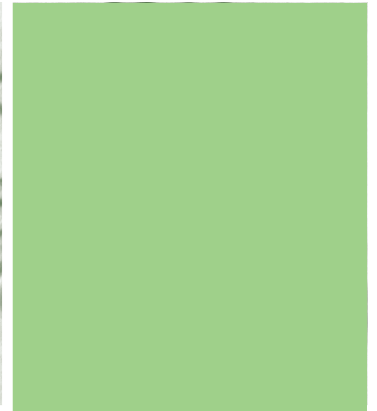
Provincial Funding	Funding Received	Funding Utilized	Deferred Revenue
Obligatory Reserve Fund			
Ministry of Municipal Affairs and Housing: COVID-19 Recovery Funding	\$5,380	\$497	\$4,883
Total COVID-19 Recovery funding	\$5,380	497	4,883

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.



Five-Year Statistical Data

For the year ended December 31, 2021

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2021	2020	2019	2018	2017 Restated*
CONSOLIDATED FINANCIAL POSITION					
Financial assets	\$3,226,898	\$2,877,636	\$2,664,577	\$2,574,054	\$2,441,969
Non-financial assets	5,550,949	5,408,738	5,274,138	5,110,511	4,903,796
Total Assets	8,777,847	8,286,374	7,938,715	7,684,565	7,345,765
Accounts payable and accrued liabilities	363,802	311,478	329,322	318,897	283,618
Gross long-term liabilities	213,464	241,910	280,015	315,179	333,873
Sinking fund debentures	273,500	273,500	273,500	273,500	273,500
Deferred revenue	325,465	214,536	158,233	196,455	228,242
Landfill closure and post-closure liabilities	15,034	16,271	16,174	16,034	15,412
Employee benefits payable	91,972	84,600	81,663	78,751	75,603
Total Liabilities	1,283,237	1,142,295	1,138,907	1,198,816	1,210,248
Accumulated Surplus	\$7,494,610	\$7,144,079	\$6,799,808	\$6,485,749	\$6,135,517
CONSOLIDATED OPERATIONS					
Sources of Revenue					
Property taxes - General purpose	\$436,643	\$422,706	\$407,941	\$393,168	\$377,615
- Solid waste	28,220	27,673	26,928	26,196	25,769
Government transfers - Ontario	273,280	218,420	200,382	218,099	174,492
- Canada	8,506	1,400	1,002	840	858
User charges	259,476	263,872	250,623	244,646	230,420
Investment income	65,165	71,140	65,029	58,875	58,094
Development charges and developer contributions*	195,577	200,183	161,835	196,576	246,915
Federal gas tax	14,207	20,881	23,524	15,967	20,332
Other revenue	17,789	16,998	16,714	17,380	23,089
Total Revenues	1,298,863	1,243,273	1,153,978	1,171,747	1,157,584
Expenses by Function					
General government	54,735	40,825	41,511	40,261	41,279
Social services	193,119	189,102	186,561	181,681	165,754
Social housing	58,335	55,000	52,599	49,999	48,614
Water and wastewater services*	202,480	208,948	191,337	187,354	188,774
Solid waste services	46,625	48,905	43,084	43,984	42,442
Protection to persons and property	191,609	186,244	181,248	171,531	165,400
Health services	128,158	84,019	73,544	73,616	71,699
Transportation services*	53,493	70,016	53,902	55,940	60,598
Planning and development	18,232	14,267	15,715	14,087	12,552
Recreation and cultural services	1,546	1,676	418	3,062	2,815
Total Expenses by Function	948,332	899,002	839,919	821,515	799,927
Net Revenues	350,531	344,271	314,059	350,232	357,657
Accumulated Surplus, Beginning of Year	7,144,079	6,799,808	6,485,749	6,135,517	5,777,860
Accumulated Surplus, End of Year	\$7,494,610	\$7,144,079	\$6,799,808	\$6,485,749	\$6,135,517

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

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

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2021	2020	2019	2018	2017 Restated*
Analysis of Expenses by Category					
Salaries, wages and employee benefits	\$437,875	\$383,236	\$359,552	\$344,366	\$334,980
Materials	56,873	74,635	52,144	53,470	58,118
Contracted services	172,715	163,794	168,280	177,218	163,508
Financial expenses	16,497	18,429	14,136	11,242	17,084
Government transfers	115,506	113,672	110,046	106,973	95,695
Debt services	7,688	8,341	9,029	9,736	10,861
Allowance for taxes written off	3,459	3,975	3,918	4,258	6,645
Amortization	137,719	132,920	122,814	114,252	113,036
Total Expenses	\$948,332	\$899,002	\$839,919	\$821,515	\$799,927
CONSOLIDATED CHANGE IN NET FINANCIAL ASSETS					
Net revenues	\$350,531	\$344,271	\$314,059	\$350,232	\$357,657
Acquisition of tangible capital assets	(286,002)	(274,464)	(292,304)	(322,938)	(399,708)
Amortization of tangible capital assets	137,719	132,920	122,814	114,252	113,036
Loss on disposal of tangible capital assets	4,443	8,930	5,296	2,087	(583)
Proceeds on disposal of tangible capital assets	1,991	218	803	402	10,395
Change in inventories and prepaids	(282)	(2,204)	(236)	(518)	873
Change in net financial assets	208,320	209,671	150,432	143,517	81,670
Net Financial Assets, Beginning of Year	1,735,341	1,525,670	1,375,238	1,231,721	1,150,051
Net Financial Assets, End of Year	\$1,943,661	\$1,735,341	\$1,525,670	\$1,375,238	\$1,231,721
Long-Term Liabilities					
Total long-term liabilities	\$486,964	\$515,410	\$553,515	\$588,679	\$607,373
Recoverable debt (Overlapping):					
Local Municipalities	(232,880)	(244,255)	(262,572)	(277,206)	(282,784)
Cumulative sinking fund contributions from Local Municipalities	(14,270)	(11,690)	(9,194)	(6,778)	(4,440)
Net Long-Term Liabilities	239,814	259,465	281,749	304,695	320,149
Recovered from:					
Tax levy	57,822	61,723	65,944	70,072	65,069
Rate supported	55,704	66,007	78,166	91,029	105,506
Development charges	126,288	131,735	137,639	143,594	149,574
	239,814	259,465	281,749	304,695	320,149
Other Information					
Annual repayment limit*	\$176,108	\$171,561	\$161,286	\$151,516	\$136,987
Reserves	1,434,825	1,364,448	1,297,428	1,199,541	1,073,253

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

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

Five-Year Financial Statistics (unaudited)

	2021	2020	2019	2018	2017 Restated*
EXPENDITURE ANALYSIS					
Consolidated expenditure per capita	\$1,520	\$1,473	\$1,407	\$1,408	\$1,404
Net debt per capita	\$384	\$425	\$472	\$522	\$562
Net debt per household	\$1,023	\$1,135	\$1,264	\$1,404	\$1,515
Debt charges as a % of consolidated expenditure	2.4%	2.6%	2.7%	3.1%	3.7%
REVENUE ANALYSIS					
Property taxes and user charges as a % of consolidated revenue	72.2%	74.9%	74.9%	74.9%	78.1%
Total grants as a % of consolidated revenue	22.8%	19.4%	19.5%	20.0%	16.9%
Debt charges as a % of consolidated non-grant revenue	1.7%	2.0%	2.2%	2.4%	2.9%
STATISTICS					
Population (a)	624,094	610,517	596,940	583,363	569,787
Households (a)	234,454	228,656	222,857	217,058	211,260
Income per capita (d)	\$67,055	\$65,358	\$63,926	\$63,027	\$62,252
Halton Census division average unemployment rate (b)	6.5%	9.2%	4.1%	5.3%	4.0%
Toronto Census metropolitan area (c)	9.0%	10.8%	6.0%	6.2%	6.4%
Hamilton Census metropolitan area (c)	6.8%	8.8%	4.4%	5.0%	5.0%
Area in hectares (a)*	96,924	96,924	96,924	96,924	96,924
Continuous full-time employees (Actual as of December 31st)					
Police (including civilians)	1,062	1,084	1,060	1,043	1,033
Other full-time	2,085	2,009	1,982	1,866	1,867
Typical Resident's Annual Regional Property Taxes And User Charges					
Property taxes - general purpose Per \$100,000 Current Value Assessment (CVA)	\$271	\$266	\$276	\$286	\$299
Water	\$463	\$478	\$464	\$444	\$420
Wastewater Based on annual water consumption for a residential home of 250m ³ /Year	\$532	\$554	\$535	\$520	\$509
Property Taxes Collected					
Total property taxes collected on our behalf by Local Municipalities	\$457,417	\$444,368	\$431,867	\$417,089	\$396,663
Taxable Weighted Assessment (000s)					
Residential & farm	\$134,595,535	\$132,215,029	\$122,398,881	\$113,217,084	\$104,217,865
Commercial & industrial (C/I)	\$32,887,339	\$32,934,861	\$31,325,603	\$29,129,643	\$27,264,009
	\$167,482,873	\$165,149,890	\$153,724,483	\$142,346,727	\$131,481,874
Ratio of C/I to total taxable assessment	19.6%	19.9%	20.4%	20.5%	20.7%
Permits Issued					
Residential	5,073	3,027	3,015	2,835	5,395
Non-residential	70	41	153	146	136

(a) June 2011 Best Planning Estimates

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

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

(d) Conference Board of Canada, custom tabulation for Halton Region, 2019. Figures forecasted.

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

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

Halton's business community and key sectors

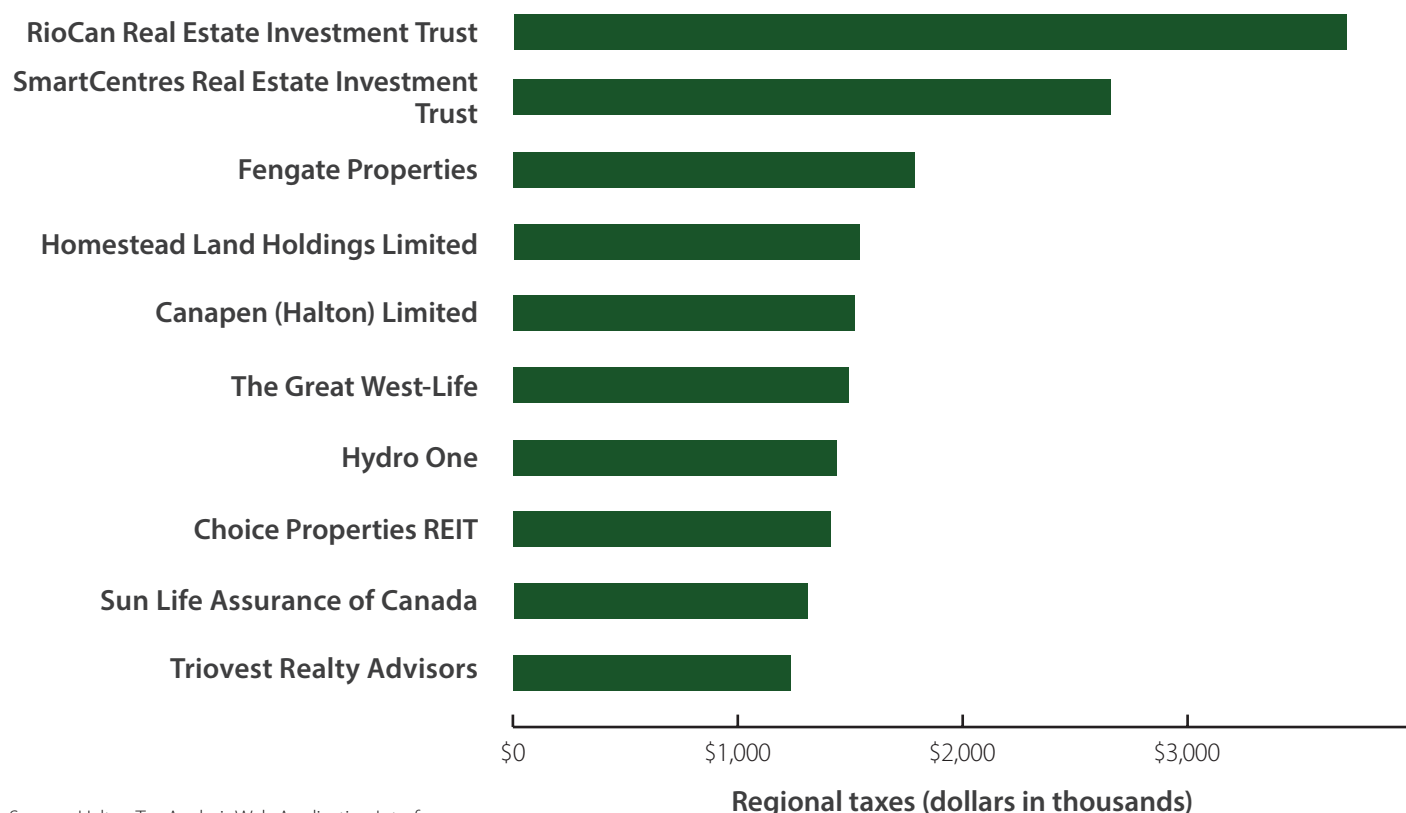
Top 10 Private Sector Employers in Halton in 2021

(Based on number of employees)

Business Name	Location	Sector
Ford Motor Company of Canada	Oakville	Automotive Assembly & Headquarters
DSV Canada	Milton	Headquarters & Freight Logistics
Evertz Microsystems	Burlington	Headquarters & Electronics Manufacturing
Karmax Heavy Stamping (division of Magna)	Milton	Automotive Parts Manufacturing
Geotab	Oakville	Headquarters & Telematics Services & Fleet Management
Collins Aerospace	Oakville	Aerospace Parts Manufacturing
Sofina Foods (Fearmans Pork)	Burlington	Meat Processing
Modatek Systems (division of Magna)	Milton	Automotive Parts Manufacturing
Gordon Food Service	Milton	Food & Beverage Distribution
Siemens Canada	Oakville	Headquarters & Engineering Technology Professional Services

Source: Halton Economic Development, Halton Employment Survey

Principal Corporate Taxpayers in 2021



Source: Halton Tax Analysis Web Application Interface

