

2019 ANNUAL FINANCIAL REPORT





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PROFILE

The Town of Halton Hills is located just west of Canada's largest city with a population of approximately 60,000. The urban and rural geography provide a high quality of life, recognized not just by its residents but by MoneySense Magazine, ranking Halton Hills among the top 10 best places to live in Canada.*

One reason for the accolades is the municipality's leadership on climate change and environmental stewardship; an area prioritized by Town Council in its strategic plan and one of distinction for the municipality. The Town takes a strategic approach in developing initiatives to move towards a low-carbon resilient community; reduce energy consumption and utility costs, mitigate and adapt to the impact of climate change risks and manage/preserve its natural assets. These actions support Council's 2019 declaration of a climate change emergency and commitment to achieve a net-zero target by 2030.

The Town also offers a thriving and diverse economy with the Halton Hills Premier Gateway as the prime business site offering strategically located and serviced lands with easy access to major highway networks. The Town is proud of the economic contributions made by a number of sectors including advanced manufacturing, food processing, agriculture, distribution and logistics.

*2018 MoneySense Magazine



DEMOGRAPHICS

Population	61,161 (3.6% over 2011)
Median Age	41.3 years 67.9% 15 - 64 years old
Labour Force	35,730
Private Households	22,049 (73.6% detached)
Average Household size	2.9
Median Household Income 2015	\$106,349
Post-Secondary Education (15 years and older)	54%
Language (first official spoken)	English 97.4%
Visible Minority	7.4%



Sources:

2016 Census, Statistics Canada and MPAC.

TOWN'S STRATEGIC PLAN

A Strategic Plan is established each term of Council to identify the key priorities and outcomes for the term, enabling Council and staff to focus resources and measure progress.

In February 2020, Council received a report providing a draft strategic plan to Council, recommending that Council confirm the vision, mission and values contained in the report, and directed staff to develop a strategic plan brochure for Council's review and approval.

Due to COVID-19, development of the final brochure has been delayed, however final approval of the Strategic Plan was received from Council in August 2020. The following content reflects a condensed version of the finalized Strategic Plan:

VISION

Small town living at its best is:

- Characterized by spectacular countryside, natural heritage, cultural heritage and small town feel;
- Enriched by a unique blend of urban and rural interconnected communities and neighbourhoods; and
- Supported by prosperous employment areas

MISSION

To plan for a vibrant urban and rural community, the Town of Halton Hills will deliver a broad range of public service while providing leadership on issues of concern in line with our stated values.

VALUES

- Foster a Healthy Community - To maintain and enhance a healthy community that provides a clean environment and a range of economic and social opportunities to ensure a superior quality of life in our community.
- Preserve, Protect and Enhance our Environment - To preserve, protect and enhance our natural environment for the health benefits and enjoyment it provides to present and future generations.
- Protect and Enhance our Agriculture - To protect and enhance the viability of our agricultural land base and agricultural industry.
- Foster a Prosperous Economy - To maintain and enhance the economic vitality of the Town through the provision of a wide range of opportunities for economic development.

- Preserve, Protect and Promote our Distinctive History - To preserve the historical urban and rural character of Halton Hills through the conservation and promotion of our built heritage, cultural heritage landscapes and archaeological resources.
- Preserve, Protect and Enhance our Countryside - To protect and enhance the open space character of our countryside.
- Achieve Sustainable Growth - To ensure that growth is managed so as to ensure a balanced, sustainable, well planned community infrastructure and services to meets the needs of its residents and businesses.
- Provide Responsive, Effective Municipal Government - To provide strong leadership in the effective and efficient delivery of municipal services

PRIORITIES & FOCUS AREAS

The following priorities and focus areas align with the Sustainable Development Goals, developed by the United Nations to promote prosperity while protecting the planet. The Town of Halton has identified 7 strategic priorities:

- Shaping growth
- Transportation
- Climate change & environment
- Fiscal & corporate management
- Local autonomy & advocacy
- Ensure a vibrant agricultural community
- Youth & seniors initiatives

Shaping growth

Halton Hills harnesses its future population and employment growth to provide new opportunities for residents, workers, businesses, and visitors. The Town works to ensure housing is accessible to all its residents at any age or stage in life. Halton Hills grows in a way that embodies its values of social, economic, fiscal, and environmental sustainability. Staff engage with other levels of government to see that population growth in Halton Hills remains moderate.

The following focus areas support the shaping growth priority:

- Residential Greenfield Growth
- Intensification
- Downtown Revitalization
- Employment Lands
- Affordable Housing
- Water and Wastewater infrastructure

Transportation

People and goods move freely through Halton Hills on well-maintained transportation infrastructure. Getting around is safe for residents of all ages through a combination of traffic calming and active transport priority routes and trails. The municipality has a transit plan that is suitable for moving its residents and workers to where they want to go. Halton Hills advocates for greater regional connectivity for its residents and businesses.

The following focus areas support the transportation priority:

- Trucks
- Traffic Safety
- Bike Lanes
- Transit

Climate change and environment

The residents and businesses of Halton Hills are responsible members of the global community, and are leaders in the fight against climate change, with a goal to be a Net-Zero Carbon Community by 2030. Halton Hills communities prepare for changes we know are coming while reducing our carbon footprint. The municipality makes its landscape more climate resilient and beautiful through a lush tree canopy and public open space.

The following focus areas support the climate change and environment priority:

- Action on Climate Change
- Low Carbon Transition
- Resilient Infrastructure
- Tree Canopy

Fiscal and corporate management

Halton Hills is a well-run municipality that maintains spending within its means and keeps tax increases low and predictable. The municipality maintains services and service levels that support the quality of life of its residents and a hospitable environment for businesses.

The following focus areas support the fiscal and corporate management priority:

- Stick with Fiscal Plan
- Capital Assets and Liabilities Management
- Maintain Services
- Communications

Local autonomy and advocacy

Halton Hills is a leader within the Region of Halton and the Greater Golden Horseshoe. It is an example for other small, rapidly growing rural municipalities in Ontario. The municipality advocates for what it needs from other orders of government, and ensures its regional municipal partners act in its interests. Halton Hills works collaboratively with other agencies, governments, and public bodies to deliver what residents and businesses need to thrive.

The following focus areas support the local autonomy and advocacy priority:

- Provincial
- Federal

Ensure a vibrant agricultural community

As one of the most beautiful rural communities in Ontario, Halton Hills understands the value of its agricultural land base. The municipality protects the land base and system of infrastructure that supports its agricultural community. The community is supported in looking for ways of celebrating its rural character and drawing visitors from across the continent to enjoy its landscape and produce.

The following focus areas support the vibrant and agricultural community priority:

- Protect Agricultural Land
- Promote Agritourism

Youth and seniors initiatives

Young people and seniors are active members of the Halton Hills communities, and contribute to its daily life in multiple ways. The municipality engages with youth and seniors in ways that are sensitive to their habits and interests to ensure their voices are heard when decisions are being made. The youth and senior population of Halton Hills is supported by a variety of services and facilities tailored to their needs.

The following focus areas support the youth and seniors initiatives priority:

- Engagement
- Services and Facilities

2019 AWARDS & HIGHLIGHTS

ROGERS HOMETOWN HOCKEY

In June 2019, the Town of Halton Hills was chosen as the launch location for the 2019 Rogers Hometown Hockey Tour, kicking off the season with a two-day festival on October 5 and 6, 2019. The festival featured free, family-friendly activities for the entire community, including live entertainment, autograph signings, on-site games, school food drives, a parade of champions, live NHL game broadcast and much more.

Attendance was estimated at just over 16,500 attendees over the two days, providing an estimated \$1 million in economic impact to the local business community. Halton Hills was hailed by Hometown Hockey staff as an “incredible hockey town”. The event was a massive success and featured the Town on a national stage, showcasing the undeniable passion and spirit of our small town and its residents.



CULTURE DAYS

Culture Days is a national celebration of arts and culture aimed at increasing public participation in the arts. Artists, arts and cultural groups, organizations and institutions at any level from amateur to professional are invited to participate.

Last year, Halton Hills celebrated its fourth annual Culture Days, a 3-day event featuring FREE hands-on and behind-the-scenes activities. Not only was it a record breaking year for registered events in Halton Hills but local activity organizers won three awards and were runners-up for two awards in the 2019 Ontario Culture Days Spotlight Awards program.

Awards won include: Best Hub - Credit Valley Trail ‘First Steps along the Path’ Celebration, Removing Barriers to Access - Halton Hills Chinese Association, and Best Exemplification of the Theme - Nia in the Hills. Runners-up include: Removing Barriers to Access - Dr. Jeff Sutherland (shared with Town of Huntsville), and Breakout Organizer – Meagan Speakman (Total Dance Impact).



2019 APPROVED FUNDING SOURCES

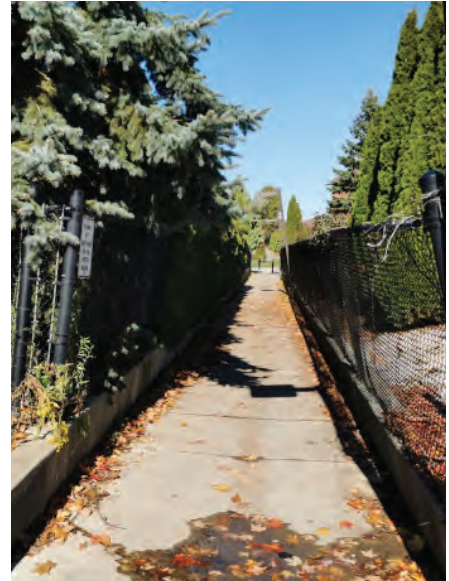
The Town seeks to leverage funding opportunities by applying for special grants. The projects below reflect funding that the Town secured for specific projects.

\$100,000 FOR LAUCLIN CRESCENT WALKWAY REHABILITATION

The Town received \$100,000 through the Federal Gas Tax Fund for the rehabilitation of the Lauchlin Crescent walkway. The Lauchlin-Robinson Pathway is located in an existing storm sewer easement and is a stormwater management feature; it protects nearby residences from severe storm events by providing an overland flow route for storm flows.

The project will include the design and construction needed to replace the existing Lauchlin-Robinson Pathway, including the rehabilitation/ replacement of the existing concrete pathway, concrete retaining walls, fencing, pathway lighting, and the drainage system.

Pathway replacement and drainage improvements will improve pedestrian safety. Replacement of the retaining walls will secure the properties of residents backing onto the pathway and prevent future property damage and safety concerns associated with the existing wall.



\$100,000 FOR LONGFIELD SUBDIVISION STREET LIGHTING REPLACEMENT

Through the Federal Gas Tax Fund, the Town received \$100,000 for street lighting replacement in Longfield subdivision. The scope of this project is the replacement of streetlight infrastructure that has exceeded its life cycle. This is the third and last phase of the project, which will be undertaken by SouthWestern Energy Inc. (SWE).

This project improves public safety and ensures that the Town's street lights are in an adequate state of repair. The overall illumination of the roads will be increased due to properly located street lights.

\$150,000 FOR MOLDMASTERS SPORTSPLEX (MMSP) ENTRANCE REFURBISHMENT

The Town received \$150,000 through the Federal Government Gas tax Fund to refurbish the entrance to MoldMasters Sportsplex. This project involves repairs to the entrance stairs, accessible ramp and railings at the entrance of MMSP. The concrete has significantly deteriorated, which is impacting the structural integrity of the railing system. The result will be improvements to the safety and appearance of the front entrance steps and the accessible ramp.



2019 APPROVED FUNDING SOURCES



\$180,000 FOR THE FAIRY LAKE DAM RETAINING WALL REPLACEMENT

Through the Ontario Community Infrastructure Fund, the Town received \$180,000 to aid in the replacement of the Fairy Lake dam retaining wall. The objective of the project is to undertake the construction for the replacement of the existing Fairy Lake Dam dry stack stone retaining wall to protect adjacent properties and the Black Creek channel. This project is to be completed in conjunction with Halton Region's Fairy Lake Dam Improvement Project.

The construction of the retaining wall will ultimately protect both private and public property. It will prevent erosion of the slope into Black Creek and reduce the risk of flooding that could potentially damage both Mill Street and all infrastructure in the Right of Way.



\$241,500 FOR DOMINION GARDENS SPLASH PAD REVITALIZATION

The Town received \$241,500 through the Federal Gas Tax Fund for the revitalization of the Dominion Gardens splash pad. The scope of this project includes the removal and replacement of the concrete surface and sub-base of the Dominion Gardens Park Splash Pad, as well as repairs to the underground piping. Some of the spray features have failed (approximately 25%-30%). Removal and renovation of the concrete surface and base is required to replace the existing piping and return the features to full operational levels. Repairs will be done in accordance with current best practices and are expected to bring greater efficiencies. Additional shade features will be added during construction to provide enhanced protection for patrons from the sun.

Splash pads provide outdoor, water-based recreational opportunities for residents, including cooling benefits during hot summer months. It is important that splash pads continue to operate efficiently to maintain the expected level of service.

2019 APPROVED FUNDING SOURCES

\$300,000 FOR CEDARVALE COMMUNITY CENTRE ROOF REVITALIZATION

The Town received \$300,000 through the Federal Gas Tax Fund for the revitalization of the Cedarvale Community Centre roof. The Cedarvale Community Centre serves as a daycare facility for preschool children and has multiple meeting rooms, a gymnasium and storage areas to serve the needs of a number of local organizations. The main building was built in 1954, with the gymnasium added in 1977. The roof is over 25-years old and the building has a total estimated roof area of 679 m².

A complete roof replacement will reduce risk of future failure to this building component and ensure that the level of service is not impacted by any deterioration to the roof, and subsequently to the facility and equipment. Repair of the roof will also improve the visual appearance of this municipal asset. Going forward, the roof will be properly maintained which will in turn reduce future repair costs.



\$300,000 FOR BOWMAN STREET RETAINING WALL REPLACEMENT

The Town received \$300,000 from the Ontario Community Infrastructure Fund for the replacement of the Bowman Street retaining wall. The objective of the project is to undertake the design and construction for the replacement of the retaining wall of the existing Bowman Street stormwater management facility (e.g., gabion baskets).

Replacing the retaining wall will secure the properties of residents backing onto this stormwater management facility and reduce future property damage and/or safety issues associated with the existing wall.

\$488,600 FOR MOUNTAINVIEW ROAD CNR BRIDGE REHABILITATION

This project involves the conversion of the existing bridge to a semi-integral structure, which includes the removal of the expansion joints, the replacement of the parapet wall, and the provision of a new riding surface and on-road bike facility.

By converting the bridge to a semi-integral structure and eliminating the expansion joints, the risk of salt damage is reduced and the service life of the bridge is extended. This project received funds from both the Ontario Community Infrastructure Fund and the Federal Gas Tax Fund.



A MESSAGE FROM THE TREASURER

The 2019 Consolidated Financial Statements attest to the Town's continued commitment to service and program delivery while maintaining a strong financial foundation to support future growth.



Moya Leighton CPA, CGA, MBA
Town Treasurer and Director of Accounting
July 6, 2020

The Town of Halton Hills is pleased to present the 2019 management discussion and analysis, which provides a descriptive narrative to support the consolidated financial statements. These statements provide details of the municipality's financial position and activities for the fiscal year ended December 31, 2019 and include the operations of the Town, the Halton Hills Public Library Board, the Acton Business Improvement Area, the Georgetown Business Improvement Area and the Town's investment in its local distribution company, Halton Hills Community Energy Corporation (HHCEC).

The financial statements, prepared in accordance with the Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) consist of the consolidated statement of financial position, the statement of operations, the statement of change in net financial assets and the statement of cash flows. Each of these four statements are explained in detail and provide information concerning the Town's assets and liabilities, activities undertaken during the year and how they were financed.

The Town also manages a number of trust funds which are not consolidated within the Town's own financial statements. These funds are reported and audited separately and are attached within this report.

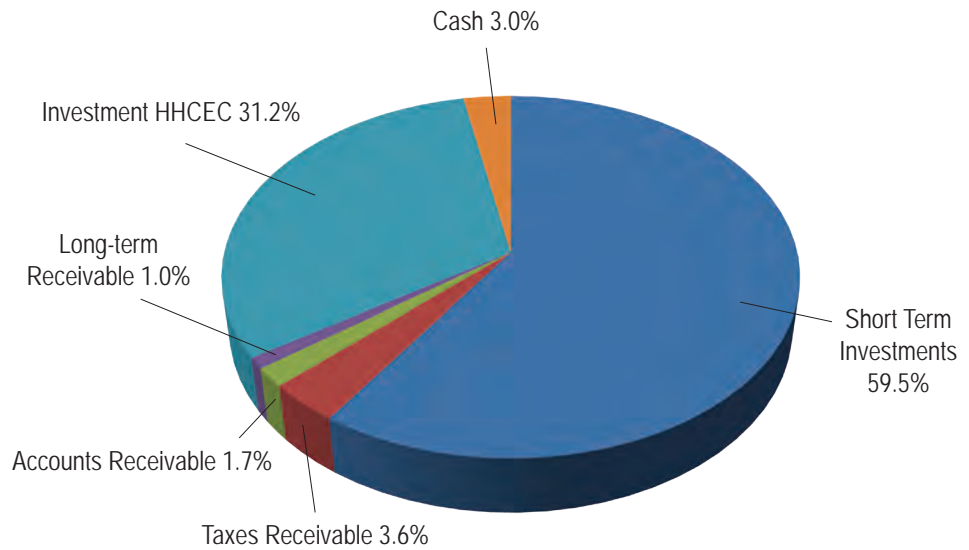
MANAGEMENT DISCUSSION & ANALYSIS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position is a snapshot of the total financial assets (cash, investments and receivables) less liabilities (payables, deferred revenue, long-term debt) at December 31, 2019, resulting in a net financial asset position for the Town. This statement also provides details relating to the Town’s non-financial assets including tangible capital assets and the Town’s accumulated surplus (reserves, unspent capital funds, equity in tangible capital assets).

FINANCIAL ASSETS

■ The Town’s overall financial assets have increased by \$10.1M, totaling \$147.7M at the end of 2019. The increase is mainly due to a rise in the amount held in short term investments. The following graph shows the distribution of financial assets:



Cash & Short-Term Investments

Short-term investments of \$87.8M have increased by \$11.4M since 2018. This increase is reflective of:

- additional contributions to Town reserves as a result of a favourable 2019 operating budget surplus;
- planned contributions to reserves as per the Town’s Long Range Financial Plan;
- the timing of cash outflows related to capital project commitments;
- restatement of some trust funds to Town deferred revenue (adjustment to 2018 financials).

Return on Investment

The Town invests its reserves with the Region of Halton through a pooled investment agreement and also holds its operating funds with Scotiabank in interest-bearing accounts. The combined rate of return from all investments is 2.85%, which is comparable to the 2018 return of 2.76%. The rate of return on investments is subject to market conditions and fluctuations based on the pooled investment aggregate amount and the length of the investment term.

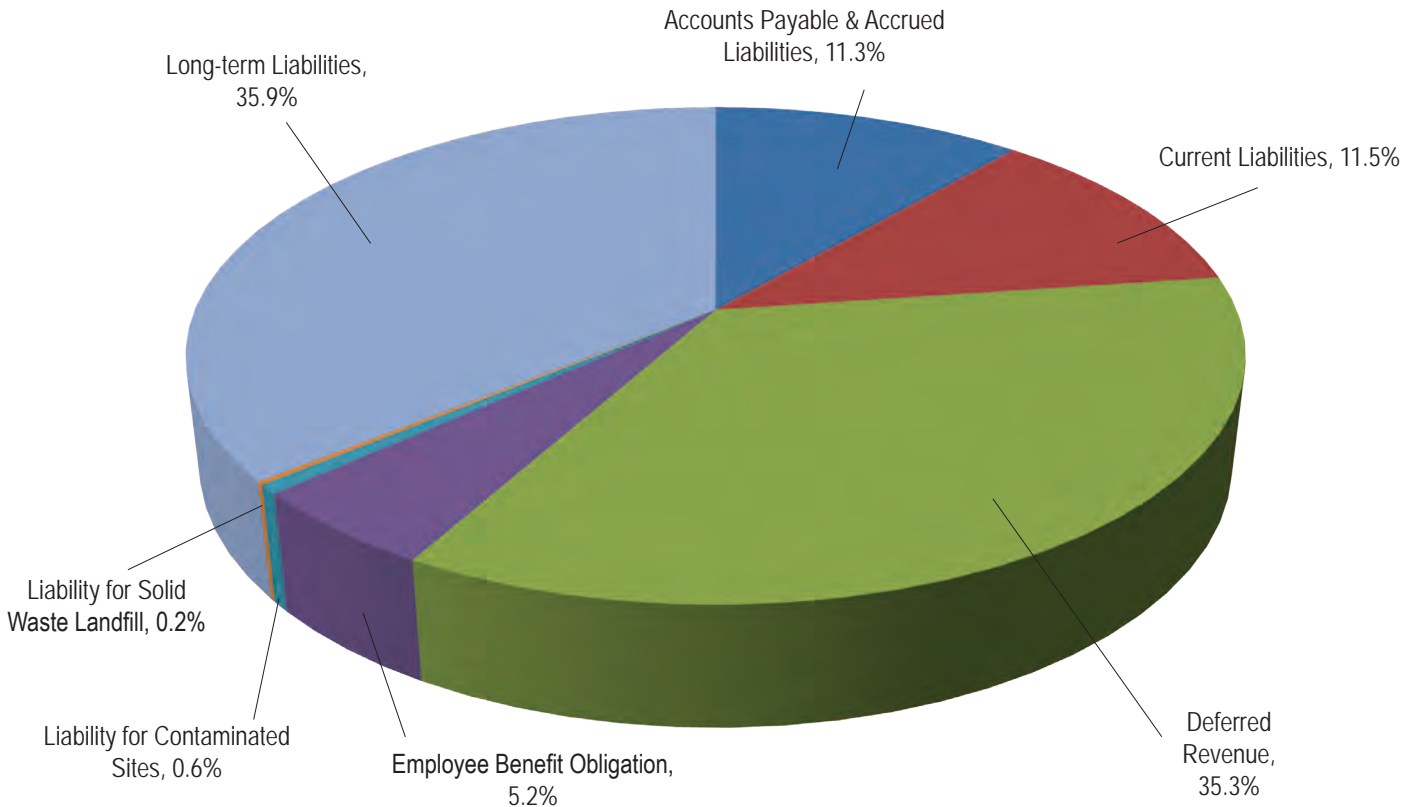
Investment in Halton Hills Community Energy Corporation

The Town’s investment in the Halton Hills Community Energy Corporation (HHCEC) amounts to 31.2% of the total financial assets or \$46.1M. Owned and controlled by the Town of Halton Hills, HHCEC and its wholly owned subsidiaries are accounted for on the modified equity basis in the consolidated financial statements.

LIABILITIES

The Town’s liabilities total \$66.1M and have increased by \$6.1M since 2018, due mainly to an increase in deferred revenue balances. This increase is attributable to gas tax grants received in 2019 that will be used for investment in capital projects in future periods. Additionally, there was an adjustment made to the 2018 financial statements for \$3.3M related to the reclassification of trust funds to deferred revenue. Deferred revenue funds are analyzed in more detail on page 15.

Accounts payable and other current liabilities combined have increased by \$0.3M to a total of \$15M, due to liabilities for several projects payable at year-end and increased provisions for property tax appeals.



Long-Term Liabilities

Long-term liabilities represent the largest share of the Town’s liabilities and amount to \$23.7M. This is a marginal reduction over 2018, due to a new debenture of \$4.5M offsetting principal repayments and the refinancing of an existing long-term loan. These liabilities include debentures payable to the Regional Municipality of Halton and SouthWestern Energy.

The Province sets an allowable debt limit for municipalities whereby annual debt repayments should not exceed 25% of net revenues. Town Council has also approved a further restriction on debt levels through the Corporate Debt Management Policy in 2019. This policy limits annual debt charges to a targeted maximum of 10% of the annual tax levy. For 2019, the Town’s debt repayments are below the target at 9.0%.

In addition to the prescribed debt limit, the Province monitors each municipality’s debt load through a financial indicator which measures the annual debt servicing cost as a percentage of total operating revenue less donated assets. In the past few years, the Town has been in the low end of the moderate risk category, which is expected to continue over the foreseeable future due to the debt requirements identified in the Long Range Financial Plan.

Flexibility Indicator #5	Range	Actuals							
		2019	Level of Challenge	2018	Level of Challenge	2017	Level of Challenge	2016	Level of Challenge
Debt Servicing Cost as a % of Total Revenues (Less Donated TCAs)	Low: <3% Mod: 5% to 10% High:>10%	6.4%	Mod	6.1%	Mod	5.9%	Mod	5.6%	Mod

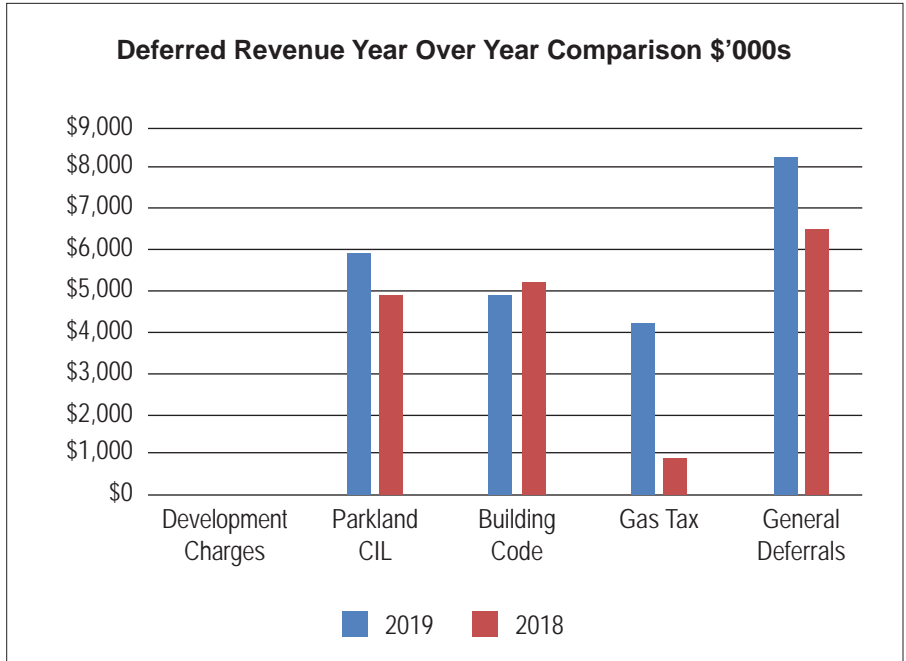
Deferred Revenue

Deferred revenue represents receipts which by their nature are restricted revenues. Once qualifying expenses are incurred by the Town, these deferred revenues are brought into revenue in the fiscal period that they are expended. It is a significant contributor to the liabilities with a total of \$23.3M.

Development charges (DCs) form a part of the deferred revenue balance and lower collections of these charges combined with continued recognition of revenues for capital requirements created a net deficit position for development

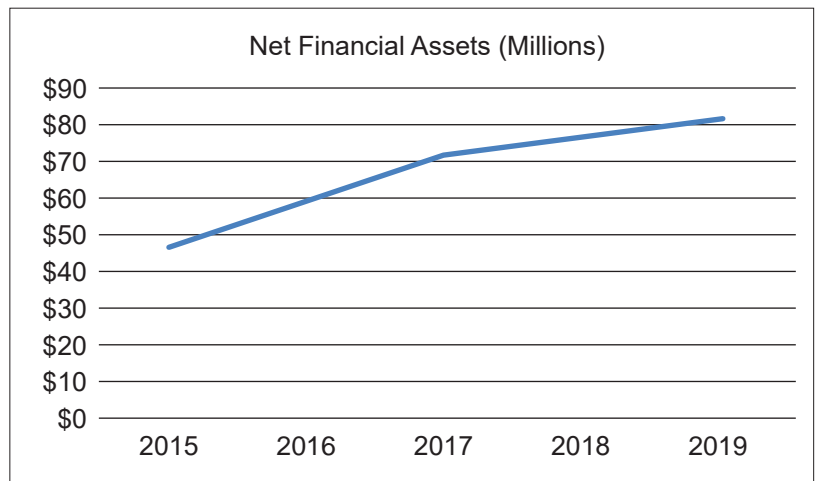
charges. The Town has taken the approach to continue DC eligible capital and non-capital projects by interim funding growth-related costs from healthy reserves until development charges can be recovered.

For the deferred revenue amounts that are not DC-related, \$3.3M represents a restatement of Trust Funds to Obligatory Reserve Funds as part of a 2018 financial statement adjustment. Deferred Federal Gas Tax revenue increased by \$3.3M in 2019 as a result of a one-time top up payment received from the Federal government and fewer Gas Tax eligible expenses in 2019. The deferred revenue category also contains unrecognized revenues related to a \$1M increase in cash in lieu of parkland, and \$1.4M in Connecting Links Program funding. Building permits, general deferrals such as restricted government grants, development applications and development agreements, all have levels that remained consistent with those of the prior year. The above graph shows the year-over-year change in the composition of deferred revenue on the Statement of Financial Position.



NET FINANCIAL ASSETS

The Town is in a net financial asset position of \$81.6M which has increased by \$4.0M since 2018. This indicates there is an increase in resources available for the future, a continuing trend over the last few years. Higher balances in investments related in the main to a favourable operating budget surplus have contributed to this increase. The chart shows the increase since 2015 in the net financial asset value:

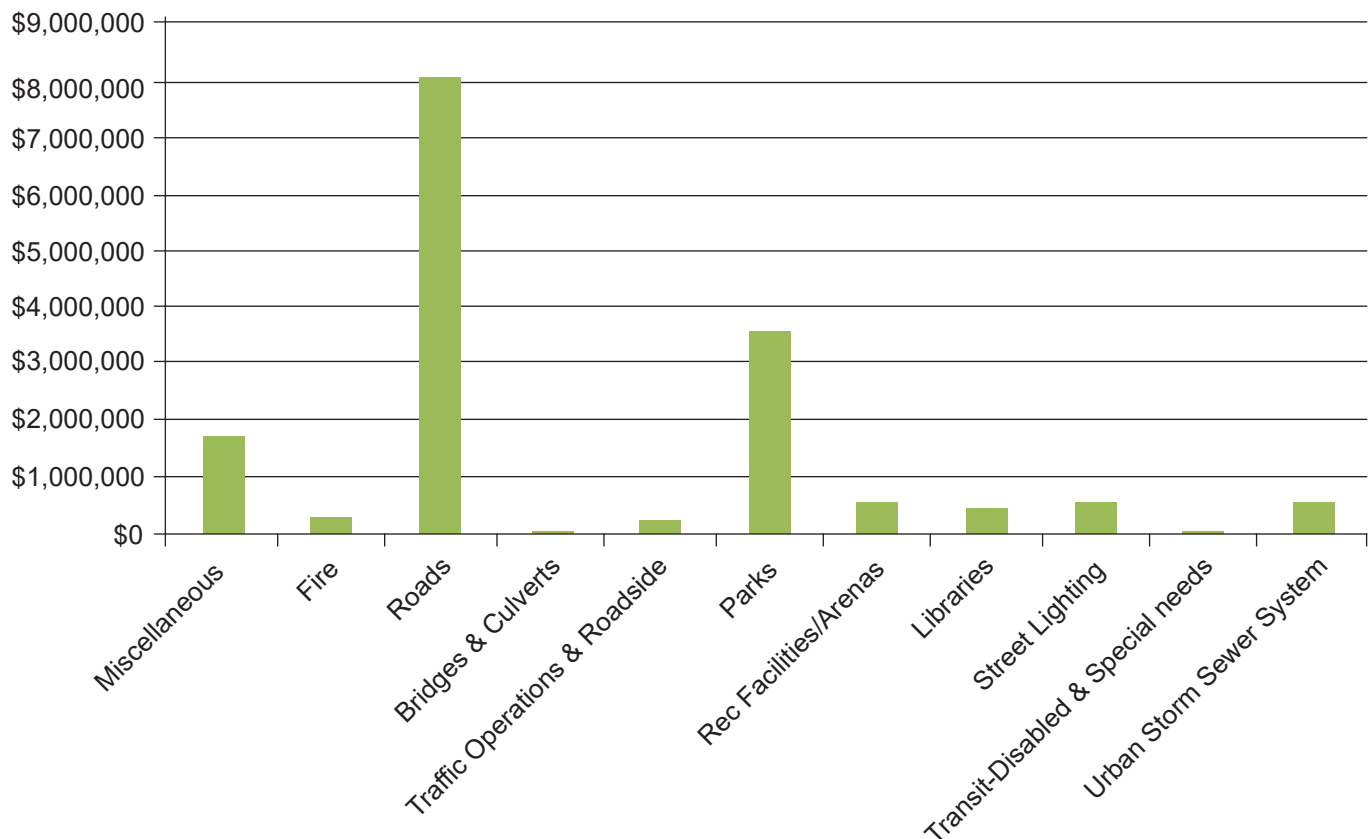


NON-FINANCIAL ASSETS

Non-financial assets primarily consist of net tangible capital assets. Tangible capital assets or TCAs represent a significant value and are a key component in the delivery of many programs. Tangible capital assets include items such as roads, bridges, buildings, vehicles, land, storm water systems and computer hardware. Net tangible assets represent the cost of these assets less the accumulated amortization. (Amortization is the term used to describe the annual allocation of a portion of the TCA's historical cost as an expense over its useful life). The purpose of amortization is to show the decline in the asset's value as it ages through time and use. It is important to note that amortization uses an 'accounting useful life' which covers the period when the assets are expected to contribute to the Town's operations. In addition to this accounting treatment, the Town's asset management group undertakes periodic assessments of the physical condition of assets. The results of these assessments are considered in the capital budgets with respect to asset replacements, rehabilitation and enhancements.

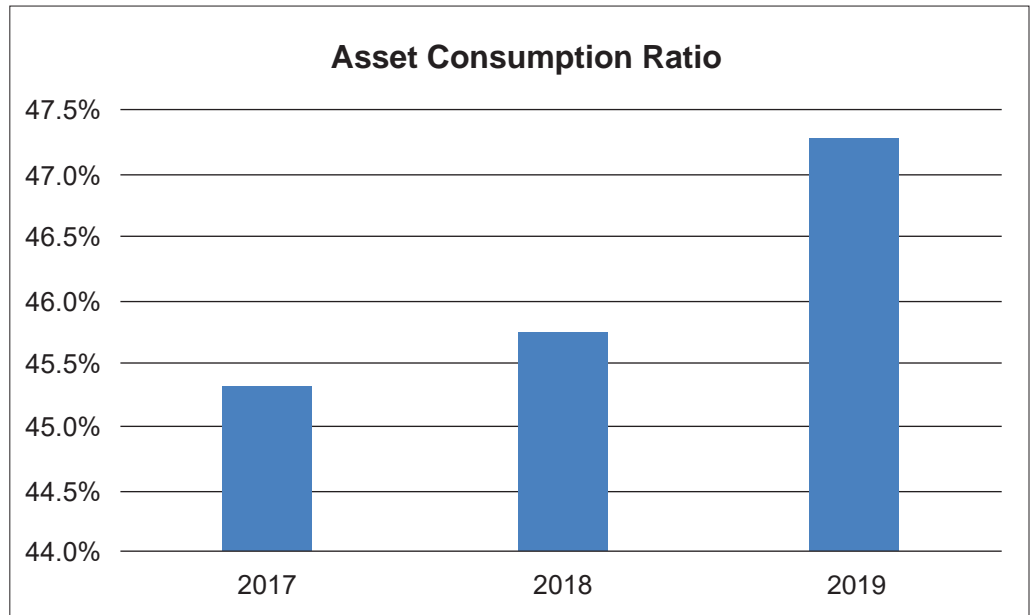
In 2019, the Town added over \$16.2M in tangible capital assets including \$8M due to the upgrading of road infrastructure as part of the regular pavement management program and the reconstruction of Armstrong Ave. An additional \$3.6M was spent to improve various community parks and trails, such as Maple Creek Park, Prospect Park, and improvements at Trafalgar Sports Park. There were no other large infrastructure projects planned for 2019. The following graph shows the distribution of the 2019 tangible capital assets by cost over the different asset groups:

Cost of TCA Additions 2019



Investment in capital assets can be measured through a ratio; the asset consumption ratio calculates the closing amortization balance as a percentage of the total historical cost of capital assets. In essence, it highlights the aging of infrastructure and the potential need for replacement. Using the asset consumption ratio, there was an increase in 2019 relative to previous years.

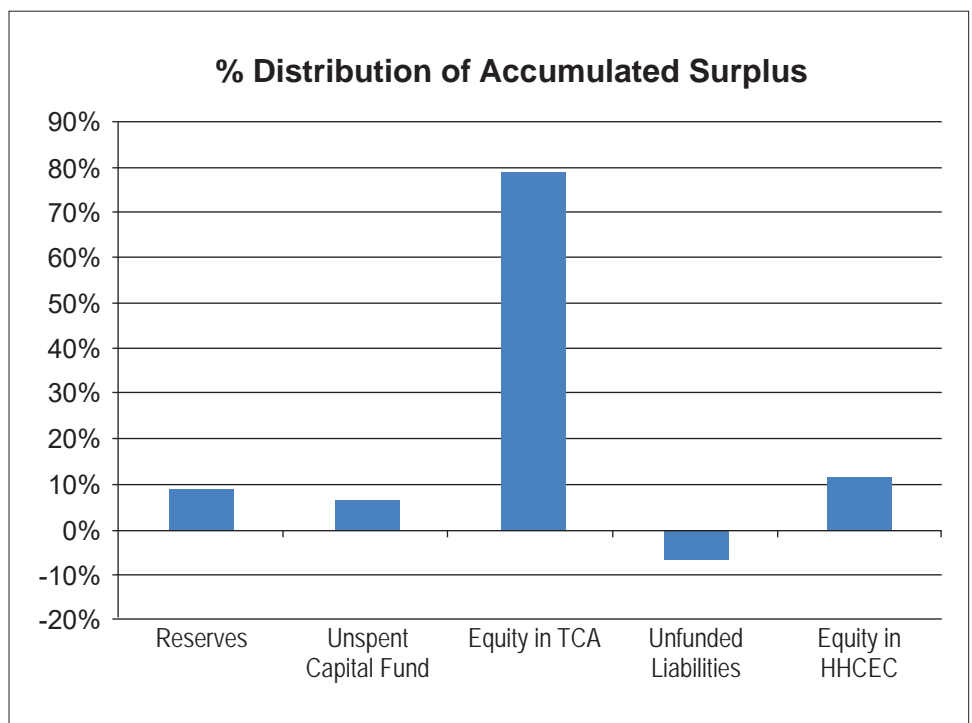
This is attributable to a combination of factors: a reduction in the number of large construction projects, partially offset by a \$4.0M modest addition of new assets (roads, sidewalks, streetlights, storm sewers) assumed from developers and an increase in the number of work-in-progress assets. The graph depicts the asset consumption ratio which shows an increasing trend over the last 3 years:



ACCUMULATED SURPLUS

The accumulated surplus includes the Town’s reserves of \$54.7M and unspent capital project funds of \$26.8M offset by development charge loans of \$19.1M. However, the majority of the accumulated surplus represents the value of non-financial assets such as the equity in tangible capital assets and the Town’s investment in Halton Hills Community Energy Corporation.

The chart illustrates the components of the accumulated surplus on a percentage basis:



CONSOLIDATED STATEMENT OF OPERATIONS

The consolidated statement of operations shows the Town's revenues and expenditures. It combines all operating fund activities, and non-tangible capital asset related items from the capital fund.

BUDGET

The Town compiles its annual operating and capital budgets in accordance with the Municipal Act. For the purposes of Financial Statement preparation in accordance with the Public Sector Accounting Board (PSAB) requirements, there are differences between the reported numbers. In order to ensure comparability of the Town's budget to the budgeted numbers contained within the financial statements, a PSAB compliant version of the proposed operating and capital budgets is also presented to Council during budget deliberations. The PSAB compliant budget numbers are reported in the budget columns of both the consolidated statement of operations and consolidated statement of change in net financial assets.

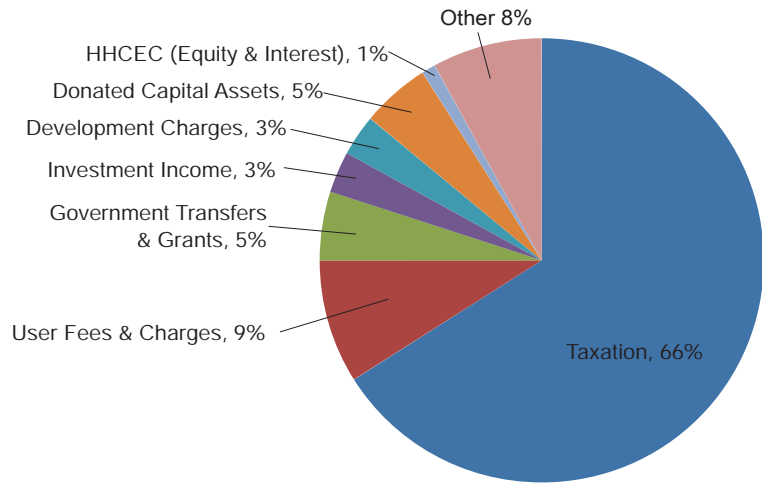
The following table lists the differences between the actual operating budget surplus reported to Council under the Municipal Act and the PSAB compliant surplus reported in the financial statements:

Operating Budget Surplus	\$2,289,311
Remove funding from surplus (reserves & prior year general surplus)	(1,575,489)
Remove funding from surplus (proceeds from debenture issuance)	(818,250)
Increase surplus by reversal of non-PSAB eligible expenditures	
<i>Actual debt principal repayment</i>	3,927,685
<i>Transfers to reserves (net of adjustment for unfunded DC debt)</i>	9,472,434
Add other revenues (external to operating budget)	
<i>Revenues that fund the capital budget</i>	9,050,800
<i>Assumed assets</i>	4,065,621
<i>Investment income allocated directly to reserves</i>	442,377
<i>Miscellaneous recoveries allocated to reserves</i>	206,702
Add other expenses (external to operating budget)	
<i>Contaminated sites</i>	(31,648)
<i>Decrease liability for post closure landfill</i>	10,782
<i>Amortization</i>	(17,497,188)
<i>Non capital asset expenses within capital budget</i>	(4,772,347)
<i>Loss on disposal of assets</i>	(349,527)
<i>Post employment benefits</i>	(282,543)
Consolidate net income/(loss) of other entities	
<i>BIAs</i>	42,951
<i>HHCEC</i>	(1,734,853)
PSAB Annual Surplus	<u>\$2,446,818</u>
<i>(Reported in the Financial Statements)</i>	

REVENUES

Revenues have increased by \$4.4M since 2018 driven mainly by the annual taxation increase and donated assets. The chart illustrates the percentage breakdown of all 2019 revenues:

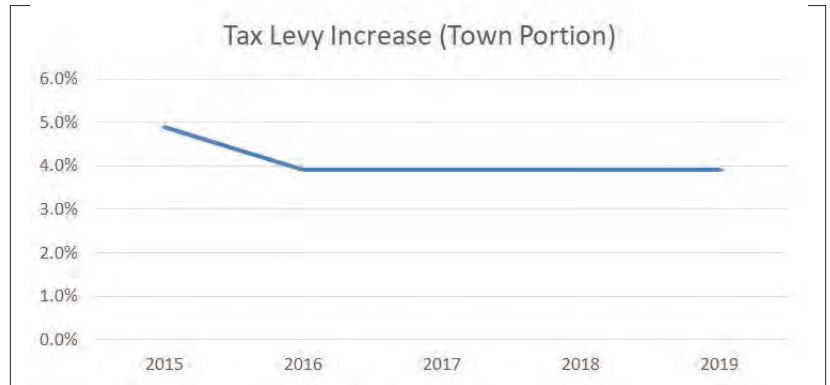
2019 REVENUE % BREAKDOWN



Taxation

Council approved a 3.9% general levy tax increase for 2019 which is consistent with the tax rate increase since 2016. This tax increase allows the Town to balance financial stewardship with the delivery of Town services in an effective, efficient and economical manner. The table illustrates the Town's rate increases over the past 5 years:

Tax Levy Increase (Town Portion)



User Fees and Charges

Revenues from user fees are in line with those of the prior year with a small \$21K decrease. In 2018, development application revenue (planning fees) were higher than those of the current year due to a revenue recognition adjustment of deferred fees. In 2019, recreation rental fees increased by \$45K and admissions and registrations increased by \$31K. During 2019, a rates and fees review was undertaken and approved by Council in early 2020. The table provides a breakdown of the various fees included in the reported user fee revenue line:

Comparison Of User Fees Year Over Year

	<u>2019</u>	<u>2018</u>	<u>Difference</u>
Activan	\$258,662	\$261,799	(\$3,137)
Aquafit/Lifesaving	132,075	125,370	6,705
Arena Floor Rental	104,733	111,672	(6,939)
Business Licenses	115,009	115,415	(406)
Cemetery Fees	255,312	225,118	30,194
Facility Rentals	386,384	396,905	(10,521)
General Admission	136,109	116,079	20,030
General Registration	1,232,789	1,228,338	4,451
Ice Rental	2,185,179	2,116,218	68,961
Memberships	89,145	89,295	(150)
Park Rental	317,808	324,200	(6,392)
Planning Fees	1,107,112	1,260,432	(153,320)
Tax Certificates & Information	294,536	275,388	19,148
Miscellaneous User Fees	797,765	786,916	10,849
	<u>\$7,412,618</u>	<u>\$7,433,145</u>	<u>(\$20,527)</u>

Development Charges

In 2019, 100% of development charges received in the year were recognized as revenue, in the amount of \$2.5M. The comparative financial information includes an adjustment to correct the over recognition of development charges revenue from prior years.

Government Transfers & Grants

Transfers from upper levels of government are a significant source of revenue for the Town. In 2019, they totaled \$4.4M. The federal gas tax funds recognized as revenue were \$1.3M less than those reported in the prior year due to the timing of expenditure outlays for large construction projects. Provincial funding recognized as revenue totaled \$2.5M in 2019 consisting of \$1.5M from the Ontario Community Infrastructure Fund (OCIF) and \$566K of Provincial Gas Tax. Transfers from other municipalities increased by \$782K as the Region of Halton contributed funds to transit and transportation studies.

Donated Capital Assets

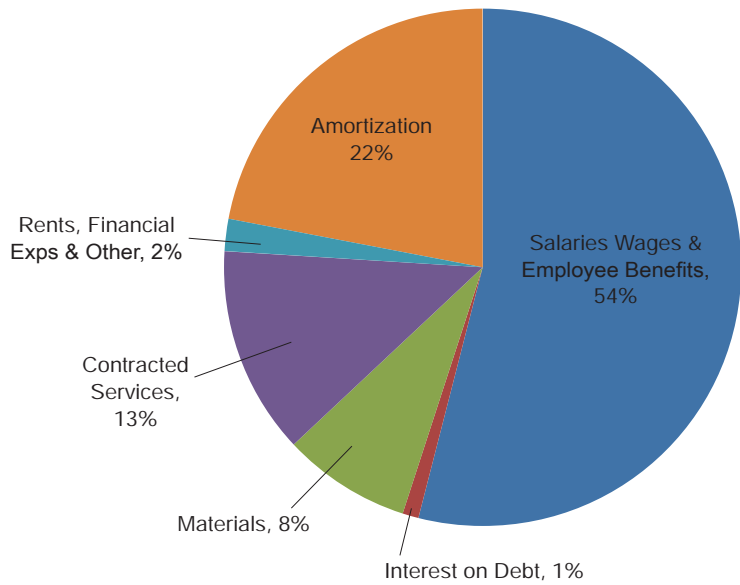
Donated tangible capital assets include any assets that the Town has assumed from developers, private organizations or individuals. These are reported as revenue in the statement of operations as the assets provide a future benefit to the Town. In 2019, the Town assumed ownership and operation of Hillcrest Cemetery valued at \$642K. The Town also assumed new tangible capital assets from developers in 2019 such as roads, sidewalks, storm water management ponds and streetlights, which resulted in the addition of over \$4M to the Town's capital asset inventory. The following table provides details of the 2019 asset assumptions:

2019		
<u>Type of Assumption</u>	<u>Developer</u>	<u>\$</u>
Sub-division 20M-1128 HHVHI 16 Phase 4	Halton Hills South Property Corp.	1,471,926
Sub-division 20M-1093 Silvercreek Phase 2	Brookfield Homes Ltd.	288,567
Sub-division 20M-1023 Trinity Court	Elli-Fin Construction Ltd.	169,681
Sub-division 20M-1029 Davidson Drive	Halton Green Estates Developme	1,493,392
<u>Other Assumptions</u>	<u>Assumed from</u>	
Hillcrest Cemetery	Hillcrest Cemetery Board	642,055
		\$4,065,621

EXPENSES

Expenses have increased by \$3.1M, mostly driven by inflationary labour increases and the need for additional positions to support growth. The chart shows the percentage split of total expenses:

2019 EXPENSES % BREAKDOWN



Salaries, Wages & Employee Benefits

Total labour costs increased by 6.6% over 2018. There were 10.6 full-time equivalent positions added in 2019. The Town also continued the use of 8.5 full-time equivalent contract positions to meet existing service level expectations. There was a cost of living adjustment of 1.75% for non-union positions. The aggregate cost of these increases was mitigated to some degree by savings from staff vacancies.

Amortization

Amortization expenses represent the annual allocation of a portion of the historical cost of tangible capital assets as an expense over its useful life. The purpose of amortization is to show the decline in the asset’s value as it ages through time and use. In 2019, the amortization expense decreased by \$425K due to the mix of fixed assets with remaining net book value.

Contracted Services

Contracted services increased by 12.9% (\$1.1M) when compared with the prior year. The increase is a result of investment in planning studies that prepare for the future growth of southwest Georgetown and the completion of the Recreation and Parks Strategic Action Plan and Rates Review. There were also increases in contracted services as a result of outsourcing Fire dispatch operations for 2019, which is offset by savings in labour.

Materials

Material costs increased by 9.6% in 2019 to \$6.4M. The year-over-year increase was a result of winter control activities from weather events early in 2019. General inflationary increases, maintenance activities in parks, repairs and maintenance on Town equipment, and utility costs have also contributed to higher material costs.

ANNUAL SURPLUS

An annual surplus of \$2.4M is being reported for 2019, which increases the Town's accumulated surplus to \$407.7M.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

The Consolidated Statement of Change in net financial assets outlines the difference between the reported annual surplus and the change in net financial assets. It provides details on the acquisition and use of non-financial assets, such as Tangible Capital Assets, and their impact on the net financial position. The increase in the net financial position is attributable to increases in financial assets, mainly short-term investments. These are partially offset by increases in deferred revenues, resulting in an overall increase of \$3.9M in net financial assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows shows how the Town used its cash in 2019. By adjusting the annual surplus for items that do not result in a cash transaction and taking into account the changes in working capital since the prior year, the result is a net increase in cash of \$22M from operations. Of the total \$26.4M available in cash, \$16.9M was used to buy new capital assets and repay debt and loans. Additional monies of \$1.6M were received in the form of dividends from Halton Hills Community Energy Corporation, and \$4.5M was provided in the form of a new debenture from the Region of Halton to cover the upfront cost of various capital projects that will be undertaken by the Town. Of the \$15.8M remaining, \$11.4M was transferred to the Region of Halton to take advantage of the pooled investment arrangement, and \$4.4M remains in the Scotiabank operating account. The following table shows the movements in the Town's cash throughout 2019:

Cash at beginning of year		\$4,338,742
Annual Surplus	\$2,446,818	
Adjust for all non-cash transactions	\$14,137,660	
Remove impact of non-cash working capital	<u>\$5,484,500</u>	
	<u>\$22,068,978</u>	<u>\$26,407,720</u>
How was this cash used?		
Purchase of new Capital Assets	(\$12,158,258)	
Repayment of Debt and Other Loans	<u>(\$4,746,567)</u>	
	<u>(\$16,904,825)</u>	<u>\$9,502,895</u>
New cash coming in the door.....		
Additional loan Region of Halton	\$4,518,250	
Cash from Fixed Asset disposals	\$167,023	
Dividends from HHCEC	<u>\$1,691,951</u>	
	<u>\$6,377,224</u>	<u>\$15,880,119</u>
Investments with the Region	(\$11,422,951)	
Cash at end of year		\$4,457,168

PLANNING DOCUMENTS

Long Range Financial Plan

Financial planning is a critical ongoing activity given the increasing complexity of the Town's financial portfolio. In 2018, the Town retained Watson & Associates Economists Ltd. to develop a Long Range Financial Plan (LRFP) and a financial planning tool that enables analysis and scenario planning to support key financing decisions. The Town continues to dedicate in-house resources to manage and update the LRFP model in response to ongoing developments and changing priorities.

The LRFP is based on the following key principles:

1. Manage the timing of the capital program to align capital projects with growth
2. Limit debt terms to a maximum of 10 years; longer terms require special Council approval
3. Optimize reserve balances
4. Focus on core infrastructure to reduce the infrastructure deficit over time

Asset Management Plan

Asset management is the application of financial, technical, strategic planning and other inter-disciplinary techniques to effectively utilize and realize value from physical assets over their lifecycles. A dynamic Corporate Asset Management Policy confirms the Town's commitment to the planning, design, construction, acquisition, operation, maintenance, renewal, replacement and disposal of assets in a way that ensures sound stewardship, responsive customer service and an improved quality of life.

The Town aligns asset management with other key corporate initiatives including the Long Range Financial Plan, Storm Water Management, Fleet Management, Urban Tree Management Strategy, the Climate Change Adaptation Plan and the Corporate Technology Strategic Plan. The culminating effect of this alignment is reflected in the annual capital and operating budgets where carefully planned funding optimizes asset lifecycles.

CONCLUSION

Consistent tax rate increases of 3.9% (Town portion) combined with a solid debt management approach and a commitment to maintaining healthy reserves have all contributed to the Town having preserved a steady financial position over the last few years. The Town's reserves were increased in 2019 due to a focus on re-investment of available funds back to reserves. The Town's results continue to be relatively favourable, a true testament to careful management of operating budgets and a sustained commitment to ensuring reserves remain healthy in order to support future growth. An ongoing focus on long range financial planning and the ability to adapt quickly to changing conditions will be key to sustaining the Town's positive fiscal position.



Moya Leighton CPA, CGA, MBA
Town Treasurer and Director of Accounting
July 6, 2020

2020 AND BEYOND

COVID-19 Pandemic

On March 24, 2020 the Town of Halton Hills joined the Province of Ontario and Halton Region in declaring a State of Emergency to support Public Health officials' efforts to contain the spread of the COVID-19 global pandemic.

The COVID-19 pandemic continues to have a significant impact across the Town of Halton Hills. The situation is constantly evolving and the need to respond to changes quickly and efficiently is a priority for the Town.

Although the full fiscal impact of the pandemic is unknown at this time, the Town anticipates that it will be able to mitigate any negative implications and manage cash flows by utilizing additional funding from other levels of government, continuing with strict cost containment measures, deferring capital spending and if necessary, utilizing reserves.

2020 Budget

In planning for a vibrant, healthy and sustainable community, the Town is committed to providing community leadership on issues of concern, and delivery of a broad range of public services to its residents and businesses. The 2020 municipal tax levy increase is 3.1% (net of assessment growth) representing a 0.8% reduction over the 2019 tax levy increase. The increase includes inflation and non-discretionary increases required to maintain existing service levels as well as a 0.6% dedicated tax levy to close the infrastructure gap.

The 2020 Budget balances the need to maintain existing service levels, close the funding gap for core infrastructure and move forward on Council's priorities related to growth, affordable housing, transportation and climate change.

FINANCIAL MANAGEMENT

The responsibility for financial management is governed through a series of by-laws which prescribe the appropriate purchasing, investment, risk management, reserve and debt management policies. Halton Hills Town Council has ultimate authority to allocate funds through the annual operating and capital budget process. The following areas are subject to rigorous, well-defined processes and controls that support the effective and efficient management of Town resources.

CAPITAL BUDGET

The capital budget process commences with planning for the implementation of Council's strategic priorities. These priorities in combination with the Asset Management Plan guide the creation of the capital budget. A detailed business case for each capital project is compiled which is then subject to a management review and prioritized using a matrix. Financial affordability is determined through the long range financial planning tool and the appropriate funding sources are confirmed by the Treasurer and allocated to capital projects. Following a comprehensive review by Senior Management, the proposed capital budget is presented to Council through a series of Ward-specific budget review meetings providing the opportunity for detailed discussion. The capital budget is subsequently presented to Budget Committee for final review and is open to public delegation, prior to finalization.

Capital projects approved through the capital budget process are the responsibility of the Department Heads who are accountable to the CAO, Council and taxpayers for financial performance and service delivery.

OPERATING BUDGET

The creation of the annual operating budget also follows a highly structured process. Starting with a detailed needs assessment, senior management reviews existing programs and service levels along with requests for new initiatives to determine if additional resources will be required, or if there is the opportunity to reallocate resources to achieve efficiencies. Research is conducted and projections are made to determine appropriate inflationary increases for operating expenditures. Senior management holds a series of thorough discussions to review revenues and expenditures for potential savings, opportunities for economies of scale and/or adjustments to services and programs.

The proposed tax rate increase is reviewed for consistency with prior tax years, comparability with neighbouring municipalities and affordability for the average taxpayer. The preliminary operating budget is presented to Council early on in order to secure direction for staff when preparing the budget details. The final proposed budget is discussed again with members of Council through Ward-specific review meetings prior to the final presentation to Budget Committee and is subject to public delegations.

Department Heads are responsible for the delivery of effective and efficient services and programs. They are ultimately accountable to the CAO, Council and tax payers.

TREASURY TEAM

The Town's Treasury team is responsible for all finance functions from debt management to taxes to budgets, providing advice on various options available to support growth and maintain existing programs and service levels.

In addition to being responsible for maintaining accurate records, the team regularly provides information to management who are accountable for the programs, services and capital projects that they manage and deliver. The Treasury team also reports periodically to Council on various financial aspects such as reserve balances, and performance against budget.

Annually, the Treasury team prepares the Town's financial statements in accordance with the standards prescribed by the Public Sector Accounting Board (PSAB) and coordinates the operating and capital budget process. Bound by Ontario Regulation 284/09 which requires municipalities to prepare a report to Council outlining expenses that have been excluded from budgets, the Treasury team prepares a report which converts the budget into a PSAB compliant format. This report is presented to Budget Committee and is subsequently audited by the Town's external auditors and reported in the annual consolidated financial statements.

The Treasury team also has the responsibility for developing, monitoring and ensuring compliance with financial controls. Recognizing that accurate information is of utmost importance for sound decision-making and effective management of the Town's resources, strong financial controls and processes are integral to providing reasonable assurance on the accuracy of the Town's data and the ensuing financial statements.

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Town of Halton Hills have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of the Town's management. The preparation of financial statements includes the use of estimates based on management's judgement. These estimates are required when transactions affecting the current reporting period cannot be finalized with certainty until future periods.

The Town has an internal control system that provides reasonable assurance over the safeguarding of its assets and the accuracy of transactions. Through the established authorization process and formal reporting procedures along with appropriate levels of management review, these controls ensure accurate, timely and reliable information.

Additionally, the Town has many accounting policies that provide technical guidance on the treatment of various transactions. Note 1 of the accompanying notes to the financial statements includes a summary of the significant accounting policies used to prepare the financial statements.

The consolidated financial statements have been audited by KPMG LLP, the external auditors for the Town. The auditors have included an independent auditor report for each of the attached financial statements. These reports outline the scope and responsibility of the auditors and management throughout the audit process and express an opinion over the financial statements.

The auditors meet regularly with Town management throughout the audit process and report to the Community and Corporate Affairs Committee at the planning stage of the audit and again at completion to present their significant audit findings.



Moya Leighton CPA, CGA, MBA
Town Treasurer and Director of Accounting
July 6, 2020

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2019 CONSOLIDATED FINANCIAL STATEMENTS

CORPORATION OF THE TOWN OF HALTON HILLS





KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Halton Hills

Opinion

We have audited the consolidated financial statements of the Town of Halton Hills (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes 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. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Emphasis of Matter – Comparative information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2018 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative information

As part of our audit of the financial statements for the year ended December 31, 2019, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 generally accepted auditing standards 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 the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 6, 2020

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Financial Position
As at December 31, 2019, with comparative information for 2018

	2019	2018 (Restated-Note 2)
Financial assets		
Cash	\$ 4,457,168	\$ 4,338,742
Short-term investments (Note 3)	87,825,659	76,402,708
Taxes receivable (Note 4)	5,282,666	5,424,874
Accounts receivable	2,562,137	1,713,340
Long-term receivables (Note 5)	1,437,926	1,823,142
Investment - HHCEC (Note 6)	46,143,691	47,878,544
Inventory for resale	15,782	15,570
	147,725,029	137,596,920
Financial Liabilities		
Accounts payable and accrued liabilities (Note 8)	7,484,677	6,574,474
Other current liabilities	7,600,113	8,155,057
Deferred revenue (Note 9)	23,344,225	17,622,554
Employee benefits obligation (Note 10)	3,441,497	3,148,700
Liability for contaminated sites (Note 11)	407,600	375,952
Liability for post closure solid waste landfill (Note 12)	130,121	140,902
Long-term liabilities (Note 13)	23,696,743	23,925,060
	66,104,976	59,942,699
Net financial assets	81,620,053	77,654,221
Non-financial assets		
Tangible capital assets - net (Note 14)	324,840,343	326,630,202
Prepaid expenses and internal inventory	1,305,717	1,034,872
	326,146,060	327,665,074
Accumulated surplus (Note 15)	\$ 407,766,113	\$ 405,319,295
Contingent liabilities (Note 16)		
Lease commitments (Note 17)		
Subsequent event (Note 26)		

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Change in Net Financial Assets
 Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 22)	2019	2018 (Restated-Note 2)
Annual surplus	\$ 1,337,156	\$ 2,446,818	\$ 1,168,259
Acquisition of tangible capital assets	(17,796,600)	(16,223,879)	(12,482,561)
Amortization of tangible capital assets	20,231,731	17,497,188	17,922,371
Loss on disposal of tangible capital assets	-	349,527	673,182
Proceeds on sale of tangible capital assets	-	167,023	152,736
Change in prepaid expenses and inventory	-	(270,845)	(125,968)
Change in net financial assets	3,772,287	3,965,832	7,308,019
Net financial assets, beginning of year	77,654,221	77,654,221	70,346,202
Net financial assets, end of year	\$ 81,426,508	\$ 81,620,053	\$ 77,654,221

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Operations
Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 22)	2019	2018 (Restated-Note 2)
Revenues			
Taxation	\$ 52,429,300	\$ 53,613,576	\$ 50,293,503
User fees and charges	10,137,236	7,412,618	7,433,145
Government transfers			
Federal (Note 18)	1,855,634	482,047	1,864,256
Provincial (Note 18)	2,338,200	2,516,619	3,101,968
Other municipalities	720,700	1,401,503	619,449
Investment income	1,155,000	2,176,220	1,920,591
Development charges (Note 9)	7,605,896	2,526,926	2,339,191
Donated tangible capital assets	1,500,000	4,065,621	297,489
Donations	-	216,677	121,739
Interest from HHCEC (Note 6)	665,000	665,049	665,049
Equity income/ (loss) from HHCEC (Note 6)	2,692,000	(42,902)	2,073,249
Other	2,505,745	5,952,466	5,782,427
	83,604,711	80,986,420	76,512,056
Expenses			
General government	14,177,681	11,244,229	13,259,050
Protection services	9,779,538	13,930,717	11,764,788
Transportation services	30,760,949	23,926,909	22,787,697
Environmental services	1,325,530	1,403,013	1,361,917
Health services	187,064	343,013	352,520
Social and family services	1,269,248	919,067	920,659
Recreation and cultural services	19,694,258	21,144,920	20,435,543
Planning and development	5,073,287	5,627,734	4,461,623
	82,267,555	78,539,602	75,343,797
Annual Surplus	1,337,156	2,446,818	1,168,259
Accumulated surplus, beginning of year	405,319,295	405,319,295	404,151,036
Accumulated surplus, end of year (Note 15)	\$406,656,451	\$407,766,113	\$ 405,319,295

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Cash Flows
Year ended December 31, 2019, with comparative information for 2018

	2019	2018 (Restated-Note 2)
Operating Activities		
Annual Surplus	\$ 2,446,818	\$ 1,168,259
Items not affecting cash:		
Loss on disposal of tangible capital assets	349,527	673,182
Amortization of tangible capital assets	17,497,188	17,922,371
Donated tangible capital assets	(4,065,621)	(297,489)
Change in employee benefit obligation	292,797	116,716
Change in liability for contaminated sites	31,648	8,452
Change in liability for post closure solid waste landfill	(10,781)	19,259
Equity income from HHCEC	42,902	(2,073,249)
Changes in non-cash working capital:		
Taxes receivable	142,208	(882,065)
Accounts receivable	(848,797)	484,055
Long-term receivables	385,216	290,925
Prepaid expenses and inventory	(270,845)	(125,968)
Accounts payable and accrued liabilities	910,203	279,807
Other current liabilities	(554,944)	(313,204)
Deferred revenue	5,721,671	(52,244)
Inventory	(212)	(1,648)
Net change in cash from operations	22,068,978	17,217,169
Capital Activities		
Acquisition of tangible capital assets	(12,158,258)	(12,185,072)
Proceeds on sale of tangible capital assets	167,023	152,736
Net change in cash from capital activities	(11,991,235)	(12,032,336)
Investing Activities		
(Acquisition) redemption of investments	(11,422,951)	(4,643,886)
Dividends from HHCEC	1,691,951	1,691,951
Net change in cash from investing activities	(9,731,000)	(2,951,935)
Financing Activities		
Long-term debt issued	4,518,250	222,770
Long-term debt repaid	(4,746,567)	(4,279,274)
Net change in cash from financing activities	(228,317)	(4,056,504)
Net change in cash activities	118,426	(1,823,616)
Cash, beginning of year	4,338,742	6,162,358
Cash, end of year	\$ 4,457,168	\$ 4,338,742

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies

The consolidated financial statements of The Corporation of the Town of Halton Hills (Town) are the representation of the Town's management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Town are as follows:

(a) Basis of Consolidation

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenue, and expenses of the reporting entity (excluding Halton Hills Community Energy Corporation see (ii) below). The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned and controlled by the Town. The following local boards are included in these consolidated financial statements:

The Halton Hills Library Board
Acton Business Improvement Area
Georgetown Central Business Improvement Area

All interdepartmental and organizational transactions and balances are eliminated on consolidation.

(ii) Investment in Halton Hills Community Energy Corporation (HHCEC)

The Town's investment in Halton Hills Community Energy Corporation (HHCEC) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards. Under the modified equity basis, HHCEC's accounting principles are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of HHCEC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from HHCEC are reflected as reductions in the investment asset account.

(iii) Accounting for region and school board transactions

The taxation revenues and development charges with respect to the school boards and the Region of Halton are not reflected in these consolidated financial statements.

(iv) Trust funds

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

(b) (i) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Short-term Investments

Short-term investments consist of bonds and debentures and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

(iii) Inventory

Inventory for resale and internal inventory is valued at the lower of cost and net realizable value.

(iv) Tangible capital assets

- (a) Tangible capital assets are recorded at cost plus all directly related charges incurred in order to bring the asset into a condition ready for use by the Town. Cost includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset. The only exception as noted below is for land, which is considered to have an infinite life. Amortization costs are recorded in the Consolidated Statement of Operations and are calculated and charged monthly against the appropriate asset class. The asset categories and useful lives are as follows:

ASSETS	USEFUL LIFE (YEARS)
Land	Infinite
Land improvements	3-100
Buildings	10-50
Equipment	3-25
Vehicles	3-20
Linear assets	5-50
Leasehold improvements	Duration of lease

The Town regularly reviews its tangible capital assets to eliminate obsolete items.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

(iv) Tangible capital assets (Continued)

Work in progress assets are not amortized until the asset is available for productive use. Interest on debt incurred during construction of related tangible capital assets is expensed in the consolidated statement of operations. Interest is not capitalized to the cost of work in progress assets.

(b) Contributed and donated tangible capital assets are recorded at their fair value at the date of receipt and are also recorded as revenue.

(v) Taxation and related revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) based upon Current Value Assessment (CVA). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and the requisition made by the Region of Halton in respect of regional services. The Town is required to collect education taxes on behalf of the Province of Ontario. Requisitions from the Region of Halton and the Province for education taxes are not reported in taxation revenue on the consolidated statement of operations. A mandatory property tax mitigation process exists in Ontario whereby commercial, industrial and multi-residential property tax increases are capped at the greater of 10% of the previous year's actual taxes and 5% of the previous year's actual CVA taxes. The cap is funded through a reserve at the Region. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received the Town determines the taxes applicable and renders supplemental tax billings. Taxation revenues and related services are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(vi) Deferred revenue

Receipts which are restricted by governments, acts, legislation, or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are brought into revenue in the fiscal period they are expended.

(vii) Investment income

Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds and deferred revenue balances for which the nature of the restriction requires it, is added to the fund balance and forms part of the respective deferred revenue balances.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

(viii) Other revenue

Other revenue received throughout the year is recognized on an accrual basis when collectability is reasonably assured.

(ix) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met 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 meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(x) Employee benefits obligation

(a) WSIB

The Town provides certain employee benefits which will require funding in future periods. These benefits include benefits under the Workplace Safety and Insurance Board (WSIB) Act, and extended health and dental benefits for a closed group of early retirees. An independent actuarial study to determine the costs of benefits under the Workplace Safety and Insurance Board Act and liabilities for future payments of extended health and dental benefits has been undertaken using management's best estimate of insurance and health care cost trends, long term inflation rates and discount rates. Unamortized actuarial gains and losses are amortized over the expected average remaining service life of the employee group (EARSL). EARSL is 13.42 years for WSIB and 14 years for extended health and dental benefits.

(b) Compensated vacation and overtime

Under CUPE agreement, unused vacation time and banked overtime hours for CUPE employees are calculated and accrued at December 31 as entitlement is earned between June 1 and May 31 annually.

(c) Pension agreement

The cost of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(xi) Liability for 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.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

(xi) Liability for contaminated sites (continued)

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

- a) An environmental standard exists
- b) Contamination exceeds the environmental standard
- c) The organization is directly responsible or accepts responsibility for the liability
- d) Future economic benefits will be given up, and
- e) A reasonable estimate of the liability can be made.

The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

(xii) Liability for post closure solid waste landfill

The Town accrues landfill post closure costs including pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The estimated costs to maintain solid waste landfill sites are based on estimated future expenses, discounted, adjusted for estimated inflation, and reduce the liability when paid.

Future events may result in significant changes to the estimated total expenses and the estimated liabilities, and would be recognized prospectively, as a change in estimate when applicable.

(xiii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments, with a term to maturity of 90 days or less at acquisition.

(xiv) Long-term receivables

The long-term receivables are valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability has been impaired. The loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned. Loans with significant concessionary terms, (such as non-interest bearing loans), are accounted for as a grant which is shown as an expense on the Consolidated Statement of Operations. Long-term receivables are reported in Note 5.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

(xv) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in estimating provisions for accrued liabilities, doubtful accounts, in performing actuarial valuations of employee future benefits, estimating the liabilities for contaminated sites and post closure solid waste landfill. Actual results could differ from these estimates.

2. Correction of a prior period error

In 2019, management of the Town became aware of investments held within the Trust Funds of The Corporation of the Town of Halton Hills that were incorrectly treated as trust funds and had been excluded from previous years' financial statements. The comparative figures have been restated for the impact of the correction. The cumulative impact of the correction up to December 31, 2018 is an increase in short-term investments of \$3,341,265 and an increased to deferred revenue of \$3,341,265.

In 2019, management of the Town identified development charges which had been recognized in advance of receipt from developers. As a result, revenue was overstated in prior years. The comparative figures have been restated for the impact of the correction. The cumulative impact of the correction up to December 31, 2018 is an increase in deferred revenue of \$4,980,018, a decrease in development charge revenue of \$3,238,081 and decrease in opening accumulated surplus of \$1,741,937.

3. Short-term Investments

The Town pools its investment money with the Region of Halton in an effort to obtain a better rate of return. The Town is able to withdraw from funds as needed with no restrictions. The Town has \$87,825,659 (2018 - \$76,402,708) invested in the fund as at December 31, 2019. The market value of the investment is \$88,344,000 (2018 - \$75,587,000). During 2019, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.95%.

4. Taxes Receivable

Included in taxes receivable of \$5,282,666 (2018 - \$5,424,874) as reported on the Consolidated Statement of Financial Position as at December 31, 2019, are taxes owing from 10 (2018 - 4) properties in the amount of \$245,135 (2018 - \$77,779), which have been placed under tax registration under the authority of the Municipal Tax Sales Act of 1990. It is the policy of council to take all authorized measures to control the escalation of defaulted tax payments.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

5. Long-term Receivables

	<u>2019</u>	<u>2018</u>
Acton Agricultural Society	\$ -	\$ 247,910
Halton Hills Gymnastic Centre Loan	161,442	198,052
Acton Town Hall	207,651	230,726
Georgetown Soccer Club	790,396	838,790
Halton Hills Minor Football Association	231,381	245,260
Other long-term receivables	47,056	62,404
	\$ 1,437,926	\$ 1,823,142

Acton Agricultural Society Loan

The loan was repayable in blended semi-annual principal and interest payments (principal of \$144,627 and interest of \$4,514 for year 2019), with annual interest at the 10 year Canadian bond rate in effect at the beginning of the year which was 2.13% (2018 – 2.32%). The loan was set to mature on May 31, 2021 but it was paid off before the end of 2019.

Halton Hills Gymnastic Centre Loan

The loan is repayable annually in the amount of \$36,610 plus interest at the average 10 year Canadian Bond rate in effect at the beginning of the calendar year which was 2.13% (2018 – 2.32%). The loan amount is not to exceed \$324,000 and matures March 31, 2024.

Acton Town Hall

The loan is repayable annually in the amount of \$23,074 plus interest based on the Bank of Canada prime business rate in effect on December 31 of the previous year which was 2.18% (2018 – 2.26%). The loan matures on December 3, 2028.

Georgetown Soccer Club Loan

The loan is repayable annually in the amount of \$102,600 (2019 - principal of \$48,394 and interest of \$54,506) and matures in 2030. It carries an effective interest rate of 6.5%.

Halton Hills Minor Football Association Loan

The loan is repayable annually in the amount of \$30,000 (2019 - principal of \$14,150 and interest of \$15,850) and matures in 2030. It carries an effective interest rate of 6.5%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

6. Investment in Halton Hills Community Energy Corporation (“HHCEC”)

HHCEC and its wholly owned subsidiaries is owned and controlled by the Town and as a government business enterprise is accounted for on the modified equity basis in these consolidated financial statements.

HHCEC serves as the electrical distribution utility for Halton Hills’ residents. Other activities of HHCEC and its subsidiaries are to provide hot water tank and sentinel light rentals, water metre reading and billing services as well as energy related services.

(a) Promissory Note Receivable

HHCEC issued a promissory note to the Town, which bears interest at a prescribed rate set annually by the Town. The prescribed rate of interest on the note is 4.12% for the period January 1, 2019 to December 31, 2019 (2018 - 4.12%). Interest received during the year with respect to the promissory note is \$665,049 (2018 - \$665,049). On December 31, 2019 the Town agreed to a change in the repayment schedule of the note with repayments commencing in 2020 and a maturity date of no later than April 1, 2025.

Principal Payments on the note payable	
2020	\$ 3,141,970
2021	2,800,000
2022	2,800,000
2023	2,800,000
2024	2,800,000
2025	1,800,000
Total	\$ 16,141,970

The obligations of HHCEC for the promissory note payable to the Town are subordinated to secured credit agreements of HHCEC to TD bank.

(b) Loan payable to SouthWestern Energy Inc. (Geothermal)

The Town entered into an agreement with SouthWestern Energy Inc. to install a geothermal HVAC System at a Town facility. The loan payable was in the amount of \$535,614 with a prescribed rate of interest of 1.57% per annum (2018 – 1.57%). Quarterly interest and principal repayments are scheduled up to January 1, 2029 with an outstanding balance of \$268,597 as at December 31, 2019 (2018 - \$295,374).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

6. Investment in Halton Hills Community Energy Corporation (Continued)

(c) Loan payable to SouthWestern Energy Inc. (LED Streetlights and Parking Lot)

The Town entered into an agreement with SouthWestern Energy Inc. to implement an LED streetlight conversion project throughout the town, and also to install LED lights in the parking lot of the Town Hall. The total loan payable was in the amount of \$1,444,883 with a prescribed rate of interest of 3.95% per annum. Monthly interest and principal repayments are scheduled up to May 1, 2023 with an outstanding balance of \$1,136,402 as at December 31, 2019 (2018 - \$1,444,883).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

6. Investment in Halton Hills Community Energy Corporation (Continued)

The following table provides condensed supplementary consolidated financial information for HHCEC and its subsidiaries for the year ended December 31, 2019:

Financial Position	2019	2018
Assets		
Current	\$ 18,750,377	\$ 17,511,845
Capital	108,302,229	100,656,267
Other	13,792,971	11,013,453
Total Assets	\$ 140,845,577	\$ 129,181,565
Liabilities		
Current	\$ 24,606,100	\$ 43,762,121
Promissory note payable to Town of Halton Hills	16,141,970	16,141,970
Other	70,095,786	37,540,900
Total Liabilities	\$ 110,843,856	\$ 97,444,991
Equity		
Share capital	\$ 16,161,663	\$ 16,161,663
Retained earnings	14,064,405	15,799,258
Accumulated other comprehensive income/(loss)	(224,347)	(224,347)
Total equity	\$ 30,001,721	\$ 31,736,574
Total liabilities and equity and regulatory balances	\$ 140,845,577	\$ 129,181,565
Financial Activities		
Revenue	\$ 76,999,525	\$ 77,112,172
Expenses	76,112,034	75,940,886
Net movement in regulatory balances	930,393	(901,963)
Net income & net movement in regulatory balances	\$ (42,902)	\$ 2,073,249
Total comprehensive income/(loss)	\$ (42,902)	\$ 2,073,249
Equity income/(loss) from HHCEC	\$ (42,902)	\$ 2,073,249
Retained earnings, beginning of year	\$ 15,799,258	\$ 15,417,960
Net income & net movement in regulatory balances	(42,902)	2,073,249
Dividends on common shares	(1,691,951)	(1,691,951)
Retained earnings, end of year	\$ 14,064,405	\$ 15,799,258
Accumulated other comprehensive income/(loss), beginning of year	\$ (224,347)	\$ (224,347)
Accumulated other comprehensive income/(loss), end of year	\$ (224,347)	\$ (224,347)
Town of Halton Hills' investment in HHCEC represented by:		
Promissory note receivable	\$ 16,141,970	\$ 16,141,970
Investment in shares of HHCEC	16,161,663	16,161,663
Accumulated other comprehensive income/(loss)	(224,347)	(224,347)
HHCEC retained earnings	14,064,405	15,799,258
Total investment in HHCEC	\$ 46,143,691	\$ 47,878,544

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

6. Investment in Halton Hills Community Energy Corporation (Continued)

Related Party Transactions and Balances

The following summarizes the Town's related party transactions and balances with the Corporation for the years ended December 31, 2019:

	<u>2019</u>	<u>2018</u>
<u>Transactions</u>		
Revenue		
Property taxes	139,899	125,785
Interest on promissory notes	665,049	665,049
Expenses		
Energy purchases (at commercial rates)	1,556,678	1,488,845
Distribution expenses	299,166	265,559
Streetlight maintenance and other	795,448	1,000,922
Dividends Received	1,691,951	1,691,951
Amounts due to the Town		
Promissory note	16,141,970	16,141,970
Amounts due to related party		
Accounts payable and accrued liabilities	593,832	584,866
Loan payable to SWE* (Geothermal)	268,597	295,374
Loan payable to SWE (LED Parking Lot & Streetlights)	1,136,402	1,444,883
*SWE - SouthWestern Energy Inc		

7. Credit facilities

Credit facilities available to the Town from a financial institution, by way of loans, overdrafts or Bankers Acceptances, amount to \$10,000,000. Interest on these facilities is at prime minus 0.80%. At December 31, 2019, these credit facilities were not utilized by the Town.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require the Town to pay for goods and services acquired or provided prior to the accounting date. A further breakdown is provided below:

	<u>2019</u>	<u>2018</u>
Trade Accounts Payable	\$ 6,337,053	\$ 4,711,088
Payables to Other Governments	668,974	1,107,529
Accrued Liabilities	478,650	755,857
	<u>7,484,677</u>	<u>6,574,474</u>

9. Deferred Revenue

In accordance with standards established by PSAB, obligatory reserve funds are reported as deferred revenue. Provincial legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Town are provided below:

	<u>Balance at</u> <u>31-Dec-18</u>	<u>Receipts</u>	<u>Revenue</u> <u>Recognized</u>	<u>Balance at</u> <u>31-Dec-19</u>
Development charges	\$ -	\$ 2,526,926	\$ (2,526,926)	\$ -
Parkland	4,943,281	996,946	-	5,940,227
Building Code Act, 1992	5,253,687	409,253	(759,283)	4,903,657
Gas tax - Federal	884,068	3,808,830	(473,313)	4,219,585
Deferred Government Grants	229,012	166,380	(50,000)	345,392
Total Deferred Revenue - Obligatory	11,310,048	7,908,335	(3,809,522)	15,408,861
Other	6,312,506	10,445,861	(8,823,003)	7,935,364
	<u>\$ 17,622,554</u>	<u>\$ 18,354,196</u>	<u>\$ (12,632,525)</u>	<u>\$ 23,344,225</u>

Collections of development charges from developers have not been sufficient in recent years to cover approved capital expenditures funded from development charges. At December 31, 2019 the closing cash balance in development charges is \$0.

Federal Gas Tax funding received in 2019 includes the annual allocation of \$1,855,394 and a top up payment of \$1,879,461 for the year. Eligible projects that will be covered by this funding are scheduled to be undertaken in 2020.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

10. Employee Benefits Obligation

Summary of employee benefits obligation is provided below:

Future payments required for:	2019	2018
Liability for WSIB (a)	\$ 1,440,095	\$ 1,400,943
Vacation pay liability (b)	185,298	175,044
Retirement benefits (c)	1,816,104	1,572,713
	\$ 3,441,497	\$ 3,148,700

(a) Liability for Workplace Safety & Insurance Board (WSIB)

The Town is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the Town assumes the liability for any award made under the Act.

An independent actuarial valuation dated April 5, 2019 estimated the liability at \$1,440,095 (2018 - \$1,400,973) as at December 31, 2018, with projection to December 31, 2019. A reserve in the amount of \$745,820 (2018 - \$695,820) is available to partially offset this liability.

The significant actuarial assumptions adopted in estimating the Town's accrued benefits obligations are as follows:

- Interest (discount rate): 3.75%
- Administration costs: 32.00%
- WSIB Benefit escalations: 2.50% for Loss of Earnings, 3.75% for Health Care, 1.75% for Survivor Benefits and 1.75% for Non-Economic Loss

Information about the Town's WSIB liability is as follows:

WSIB Liability	2019	2018
Accrued benefit obligation (ABO) at January 1	\$ 1,438,147	\$ 1,283,525
Service cost	116,299	53,576
Interest cost	53,721	53,399
Less expected benefit payments	(127,475)	(107,729)
Expected ABO at December 31	1,480,692	1,282,771
Actual ABO at December 31	1,480,692	1,438,147
Unamortized actuarial loss from current valuation	-	(155,376)
Unamortized actuarial gain/(loss) from prior valuation	(40,597)	118,172
Liability for Employee benefits obligation at December 31	\$ 1,440,095	\$ 1,400,943

Included in current service cost is amortization of the actuarial gain in the amount of \$3,393 (2018 - \$15,345)

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

10. Employee Benefits Obligation (continued)

(b) Vacation Pay Liability

The vacation year for CUPE members is from May 1 to April 30. Vacation earned in that twelve month period may be taken anytime during the following twelve months. The vacation pay liability at December 31, 2019 represents the vacation earned but not yet taken.

(c) Retirement Benefits

The Town provides dental and health care benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS), or retires at a normal retirement age, up to the age of 65.

Using the information contained in an independent actuarial valuation dated April 16, 2020, management has estimated a liability of \$1,816,104 (2018 - \$1,572,713) for the retirement benefits based on the present value of the current obligation for past and current employees. The significant actuarial assumptions adopted in estimating the Town's accrued benefits obligations are as follows:

- Interest (discount rate): 4.00%
- Future inflation rates: 1.75%
- Future salaries escalation: 2.75%
- Dental benefit escalation: 3.75%
- Health benefit escalation: 6.4167% for 2020 vs. 2019, reducing by 0.333% per year to 3.75% per year in 2028 vs. 2027

Information about the Town's benefit liabilities are as follows:

Retirement Benefit Liability	2019	2018
Accrued benefit obligation (ABO) at January 1	\$ 2,054,247	\$ 1,713,466
Service cost	226,647	95,517
Interest cost	81,990	81,520
Benefit payments	(121,673)	(90,036)
Expected ABO at December 31	2,241,211	1,800,467
Actuarial loss	-	253,780
Actual ABO per December 31 actuarial valuation	2,241,211	2,054,247
ABO - closing balance	2,241,211	2,054,247
Unamortized actuarial loss	(425,107)	(481,534)
Accrued benefit obligation at December 31	<u>\$ 1,816,104</u>	<u>\$ 1,572,713</u>

Included in current service cost is amortization of the actuarial loss in the amount of \$56,427 (2018 - \$35,557).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

11. Liability for contaminated sites

The Town estimated a liability of \$407,600 as at December 31, 2019 (2018 - \$375,952) for remediation of a contaminated site. The site was a former junk yard with shallow soils less than 0.5m below grade which have been impacted and contain broken glass, bricks and small fragments of plastic and metal. The soil contamination obligates the Town to undertake remediation activities. Clean up and restoration to MOE standard requires subsurface investigation, sort/screen, removal of materials, and placement of clean fill. Subsequent to the initial measurement, the obligation will be adjusted at the end of each year to reflect the passage of time and changes in the estimated obligation. Changes in the obligation are recognized in the Consolidated Statement of Operations as an operating expense.

The future remediation costs and any post-remediation costs have an estimated undiscounted cost of \$423,089 and have been recorded in the financial statements at present value using a discount rate of 1.9%. Estimates for these costs are based upon quotes provided by experts.

12. Liability for post closure solid waste landfill

The Town ceased to operate its solid waste landfill site in 1973 and is required to conduct post-closure procedures. These procedures are conducted by the Region of Halton on behalf of the Town. The Region monitors the site and the expenditure is included in the waste management levy. The recorded liability of \$130,121 (2018 - \$140,902) is the present value of future cash flows associated with the closure and post-closure costs of \$5,721 annually, discounted using an average long-term borrowing rate of 5% and an annual inflation rate of 1.9%. The total undiscounted liability is \$347,448. The estimated length of time required for post-closure care is estimated to be 40 years on a rolling basis.

13. Long-term Liabilities

(a)

Total long-term liabilities incurred by the Town at the end of the year.	<u>2019</u>	<u>2018</u>
Debentures payable to Region of Halton	\$ 22,291,744	\$21,365,921
LT Debt SWE (LED Streetlights & Parking lot)	1,136,402	1,444,883
LT Debt SWE (Geothermal)	268,597	295,374
Loan payable to Halton District School Board	-	818,882
	<u>\$ 23,696,743</u>	<u>\$23,925,060</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

13. Long-term Liabilities (Continued)

- (b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2020	\$	4,431,034
2021		4,534,823
2022		4,104,381
2023		2,638,698
2024		2,245,692
2025-2035		5,742,115
	\$	<u>23,696,743</u>

- (c) The long-term liabilities in (a) issued in the name of the Town have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest expense on net long-term liabilities amounted to \$653,141 (2018 - \$833,822). The long-term liabilities bear interest at rates ranging from 1.57% to 3.95%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

14. Tangible Capital Assets

Cost	Balance Dec 31, 2018	Additions	Disposals	Balance Dec 31, 2019
General				
Land	40,882,382	-	-	40,882,382
Land improvements	40,698,108	2,457,010	101,515	43,053,603
Buildings	92,620,204	1,207,536	22,387	93,805,353
Equipment	19,019,244	1,305,659	1,110,801	19,214,102
Vehicles	4,965,708	28,315	27,461	4,966,562
Leasehold improvements	396,309	-	-	396,309
Infrastructure				
Land	4,206,067	234,992	-	4,441,059
Land improvements	2,648,136	4,579	-	2,652,715
Buildings	8,908,273	103,734	-	9,012,007
Linear assets	361,694,813	5,483,070	3,274,587	363,903,296
Equipment	10,855,065	73,806	838,508	10,090,363
Vehicles	10,275,331	750,143	821,114	10,204,360
Construction in progress				
Work in progress	2,659,659	5,903,503	1,328,468	7,234,694
Total Cost	599,829,298	17,552,347	7,524,841	609,856,804
Accumulated Amortization				
General				
Land improvements	18,932,926	1,441,588	100,449	20,274,065
Buildings	36,274,339	2,880,036	13,806	39,140,569
Equipment	9,424,174	1,674,247	1,110,801	9,987,620
Vehicles	2,940,267	269,886	27,461	3,182,693
Leasehold improvements	205,730	13,365	-	219,095
Infrastructure				
Land improvements	1,269,526	147,521	-	1,417,047
Buildings	2,004,802	358,089	-	2,362,891
Linear assets	190,166,167	9,509,312	2,816,642	196,858,837
Equipment	6,216,626	507,811	818,370	5,906,067
Vehicles	5,764,538	695,334	792,294	5,667,578
Accumulated Amortization	273,199,096	17,497,188	5,679,823	285,016,461
Net Book Value				
General				
Land	40,882,382	-	-	40,882,382
Land improvements	21,765,182	1,015,423	1,066	22,779,538
Buildings	56,345,865	(1,672,500)	8,581	54,664,784
Equipment	9,595,070	(368,588)	-	9,226,481
Vehicles	2,025,441	(241,571)	-	1,783,869
Leasehold improvements	190,579	(13,365)	-	177,214
Infrastructure				
Land	4,206,067	234,992	-	4,441,059
Land improvements	1,378,611	(142,942)	-	1,235,668
Buildings	6,903,471	(254,355)	-	6,649,116
Linear assets	171,528,646	(4,026,242)	457,945	167,044,459
Equipment	4,638,438	(434,005)	20,138	4,184,296
Vehicles	4,510,793	54,809	28,820	4,536,782
Construction in progress				
Work in progress	2,659,659	5,903,503	1,328,468	7,234,694
Net Book Value - 2019	326,630,202	55,159	1,845,018	324,840,343
Net Book Value - 2018	332,895,930	(2,135,911)	4,129,817	326,630,202

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

14. Tangible Capital Assets (Continued)

(a) Contributed or Donated Capital Assets

The Town received \$4,065,621 (2018 - \$297,489) in contributed capital assets.

<u>Contributed Assets</u>	<u>2019</u>	<u>2018</u>
Paved Roads & Sidewalks	\$ 3,095,520	\$ -
Land	-	297,489
Urban Storm Sewers	328,046	-
Cemetery Maintenance	642,055	-
	<u>\$ 4,065,621</u>	<u>\$ 297,489</u>

(b) Tangible Capital Assets Disclosed at Nominal Values

There are no tangible capital assets recognized at a nominal value.

(c) Write Down of Tangible Capital Assets

The Town has recorded \$Nil (2018 - \$Nil) in write-downs of tangible capital assets.

(d) Works of art and historical treasures

The Town has received paintings and other pieces of artwork that are displayed at various Town facilities. The works of art and historical treasures are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of social rather than financial benefits they provide to the community. The historical costs of the art and treasures are not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

15. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
General surplus/deficit		
-General Surplus (Contract employee costs)	\$ 328,681	\$ 174,410
-General Surplus (Asset Disposal Proceeds)	319,759	152,736
-Unexpended capital financing	26,873,369	11,464,888
	27,521,809	11,792,034
Equity in tangible capital assets		
-Net tangible capital assets	317,605,649	323,970,543
-Construction in progress	7,234,694	2,659,659
-Debt issued (net of Region recoveries)	(23,660,464)	(23,066,282)
	301,179,879	303,563,920
Equity in HHCEC	46,143,691	47,878,544
Unfunded employee benefits	(2,308,769)	(2,076,226)
Unfunded liability for contaminated sites	(407,600)	(375,953)
Unfunded liability for postclosure care of solid waste landfill sites	(130,121)	(140,902)
Business Improvement Area	184,585	151,608
Reserve funds set aside for specific purposes by Council		
- Operating	9,324,095	5,752,066
- Capital	45,403,849	43,743,781
- Uncollected DCs	(19,155,640)	(4,980,018)
Total Reserves	35,572,304	44,515,829
Reserve funds set aside for specific purposes related to discretionary funds		
-for John Elliott Award	10,335	10,441
Total Discretionary Reserve Funds	10,335	10,441
	\$ 407,766,113	\$ 405,319,295

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

16. Contingent Liabilities

- (a) From time to time, the Town may be involved in claims in the normal course of business. Management assesses such claims and where material exposure is considered likely and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Town does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.
- (b) In the normal course of business, appeals are made by taxpayers against property assessments, the resolution of which is not known as at the date of issuance of these financial statements. It is the practice of the Town to provide for any claims only when the amount of decrease in assessment can be estimated.

17. Lease Commitments

The Town leases premises and is committed to minimum annual lease payments under terms of lease agreements which include Georgetown Seniors Centre lease which expires in 2024 and also the 50 year lease of Heritage Acton for recreational programming purposes:

2020	\$	259,446
2021	\$	266,708
2022	\$	274,204
2023	\$	281,251
2024	\$	217,013
Thereafter	\$	939,018
		<u>\$ 2,237,640</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

18. Government Transfers

<u>Federal</u>	<u>2019</u>	<u>2018</u>
Federal Gas Tax	\$ 473,313	\$ 1,733,232
Canada 150	-	88,958
Other grants	8,734	42,066
	<u>\$ 482,047</u>	<u>\$ 1,864,256</u>
<u>Provincial</u>		
Dedicated Gas Tax	\$ 566,422	\$ 553,478
Ministry of Health and Long Term Care	184,620	165,306
Ontario Community Infrastructure Fund	1,544,963	906,461
Other grants	220,614	1,476,723
	<u>\$ 2,516,619</u>	<u>\$ 3,101,968</u>

19. Segmented Information

Segmented information has been identified based on various operating departments within the Town. Their activities are reported by functional area in the body of the financial statements. Revenue and expenses are separately disclosed in the segmented information, along with the services they provide, as follows:

General government – Mayor and Council, Office of the CAO, Finance, Information Technology, Purchasing

The departments within general government are responsible for the general management and control of the Corporation, including adopting bylaws, adopting administrative policy, levying taxes, providing administrative, technical, and financial services. They also ensure quality services are provided to the community and that the services provided are aligned with Council approved actions.

Protection services – Fire Protection and Preventive Services Department, By-law Enforcement, Licensing, Animal and Weed Control, Building Services

The Fire Protection and Preventive Services department provides a wide range of fire prevention, fire suppression and emergency rescue services. Community, marriage and business licensing are provided by Finance department. Animal and weed control are provided by the Planning & Infrastructure department. The Building Services Division is responsible for permit processing and building inspections and by-law enforcement.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

19. Segmented Information (Continued)

Transportation services – Planning & Infrastructure Department, Parking Control

The Planning & Infrastructure department is responsible for operations, infrastructure management (roads, bridges and sewers), traffic control, accessible transit service and development engineering. The Enforcement Services team under Office of the CAO provides the parking enforcement.

Environmental services – Storm Water Management

Storm water management services are provided by the Planning & Infrastructure department.

Health services

Cemetery services are provided by the Planning & Infrastructure department and Recreation and Parks departments.

Social and family services

The Senior Centres services are provided by the Recreation and Parks department.

Recreation and cultural services – Recreation and Parks Department, Library

The Recreation and Parks department is responsible for the development, provision and maintenance of facilities, parks and recreation and cultural programs and services. Planning & Infrastructure department provides the maintenance for parks. The Halton Hills Public Library provides the community with materials, programs and services to support and encourage informal life-long learning.

Planning and development – Planning and Sustainability, Economic Development, Business Improvement Area

The Planning & Infrastructure department provides direction to Council and the community through land use policy formulation and implementation. The Economic Development section of the Office of the CAO assists businesses through technical processes associated with the relocation or set up of business. With support of the Town, the Business Improvement Area board of management provides business promotion and improvement in downtown Acton and Georgetown.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

19. Segmented Information (Continued)

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Property taxation has been apportioned to segments based on net budgeted expenses. Equity income from Halton Hills Hydro has been included under the General Government segment, other revenue. For additional information, see the schedules below for the years 2019 and 2018.

2019	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2019
Revenue:									
Taxation for municipal purposes	\$ 9,239,562	\$ 6,373,302	\$ 20,046,839	\$ 863,845	\$ 121,909	\$ 827,166	\$ 12,834,704	\$ 3,306,249	\$ 53,613,576
User fees and charges	303,766	118,151	855,758	-	284,028	98,823	5,154,680	597,412	7,412,618
Government of Canada grants	-	-	291,093	-	-	-	109,410	81,544	482,047
Province of Ontario grants	258,532	-	1,951,507	-	-	184,620	128,302	(6,342)	2,516,619
Other municipalities	-	37,602	1,363,250	-	-	-	651	-	1,401,503
Investment income	2,176,220	-	-	-	-	-	-	-	2,176,220
Development charges	2,988,109	(12,680)	(429,335)	-	-	-	(19,168)	-	2,526,926
Donations	6,000	15,000	3,096,819	328,046	642,055	-	193,987	390	4,282,297
Other	2,730,967	3,099,676	184,680	-	3,581	126,642	546,213	232,382	6,924,141
Total revenue	17,703,156	9,631,051	27,360,611	1,191,891	1,051,573	1,237,251	18,948,779	4,211,635	81,335,947
Expenses:									
Salaries, wages & employee benefits	8,219,894	9,704,085	8,726,495	-	151,106	511,229	12,406,037	2,664,525	42,383,371
Interest on long-term debt	648,771	3,766	-	-	-	-	-	-	652,537
Purchased goods	568,191	317,217	2,827,994	62	21,029	34,240	2,420,005	276,680	6,465,418
Purchased services	2,550,436	1,488,633	2,403,395	-	2,644	59,094	1,645,346	2,033,469	10,183,017
Financial expenses	789,344	-	-	-	-	243,753	72,288	-	1,105,385
Transfers to others	(2,206,737)	1,624,010	(269,048)	-	79,367	70,123	320,706	634,265	252,686
	10,569,899	13,137,711	13,688,836	62	254,146	918,439	16,864,382	5,608,939	61,042,414
Amortization	674,330	793,005	10,238,073	1,402,951	88,868	628	4,280,538	18,795	17,497,188
Write-down of tangible capital assets	-	-	-	-	-	-	-	-	-
(Gain) Loss on disposal	(61,877)	8,581	402,981	-	-	-	(158)	-	349,527
Total expenses	11,182,352	13,939,297	24,329,890	1,403,013	343,014	919,067	21,144,762	5,627,734	78,889,129
Annual surplus/(deficit)	\$ 6,520,804	\$ (4,308,246)	\$ 3,030,721	\$ (211,122)	\$ 708,559	\$ 318,184	\$ (2,195,983)	\$ (1,416,099)	\$ 2,446,818

2018	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2018
Revenue:									
Taxation for municipal purposes	\$ 8,192,950	\$ 8,416,069	\$ 15,438,067	\$ 844,750	\$ 192,971	\$ 630,261	\$ 14,065,467	\$ 2,512,968	\$ 50,293,503
User fees and charges	284,853	118,983	817,564	-	260,643	76,499	5,025,882	848,721	7,433,145
Government of Canada grants	1,680	-	1,807,396	-	-	-	41,846	13,334	1,864,256
Province of Ontario grants	189,714	-	2,244,738	7,359	-	182,908	378,649	98,600	3,101,968
Other municipalities	(15,000)	37,262	582,391	-	-	-	3,546	11,250	619,449
Investment income	1,920,591	-	-	-	-	-	-	-	1,920,591
Development charges	-	-	942,293	-	-	-	1,083,262	313,636	2,339,191
Donations	10,000	-	1,300	-	-	-	110,439	-	121,739
Other	4,382,983	2,591,875	538,806	-	1,758	122,915	1,235,753	617,307	9,491,397
Total revenue	14,967,771	11,164,189	22,372,555	852,109	455,372	1,012,583	21,944,844	4,415,816	77,185,239
Expenses:									
Salaries, wages & employee benefits	7,550,319	9,541,210	7,842,009	-	149,592	490,606	11,564,778	2,631,719	39,770,233
Interest on long-term debt	829,033	4,128	-	-	-	-	-	-	833,161
Purchased goods	569,386	311,233	2,371,790	7,443	22,108	23,478	2,295,135	296,559	5,897,132
Purchased services	3,804,669	804,276	2,079,488	-	48,489	98,341	1,535,916	646,566	9,017,745
Financial expenses	794,957	4,921	(5,598)	-	-	241,322	127,650	2,637	1,165,889
Transfers to others	(927,984)	317,345	(294,235)	-	106,497	65,476	602,207	867,960	737,266
	12,620,380	10,983,113	11,993,454	7,443	326,686	919,223	16,125,686	4,445,441	57,421,426
Amortization	638,665	781,680	10,794,243	1,354,474	25,834	1,436	4,309,857	16,182	17,922,371
Write-down of tangible capital assets	-	-	-	-	-	-	-	-	-
(Gain) Loss on disposal	(64,437)	-	730,537	1,040	-	-	6,043	-	673,183
Total expenses	13,194,608	11,764,793	23,518,234	1,362,957	352,520	920,659	20,441,586	4,461,623	76,016,980
Annual surplus/(deficit)	\$ 1,773,163	\$ (600,604)	\$ (1,145,679)	\$ (510,848)	\$ 102,852	\$ 91,924	\$ 1,503,258	\$ (45,807)	\$ 1,168,259

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

20. Trust Funds

Trust funds administered by the Town amounting to \$2,745,268 (2018 - \$1,971,071) are not included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

21. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, which as of December 31, 2019, was on behalf of 374 members of its staff (2018– 355). The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$57,400 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings. Contributions of employees with a normal retirement age of 60 (Fire Department) were being made at a rate of 9.2% for earnings up to the yearly maximum pensionable earnings of \$57,400 and at a rate of 15.8% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2019 was \$2,892,830 (2018 - \$2,676,660) for current service and is included as an expense on the Consolidated Statement of Operations.

As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$3.4 billion as of December 31, 2019 (2017 - \$4.2 billion).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

22. Budget data

The budget data presented in these consolidated financial statements is based upon the 2019 operating and capital budget approved by Council on January 14, 2019. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenue:	Budget 2019
Operating Budget	\$ 74,228,181
Capital Budget	21,293,300
BIAs	442,560
Add:	
Donated Tangible Capital Assets	1,500,000
Equity Income on Investments	1,000,000
Less:	
Contribution from Reserves (Operating)	(1,370,300)
Contribution from Reserves (Capital)	(7,501,206)
Funds from Debenture	(3,700,000)
Other transfers	(2,287,824)
Total Revenue	83,604,711
Expenses:	
Operating budget	74,228,181
Capital budget	21,293,300
BIAs	442,560
Add:	
Amortization	20,231,731
Less:	
Debt principal repayments	(4,105,467)
Acquisition of Tangible Capital Assets	(17,796,600)
Transfers to Reserves	(9,738,326)
Other transfers	(2,287,824)
Total Expenses	82,267,555
Annual Deficit	\$ 1,337,156

23. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation, which has had no effect on annual surplus or cash position.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
 Year ended December 31, 2019

24. Related Party Disclosures

The Town's related parties, as defined by the CPA Canada Public Sector Accounting Board in standard PS 2200 Related Party Disclosures, are Halton Hills Community Energy Corporation (HHCEC) and its subsidiaries, and key management personnel of the Town and their close family members. The Town may enter into transactions with these entities and individuals in the normal course of operations.

During fiscal year 2019 there were no material transactions between the Town and its key management personnel.

Transactions between the Town and HHCEC for fiscal year 2019 are itemized in Note 6 to the financial statements. Debt liabilities and promissory note receivable with HHCEC are also shown in Note 6.

25. Contingent Assets

The Town does not have any contingent assets for the fiscal year ending December 31, 2019 (2018 - \$nil).

26. Subsequent event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures in order to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic shutdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The Town declared a state of emergency under the *Emergency Management Act Ontario*, on March 24, 2020. The declaration of a state of emergency provides the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents. In addition, at the time of approval of these financial statements, the Town has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Experienced temporary declines in the fair value of investments and investment income
- Closure of parks and recreation facilities and administrative buildings from March 14, 2020 to the date of the auditors' report based on public health recommendations
- Temporary termination of employees in non-essential services
- Suspension of penalties and interest on overdue amounts
- Mandatory working from home requirements for those able to do so

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2019

26. Subsequent event (Continued)

The Town continues to monitor the guidance from the Provincial government around opening of businesses and attractions. The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the Town's revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the Town, surrounding economy and services are not known at this time.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

2019 FINANCIAL STATEMENTS

Trust Funds OF THE CORPORATION OF THE TOWN OF HALTON HILLS





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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Halton Hills

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Town of Halton Hills (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the “financial statements”)

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Emphasis of Matter – Comparative information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2018 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative information

As part of our audit of the financial statements for the year ended December 31, 2019, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
July 6, 2020

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018 (Restated - Note 2)
Financial assets		
Cash	\$ 700,800	\$ -
Investments (Note 3)	2,044,468	1,971,071
Net financial assets, accumulated surplus	\$ 2,745,268	\$ 1,971,071

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Statement of Change in Net Financial Assets
 Year ended December 31, 2019, with comparative information for 2018

	2019	2018 (Restated - Note 2)
Annual surplus	\$ 774,197	\$ 74,640
Net financial assets - beginning of year	1,971,071	1,896,431
Net financial assets, end of year	\$ 2,745,268	\$ 1,971,071

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Statement of Operations**

Year ended December 31, 2019, with comparative information for 2018

	2019	2018 (Restated - Note 2)
Revenue		
Cemetery maintenance	\$ 55,603	\$ 47,386
Acquisition of Hillcrest Cemetery (Note 4)	716,650	-
Interest	72,168	53,367
	844,421	100,753
Expenses		
Transfer to Town of Halton Hills	68,745	22,199
Transfer to Georgetown Hospital	453	2,909
Limehouse Presbyterian Cemetery	1,026	1,005
	70,224	26,113
Annual surplus	774,197	74,640
Accumulated surplus, beginning of year	1,971,071	1,896,431
Accumulated surplus, end of year	\$ 2,745,268	\$ 1,971,071
Analysis of year end position		
Fairview Cemetery	\$ 613,444	\$ 590,826
Greenwood Cemetery	1,372,732	1,317,332
Hornby Presbyterian Cemetery	865	853
Limehouse Presbyterian Cemetery	37,820	37,635
Union Presbyterian Cemetery	4,492	4,366
Hillcrest Cemetery	700,800	4,915
Georgetown Hospital Foundation	15,115	15,144
Total trust funds	\$ 2,745,268	\$ 1,971,071

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Statement of Cash Flows**

Year ended December 31, 2019, with comparative information for 2018

	2019	2018 (Restated - Note 2)
Operating activities		
Annual surplus	\$ 774,197	\$ 74,640
Financing activities		
Acquisition of investments	(73,397)	-
Net change in cash	700,800	-
Cash, beginning of year	-	-
Cash, end of year	\$ 700,800	\$ -

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS

Trust Funds

Notes to Financial Statements

Year ended December 31, 2019

1. Summary of Significant Accounting Policies

The financial statements of the Trust Funds of The Corporation of the Town of Halton Hills (the "Town") are the representation of the Trust's management prepared in accordance with Canadian public sector accounting standards recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The investments held at year end are in accordance with the Trustee Act R.S.O. 1990.

Significant accounting policies adopted by the Trust Funds of the Town are as follows:

i) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

ii) Investment income

Investment income is reported as revenue in the period earned.

iii) Investments

Investments are carried at cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

2. Correction of a prior period error

In 2019, management of the Trust Funds became aware of investments held within the Trust Funds which were incorrectly treated as trust funds and should have been recognized in the financial statements of the Town. The impact of the correction has been recorded retrospectively. As a result, the comparative information for the year ended December 31, 2018 has been restated for the impact of the correction. The cumulative impact of the correction up to December 31, 2018 is a decrease in investments and accumulated surplus of \$3,341,265. Developer contributions for 2018 were reduced by \$133,843, interest income was reduced by \$91,938 and transfers to the Town were reduced by \$72,200 for a net decrease of \$153,581 to 2018's annual surplus.

3. Investments

The Town pools its investment money with Halton Region in an effort to obtain a better rate of return. The Town is able to withdraw the funds as needed with no restrictions. The Town has \$2,044,468 (2018 - \$1,971,071) invested in the fund as at December 31, 2019. The market value of the amount invested is \$2,056,000 (2018 - \$1,950,000) at December 31, 2019. During 2019, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.95% (2018 - 2.86%).

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Notes to Financial Statements**

Year ended December 31, 2019

4. Hillcrest Cemetery Trust Fund

On March 27, 2018, the Town entered into a Trust deed for the Hillcrest Cemetery Trust whereby the ownership and assets of the Hillcrest Cemetery (“the Cemetery”) were to be transferred to the Town by a local church organization for the ongoing maintenance of the Cemetery. The assets of the Cemetery were transferred to the Town in January 2019. Consideration for the transfer was \$nil. The assets transferred consisted of cash and investments totaling \$716,650 comprising cash of \$305,325 and investments of \$411,325. The amount transferred has been included in Acquisition of Hillcrest Cemetery on the statement of operations.

The following revenue and expenses have been recognized in 2019 relating to the Cemetery:

Revenue	
Cemetery maintenance	\$ 730,584
Interest	15,273
Total Revenue recognized	745,858
Expenses	
Transfer to Town of Halton Hills	(45,057)
Total Expenses recognized	(45,057)
	\$ 700,800

5. Trust Fund Transfers

Transfers from the trust funds are repayments of funds to the beneficiaries of the trust funds, as per agreed terms.

- i) Transfer to Town of Halton Hills – transfer of funds that are dedicated for the perpetual maintenance of cemeteries.
- ii) Transfer to Georgetown Hospital – transfer of interest earned on the funds entrusted to the Town.
- iii) Transfer to Limehouse Presbyterian Cemetery – transfer of interest earned in the prior year. In the case of the Limehouse Presbyterian Cemetery the Town holds the money on behalf of a third party cemetery operator who is responsible for the maintenance of the cemetery. The full amount of interest earned on the funds is forwarded annually to the cemetery operator.

2019 FINANCIAL STATEMENTS

The Library Board OF THE CORPORATION OF THE TOWN OF HALTON HILLS

HALTON HILLS PUBLIC LIBRARY Imagination | Innovation | Opportunity





KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board Members of the Halton Hills Library Board, and to the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Halton Hills

Opinion

We have audited the accompanying financial statements of the Halton Hills Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
July 6, 2020

THE CORPORATION OF THE TOWN OF HALTON HILLS**Halton Hills Library Board****Statement of Financial Position**

As at December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Due from the Town of Halton Hills (Note 8)	\$ 626,726	\$ 620,791
	626,726	620,791
Financial liabilities		
Deferred revenue (Note 7)	-	575
Long-term liabilities (Note 2)	5,165,181	5,558,877
	5,165,181	5,559,452
Net debt	(4,538,455)	(4,938,661)
Non-financial assets		
Tangible capital assets (Note 3)	13,192,715	13,787,475
Subsequent Event (Note 9)	-	-
Accumulated surplus (Note 5)	\$ 8,654,260	\$ 8,848,814

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Halton Hills Library Board****Statement of Change in Net Debt**

Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 6)	2019	2018
Annual deficit	\$ (101,948)	(194,554)	\$ (136,876)
Acquisition of tangible capital assets	(471,346)	(471,346)	(459,395)
Amortization of tangible capital assets	960,048	1,066,106	1,053,484
Change in net debt	386,754	400,206	457,213
Net debt - beginning of year	(4,938,661)	(4,938,661)	(5,395,874)
Net debt, end of year	\$ (4,551,907)	(4,538,455)	\$(4,938,661)

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS

Halton Hills Library Board

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 6)	2019	2018
Revenue			
Town of Halton Hills	\$ 4,367,400	\$ 4,743,742	\$ 4,201,403
Government of Canada grants (Note 4)	-	-	25,372
Province of Ontario grants (Note 4)	61,300	67,050	80,372
Halton Hills contribution - Development charges	372,700	-	387,498
Fines, rentals and other	67,900	99,820	106,233
	4,869,300	4,910,612	4,800,878
Expenses			
Salaries, wages and benefits	3,403,550	3,406,825	3,176,833
Materials and supplies	21,200	35,757	63,555
Programming	4,900	24,544	25,661
Repairs and maintenance	9,600	9,151	10,062
Telephone	4,350	5,239	4,351
Advertising	2,700	2,115	3,212
Printing and photocopying	19,700	22,697	16,281
Audit	5,500	4,645	4,470
Contracted services	90,900	85,070	143,380
Rent	322,200	322,200	307,795
Equipment costs	2,500	3,336	2,500
General	124,100	117,481	126,170
Amortization	960,048	1,066,106	1,053,484
	4,971,248	5,105,166	4,937,754
Annual deficit	(101,948)	(194,554)	(136,876)
Accumulated surplus, beginning of year	8,848,814	8,848,814	8,985,690
Accumulated surplus, end of year	\$ 8,746,866	\$ 8,654,260	\$ 8,848,814

The accompanying notes are an integral part of these financial statements.

**THE CORPORATION OF THE TOWN OF HALTON HILLS
HALTON HILLS LIBRARY BOARD
Statement of Cash Flows**

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Operating activities		
Annual deficit	\$ (194,554)	\$ (136,876)
Item not affecting cash:		
Amortization of tangible capital assets	1,066,106	1,053,484
Changes in non-cash working capital:		
Due from Town of Halton Hills	(5,935)	(64,263)
Deferred revenue	(575)	(7,393)
Net change in cash from operations	865,042	844,952
Capital activities		
Acquisition of tangible capital assets	(471,346)	(459,395)
Net change in cash from capital activities	(471,346)	(459,395)
Financing activities		
Long-term debt repaid	(393,696)	(385,557)
Net change in cash from financing activities	(393,696)	(385,557)
Net change in cash	-	-
Cash - beginning of year	-	-
Cash - end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies

The financial statements of the Halton Hills Library Board of The Corporation of the Town of Halton Hills (the "Library") are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended and established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Halton Hills Library Board are as follows:

(i) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Deferred revenue

Receipts which are restricted by governments or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. These amounts will be recognized as revenues in the fiscal year the services are performed.

(iii) Measurement Uncertainty

The preparation of financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

(iv) Other income

Other income is reported as revenue in the period earned.

(v) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made, except when and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

1. Summary of Significant Accounting Policies (continued)

(vi) Development charges

Development Charges are funded and recognized as revenue in the Library's statement of operations when eligible Library owned tangible capital assets are purchased.

(vii) Tangible Capital Assets

(a) Tangible capital assets are recorded at cost plus all directly related charges incurred in order to bring the asset into a condition ready for use by the Library. Cost includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset. The only exception as noted below, is for land, which is considered to have an infinite life. Amortization costs are recorded in the Statement of Operations and are calculated and charged monthly against the appropriate asset class. The asset categories and useful lives are as follows:

ASSET	USEFUL LIFE (YEARS)
Land	Infinite
Buildings	10-50
Equipment	3-25

The Library regularly reviews its tangible capital assets to eliminate obsolete items.

Assets under construction (work in progress) are not amortized until the asset is available for productive use. Interest is not capitalized to the cost of work in progress assets.

(b) Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

2. Long-term Liabilities

(a)

	<u>2019</u>	<u>2018</u>
Total long-term liabilities incurred by the Library	\$5,165,181	\$ 5,558,877

(b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2020	401,033
2021	408,551
2022	365,914
2023	373,269
2024	380,732
2025-2032	3,235,682
	<u>\$ 5,165,181</u>

(c) Interest expense on net long-term liabilities amounted to \$109,646 (2018 - \$117,755). The long-term liabilities bear interest at rates ranging from 2.0% to 3.3%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

3. Tangible Capital Assets

Cost	Balance December 31, 2018	Additions	Disposals	Balance December 31, 2019
Land	78,836	-	-	78,836
Buildings	17,392,486	-	-	17,392,486
Equipment	3,076,676	469,392	(413,232)	3,132,836
Work in progress	-	1,954	-	1,954
Total Cost	20,547,998	471,346	(413,232)	20,606,112
Accumulated Amortization				
Buildings	5,059,882	661,851	-	5,721,733
Equipment	1,700,641	404,255	(413,232)	1,691,664
Accumulated Amortization	6,760,523	1,066,106	(413,232)	7,413,397
Net Book Value				
Land	78,836	-	-	78,836
Buildings	12,332,604	(661,851)	-	11,670,753
Equipment	1,376,035	65,137	-	1,441,172
Work in progress	-	1,954	-	1,954
Net Book Value - 2019	13,787,475	(594,760)	-	13,192,715
Net Book Value - 2018	14,381,564	(594,089)	-	13,787,475

(i) Contributed Capital Assets

The Library received \$nil (2018 - \$nil) in contributed tangible capital assets.

(ii) Tangible Capital Assets Disclosed at Nominal Values

There are no tangible capital assets recognized at a nominal value.

(iii) Write-down of Tangible Capital Assets

The Library has not recorded write-downs of tangible capital assets in the current year or 2018.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

4. Government Transfers

The government transfers reported in the Statement of Operations are:

	<u>2019</u>	<u>2018</u>
Federal		
Canada Summer Jobs grant	\$ -	\$ 3,360
New Horizons for Seniors grant	-	22,012
	<u>\$ -</u>	<u>\$ 25,372</u>
Provincial		
Per Capita	<u>\$ 67,050</u>	<u>\$ 80,372</u>
	<u>\$ 67,050</u>	<u>\$ 80,372</u>

5. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
General Operating Surplus	\$ 10,511	\$ 85,923
Unexpended Capital financing	<u>225,388</u>	<u>128,489</u>
	<u>235,899</u>	<u>214,412</u>
Equity in tangible capital assets		
-Net tangible capital assets	13,192,715	13,787,475
-Debt recoverable	<u>(5,165,181)</u>	<u>(5,558,877)</u>
	<u>8,027,534</u>	<u>8,228,598</u>
Library Capital Reserve	<u>390,827</u>	405,804
Total Reserves	<u>390,827</u>	<u>405,804</u>
	<u>\$ 8,654,260</u>	<u>\$ 8,848,814</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

6. Budget

The budget data presented in these financial statements is based upon the 2019 operating and capital budgets approved by Council on January 14, 2019. Amortization was not incorporated into the development of the budget and, as such, has not been included in the budget approved by Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget 2019
Revenue:	
Operating Budget	\$ 3,968,200
Capital Budget	424,000
Add:	
Interfund transfers	504,900
Less:	
Other transfers	(27,800)
Total Revenue	4,869,300
Expenses:	
Operating budget	3,968,200
Capital budget	424,000
Add:	
Amortization	960,048
Debenture	111,200
Less:	
Acquisition of tangible capital assets	(424,000)
Interfund transfers	(40,400)
Other transfers	(27,800)
Total Expenses	4,971,248
Annual Deficit	\$ (101,948)

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

7. Deferred Revenue

The Town of Halton Hills manages a development charge obligatory reserve fund for the library in the amount of \$nil (2018 - \$575) that is funded by contributions from developers as stipulated by the development charges by-law and identified in the development charges background study.

Opening Balance	\$ 575
Funds Received	60,224
Repayment of loan	(60,799)
Revenue Recognized	-
Closing Balance	<u>\$ -</u>

The development charges will be spent on tangible capital assets to facilitate library growth. Tangible capital assets are Town owned, recognizing that the Town maintains title of Library facilities and furniture.

Development charges are funded and recognized as revenue in the Library's Statement of Operations when eligible expenses are incurred.

8. Related Party Transactions

The Town of Halton Hills manages all accounts receivable and payable on behalf of the library. All transactions are made and posted using the Town's bank account held with Scotiabank and investment accounts held with the Region of Halton. The Due from the Town balance represents the net amount receivable of \$626,726 by the library from the Town of Halton Hills at December 31, 2019 (2018 - \$620,791).

9. Subsequent Event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic shutdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2019

9. Subsequent Event (Continued)

The Town declared a state of emergency under the *Emergency Management Act Ontario*, on March 24, 2020. The declaration of a state of emergency provides the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents. In addition, at the time of approval of these financial statements, the Library has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Closure of library facilities for public from March 14, 2020 to the date of the auditors' report based on public health recommendations
- Suspension of penalties on overdue amounts
- Change of service delivery of some programs from paid in-person programs to free virtual programs
- Declared emergency leave for employees in non-essential services
- Mandatory working from home requirements for those able to do so

The Town continues to monitor the guidance from the Provincial government around opening of businesses and attractions. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Library's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Library's business are not known at this time. At this time, these factors present uncertainty over future cash flows. An estimate of the financial effect is not practicable at this time.

Financial Statements of
**ACTON BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2019



Downtown
ACTON

It's Worth the Drive!





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Commerce Place
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INDEPENDENT AUDITORS' REPORT

To the Members of Acton Business Improvement Area

Opinion

We have audited the accompanying financial statements of Acton Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario
March 23, 2020

ACTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial Assets		
Cash	\$ 36,485	\$ 7,298
Accounts receivable (note 3)	3,354	25,952
Prepaid expenses	435	474
	<u>40,274</u>	<u>33,724</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	15,508	8,164
	<u>15,508</u>	<u>8,164</u>
Net financial assets	24,766	25,560
Non-Financial assets		
Tangible capital assets (note 2)	54,534	53,009
Accumulated surplus	<u>\$ 79,300</u>	<u>\$ 78,569</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:


 _____ Director


 _____ Director

ACTON BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 4)	2019	2018
Revenue:			
Town of Halton Hills (note 3)	\$ 96,265	\$ 95,815	\$ 93,950
Provincial government	-	-	14,905
Leathertown festival	18,500	34,477	18,323
Farmer's market	-	5,691	-
Facade improvement grant (note 3)	5,000	2,968	-
Summer student grant	3,700	8,734	3,699
Sponsorship program	2,000	-	1,000
Other revenue	6,873	1,381	4,701
Winter carnival	-	-	7,067
	132,338	149,066	143,645
Expenses:			
Salaries and wages	55,077	45,811	50,419
Advertising and promotion	11,075	7,054	9,933
Repairs and maintenance	15,650	15,924	24,573
Rent	11,451	10,672	13,200
General expenses	10,435	6,905	5,156
Facade Improvement Program expenses	10,000	5,935	1,350
Event entertainment	13,600	17,277	16,199
Strategic plan	-	-	19,947
Amortization	-	1,716	1,147
Insurance	1,000	1,000	1,000
Professional fees	4,050	5,119	3,508
Miscellaneous	-	6,464	6,806
Bad debt expense	-	24,458	9,449
	132,338	148,335	162,687
Annual surplus (deficit)	-	731	(19,042)
Accumulated surplus, beginning of year	78,569	78,569	97,611
Accumulated surplus, end of year	\$ 78,569	\$ 79,300	\$ 78,569

The accompanying notes are an integral part of these financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 4)	2019	2018
Annual surplus (deficit)	\$ -	\$ 731	\$ (19,042)
Purchase of tangible capital assets	-	(3,241)	-
Amortization of tangible capital assets	-	1,716	1,147
Change in net financial assets	-	(794)	(17,895)
Net financial assets, beginning of year	25,560	25,560	43,455
Net financial assets, end of year	\$ 25,560	\$ 24,766	\$ 25,560

The accompanying notes are an integral part of these financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 731	\$ (19,042)
Item not involving cash:		
Amortization of capital assets	1,716	1,147
Change in non-cash operating working capital:		
Accounts receivable	22,598	5,638
Prepaid expenses	39	(474)
Accounts payable and accrued liabilities	7,344	1,906
Net change in cash from operating activities	32,428	(10,825)
Capital activities:		
Purchase of tangible capital assets	(3,241)	-
Net change in cash	29,187	(10,825)
Cash, beginning of year	7,298	18,123
Cash, end of year	\$ 36,485	\$ 7,298

The accompanying notes are an integral part of these financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

1. Significant accounting policies:

The financial statements of the Business Improvement Area are the representations of management prepared in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

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

(b) Government transfers:

Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

(c) Other income:

Revenues from other income, fundraising and donations are recognized as earned.

(d) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Tangible capital assets:

- (i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on over their estimated useful lives at the following rates and methods:

Asset	Basis	Rate
Street signs	Straight-line	15 years
Trash receptacles	Straight-line	10 years
Computer equipment	Declining balance	55%

Amortization is charged from the date of acquisition.

- (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt and also recorded as revenue.

2. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 51,470	\$ -	\$ -	\$ 51,470
Street signs	4,761	-	-	4,761
Trash receptacles	8,296	-	-	8,296
Computer equipment	-	3,241	-	3,241
	\$ 64,527	\$ 3,241	\$ -	\$ 67,768

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2018	Amortization expense	Disposals	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Street signs	3,731	317	-	4,048
Trash receptacles	7,787	509	-	8,296
Computer equipment	-	890	-	890
	\$ 11,518	\$ 1,716	\$ -	\$ 13,234

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 51,470	\$ 51,470
Street signs	1,030	713
Trash receptacles	509	-
Computer equipment	-	2,351
	\$ 53,009	\$ 54,534

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2018 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the Town of Halton Hills:

Revenue:

	2019	2018
Member levy collected on behalf of the Business Improvement Area	\$ 95,065	\$ 93,200

The Town of Halton Hills has also contributed \$750 (2018 - \$750) from municipal assistance program and \$2,968 (2018 - \$nil) from façade improvement program. At the end of the year, the Business Improvement Area had a payable of \$4,500 (2018 - \$4,500) to the Town of Halton Hills related to operating expenses and a receivable of \$2,968 (2018 - \$nil) for the façade improvement grant.

4. Budget:

The budget data is based on the approved 2019 amended budget approved by the Board on March 19, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and as such have not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

5. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Financial Statements of
**GEORGETOWN CENTRAL
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2019





KPMG LLP
Commerce Place
21 King Street West Suite 700
Hamilton, ON L8P 4W7
Canada
Tel 905 523-8200
Fax 905 523-2222

INDEPENDENT AUDITORS' REPORT

To the Members of Georgetown Central Business Improvement Area

Opinion

We have audited the accompanying financial statements of Georgetown Central Business Improvement Area (the "Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

March 10, 2020

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

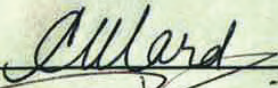
Statement of Financial Position


December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash	\$ 166,072	\$ 126,819
Accounts receivable (note 3)	10,719	30,237
Prepaid expenses	1,439	1,476
	<u>178,230</u>	<u>158,532</u>
Liabilities		
Accounts payable and accrued liabilities (note 3)	18,411	32,484
	<u>18,411</u>	<u>32,484</u>
Net financial assets	159,819	126,048
Non-financial assets		
Tangible capital assets (note 2)	96,295	106,641
Lease commitments (note 5)		
Accumulated surplus	\$ 256,114	\$ 232,689

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:





Director

Director

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 4)	2019	2018
Revenue:			
Town of Halton Hills (note 3)	\$ 201,550	\$ 212,950	\$ 197,610
Farmer's market	28,000	28,210	27,529
Sponsorship program	7,500	3,150	4,621
Other events	7,000	1,975	-
Facade improvement grant (note 3)	5,000	5,000	5,000
Classic car show	8,000	7,541	7,087
Student grant	8,000	8,734	7,398
Digital main street	-	10,000	-
Interest	-	11	-
	265,050	277,571	249,245
Expenses:			
Salaries and wages	117,100	125,519	94,791
Repairs and maintenance	66,000	36,212	37,817
Advertising and promotion	44,050	25,749	39,681
Office and general	9,200	17,633	13,398
Facade improvement expenses	10,000	10,000	10,000
Rent	15,200	13,835	10,346
Amortization of tangible capital assets	-	17,079	15,035
Insurance	1,000	1,000	1,000
Professional fees	4,000	3,594	2,287
Memberships	3,500	3,525	3,137
	270,050	254,146	227,492
Annual surplus (deficit)	(5,000)	23,425	21,753
Accumulated surplus, beginning of year	232,689	232,689	210,936
Accumulated surplus, end of year	\$ 227,689	\$ 256,114	\$ 232,689

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 4)	2019	2018
Annual surplus (deficit)	\$ (5,000)	\$ 23,425	\$ 21,753
Purchase of tangible capital assets	(5,000)	(6,733)	(24,332)
Amortization of tangible capital assets	-	17,079	15,035
Change in net financial assets	(10,000)	33,771	12,456
Net financial assets, beginning of year	126,048	126,048	113,592
Net financial assets, end of year	\$ 116,048	\$ 159,819	\$ 126,048

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 23,425	\$ 21,753
Item not involving cash:		
Amortization of tangible capital assets	17,079	15,035
Change in non-cash operating working capital:		
Accounts receivable	19,518	(13,210)
Prepaid expenses and deposits	37	(1,476)
Accounts payable and accrued liabilities	(14,073)	14,531
Net change in cash from operating activities	45,986	36,633
Capital activities:		
Purchase of tangible capital assets	(6,733)	(24,332)
Net change in cash	39,253	12,301
Cash, beginning of year	126,819	114,518
Cash, end of year	\$ 166,072	\$ 126,819

The accompanying notes are an integral part of these financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

The Georgetown Central Business Improvement Area was established in accordance with Section 220 of the Municipal Act (R.S.O. 1990) for the purpose of providing improvement, beautification and maintenance of lands, buildings and structures in the area and the promotion of Georgetown as a business and shopping area.

1. Significant accounting policies:

The financial statements of the Georgetown Central Business Improvement Area are the representations of management prepared in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

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

(b) Government transfers:

Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are stated at cost plus all directly related charges incurred in order to bring the asset into a condition ready for use by the organization less accumulated amortization. Tangible capital assets are amortized over the estimated useful life of the asset. All asset categories are amortized. Amortization costs are recorded in the statement of operations. Amortization is calculated and charged monthly against the appropriate asset class. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods.

Asset	Basis	Rate
Kiosk	Straight-line	10 years
Trash receptacles and benches	Straight-line	10 years
Leasehold improvements	Straight-line	5 years
Signage and sculpture	Straight-line	15 years
Office furniture	Declining balance	20%
Computer equipment	Declining balance	55%

The organization regularly reviews its capital assets to eliminate obsolete items.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Kiosk	\$ 5,935	\$ -	\$ -	\$ 5,935
Trash receptacles and benches	20,671	4,695	-	25,366
Leasehold Improvements	13,025	-	-	13,025
Signage and sculpture	124,743	870	-	125,613
Office Furniture	8,337	1,168	-	9,505
Computer equipment	6,932	-	-	6,932
	\$ 179,643	\$ 6,733	\$ -	\$ 186,376

Accumulated amortization	Balance at December 31, 2018	Amortization expense	Disposals	Balance at December 31, 2019
Kiosk	\$ 5,242	\$ 593	\$ -	\$ 5,835
Trash receptacles and benches	11,519	2,236	-	13,755
Leasehold Improvements	1,303	2,605	-	3,908
Signage and sculpture	50,230	8,345	-	58,575
Office Furniture	834	1,618	-	2,452
Computer equipment	3,874	1,682	-	5,556
	\$ 73,002	\$ 17,079	\$ -	\$ 90,081

	Net book value December 31, 2018	Net book value December 31, 2019
Kiosk	\$ 693	\$ 100
Trash receptacles and benches	9,152	11,611
Leasehold Improvements	11,722	9,117
Signage and art sculpture	74,513	67,038
Office Furniture	7,503	7,053
Computer equipment	3,058	1,376
	\$ 106,641	\$ 96,295

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the Town of Halton Hills:

Revenue:

	2019	2018
Member levy collected on behalf of the Business Improvement Area	\$ 212,200	\$196,860

The Town of Halton Hills has also contributed \$750 (2018 - \$750) from municipal assistance program and \$5,000 (2018 - \$5,000) from façade improvement program. At the end of the year, the Business Improvement Area had a payable of \$6,548 (2018 - \$5,000) to the Town of Halton Hills related to operating expenses and a receivable of \$5,000 (2018 - \$5,000) for the façade improvement grant.

4. Budget:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on October 8, 2018.

5. Lease commitments:

The Business Improvement Area is committed to minimum annual lease payments under an operating lease for its office space expiring in 2024 as follows:

2020	\$	16,411
2021		16,903
2022		17,410
2023		17,932
2024		1,498
	\$	70,154

Consolidated Financial Statements of
**HALTON HILLS COMMUNITY
ENERGY CORPORATION**

Year ended December 31, 2019





KPMG LLP
Commerce Place
21 King Street West, Suite 700
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Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Halton Hills Community Energy Corporation:

Opinion

We have audited the consolidated financial statements of Halton Hills Community Energy Corporation, (the Corporation), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

April 23, 2020

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Financial Position

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Assets			
Current assets			
Accounts receivable	5	\$ 9,092,513	\$ 8,920,660
Unbilled revenue		7,226,635	6,314,123
Income tax receivable		279,097	17,593
Materials and supplies	6	1,151,595	1,244,581
Current portion of note receivable	8	347,966	335,257
Prepaid expenses		652,571	679,631
Total current assets		18,750,377	17,511,845
Non-current assets			
Property, plant and equipment	7	108,302,229	100,656,267
Note receivable	8	1,057,033	1,405,000
Deferred charges		223,781	223,781
Deferred income taxes	9	5,617,858	2,327,291
Goodwill		295,604	295,604
Total non-current assets		115,496,505	104,907,943
Total assets		134,246,882	122,419,788
Regulatory balances	10	6,598,695	6,761,777
Total assets and regulatory balances		\$ 140,845,577	\$ 129,181,565

HALTON HILLS COMMUNITY ENERGY CORPORATION

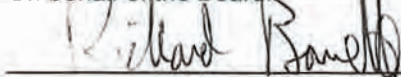
Consolidated Statement of Financial Position

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Liabilities			
Current liabilities			
Bank overdraft		\$ 7,647,565	\$ 6,917,134
Accounts payable and accrued liabilities	11	12,978,823	14,456,638
Current portion of bank term loans	12	3,249,160	21,216,817
Customer deposits		669,580	884,157
Current portion of lease obligation	13	60,972	78,933
Current portion of loan payable	20	3,141,970	-
Income taxes payable		-	208,442
Total current liabilities		27,748,070	43,762,121
Non-current liabilities			
Bank term loans	12	48,941,778	22,771,218
Loan payable	20	13,000,000	16,141,970
Employee future benefits	14	1,017,166	994,201
Lease obligation	13	33,842	33,550
Deferred revenue		5,027,955	4,769,141
Derivative liability	21	2,274,169	-
Deferred income taxes	9	9,887,238	6,826,463
Total non-current liabilities		80,182,148	51,536,543
Total liabilities		107,930,218	95,298,664
Equity			
Share capital	15	16,161,663	16,161,663
Retained earnings		14,064,405	15,799,258
Accumulated other comprehensive loss		(224,347)	(224,347)
Total equity		30,001,721	31,736,574
Total liabilities and equity		137,931,939	127,035,238
Regulatory balances	10	2,913,638	2,146,327
Subsequent event	22		
Total liabilities, equity and regulatory balances		\$ 140,845,577	\$ 129,181,565

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Revenue			
Distribution revenue		\$ 12,050,552	\$ 10,676,661
Other income	17	4,740,356	5,966,009
		16,790,908	16,642,670
Sale of electricity		60,208,617	60,469,502
Total revenue	16	76,999,525	77,112,172
Operating expenses			
Employee salaries and benefits	18	5,288,503	5,111,189
Material costs		397,945	1,204,727
Contract services		830,596	910,686
Property costs		1,069,517	945,983
Other costs		830,319	1,103,875
Communication costs		555,074	526,478
Depreciation		3,208,270	2,651,905
		12,180,224	12,454,843
Cost of power purchased		59,807,204	60,673,385
Total expenses		71,987,428	73,128,228
Income from operating activities		5,012,097	3,983,944
Finance income		81,391	152,989
Finance costs			
Interest		(2,063,767)	(1,715,800)
Fair value adjustment on derivative	21	(2,274,169)	-
Total finance costs		(4,337,936)	(1,715,800)
Income before income taxes		755,552	2,421,133
Income tax recovery (expense)	9	131,939	(1,249,847)
Net income		887,491	1,171,286
Net movement in regulatory balances, net of tax			
Net movement in regulatory balances	10	(1,286,015)	235,411
Income tax	10	355,622	666,552
		(930,393)	901,963
Net (loss) income and net movement in regulatory balances, being total comprehensive income		\$ (42,902)	\$ 2,073,249

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Changes in Equity

Year ended December 31, 2019, with comparative information for 2018

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2018	\$ 16,161,663	\$ 15,417,960	\$ (224,347)	\$ 31,355,276
Net income and net movement in regulatory balances	-	2,073,249	-	2,073,249
Dividends	-	(1,691,951)	-	(1,691,951)
Balance at December 31, 2018	\$ 16,161,663	\$ 15,799,258	\$ (224,347)	\$ 31,736,574
Balance at January 1, 2019	\$ 16,161,663	\$ 15,799,258	\$ (224,347)	\$ 31,736,574
Net income and net movement in regulatory balances	-	(42,902)	-	(42,902)
Dividends	-	(1,691,951)	-	(1,691,951)
Balance at December 31, 2019	\$ 16,161,663	\$ 14,064,405	\$ (224,347)	\$ 30,001,721

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Operating activities		
Net loss (income) and net movement in regulatory balances	\$ (42,902)	\$ 2,073,249
Adjustments for:		
Depreciation	3,427,732	2,868,289
Gain on sale of property, plant and equipment	(1,796)	-
Amortization of deferred revenue	(329,195)	(306,583)
Employee future benefits	22,965	25,737
Net finance costs	1,982,376	1,562,811
Income tax recovery (expense)	(131,939)	1,249,847
Fair value adjustment on derivative liability	2,274,169	-
Change in non-cash operating working capital:		
Accounts receivable	(171,853)	(584,671)
Unbilled revenue	(912,512)	463,288
Materials and supplies	92,986	84,661
Prepaid expenses	27,060	(113,211)
Accounts payable and accrued liabilities	(1,900,803)	584,404
Customer deposits	(214,577)	216,214
Capital contributions	588,009	1,103,065
Regulatory balances	930,393	(901,963)
Income tax paid	(655,010)	(69,961)
Income tax received	87,211	9,329
Interest paid	(2,063,767)	(1,715,800)
Interest received	81,391	152,989
Net cash from operating activities	3,089,938	6,701,694
Investing activities		
Purchase of property, plant and equipment	(11,100,149)	(25,373,166)
Proceeds on disposal of property, plant and equipment	28,251	-
Note receivable	335,258	219,173
Net cash used by investing activities	(10,736,640)	(25,153,993)
Financing activities		
Dividends paid	(1,268,963)	(1,691,951)
Issuance of bank term loans	9,361,532	18,139,960
Repayment of bank term loans	(1,158,629)	(1,414,820)
Lease obligation	(17,669)	4,958
Net cash from financing activities	6,916,271	15,038,147
Change in bank overdraft	(730,431)	(3,414,152)
Bank overdraft, beginning of year	(6,917,134)	(3,502,982)
Bank overdraft, end of year	\$ (7,647,565)	\$ (6,917,134)

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

1. Reporting entity:

Halton Hills Community Energy Corporation (the "Corporation") is wholly-owned by the Town of Halton Hills.

The Corporation is the parent company of Halton Hills Hydro Inc., SouthWestern Energy Inc. and 2008949 Ontario Ltd. o/a Quality Tree Service. The principal activities of the Corporation are to deliver electricity and energy related services to customers in the Town of Halton Hills, generate energy and provide water meter reading and billing services for residents of the Town of Halton Hills. The address of the Corporation's registered head office is 43 Alice Street, Halton Hills (Acton), Ontario.

The consolidated financial statements comprise the Corporation and its subsidiaries as at and for the year ended December 31, 2019.

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on April 23, 2020.

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments:

(i) Assumptions and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

2. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

(i) Assumptions and estimation uncertainty (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) Note 3(c) – measurement of unbilled revenue
- (ii) Note 3(e), 7 – estimation of useful lives of its property, plant and equipment
- (iii) Note 3(i), 10 – recognition and measurement of regulatory balances
- (iv) Note 3(j)(ii) 14 – measurement of defined benefit obligations: key actuarial assumptions
- (v) Note 3(h), 19 – recognition and measurement of provisions and contingencies

(ii) Judgements

Information about significant judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial information is included in the following note:

- (i) Note 3(c) – determination of the performance obligation for contributions from customers and the related amortization period

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

2. Basis of presentation (continued):

(e) Rate regulation (continued):

Rate setting

(i) *Distribution revenue*

For the distribution revenue, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

On October 15th, 2018 the Corporation filed an application with the Ontario Energy Board (OEB), for rates pursuant to the OEB’s Price Cap IR framework for electricity rates effective May 01, 2019, the rates were approved on March 28, 2019.

On December 3, 2018, the Corporation submitted an application for proposed incremental revenue requirement recovery as it relates to the building of a Municipal Transformer Station (TS), through rate riders effective May 1, 2019. On April 04, 2019 the OEB approved the ICM funding of \$23.4 million related to the construction of the transformer station. In its decision, the OEB denied Halton Hills Hydro an exception to the ICM policy to recover incremental operating, maintenance and administration costs arising from the operation of the new transformer station. Halton Hills Hydro has appealed this OEB decision through Divisional Court, Ontario Supreme Court of Justice; the appeal decision remains outstanding.

The Corporation filed an application with the Ontario Energy Board (OEB) on November 25, 2019 for rates pursuant to the OEB’s Price Cap IR framework for electricity rates effective May 01, 2020. The Corporation last filed a COS application on October 02, 2015 for rates effective May 01, 2016.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

2. Basis of presentation (continued):

(e) Rate regulation (continued):

Rate setting (continued)

(i) *Distribution revenue (continued)*

The Corporation filed applications with the Ontario Energy Board (OEB) on September 25, 2017, October 23, 2017 and December 1, 2017 for rates pursuant to the OEB's Price Cap IR framework, for the establishment and disposition of a variance account to account for and remedy an error related to depreciation expense and for recovery of costs incurred as a result of a pay equity settlement agreement (Z factor), respectively. The applications were filed under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B) and under the OEB's Filing Requirements for Incentive Regulation Rate Applications seeking approval for changes to Halton Hills Hydro's electricity distribution rates to be effective May 1, 2018. The OEB approved the Price Cap IR and depreciation recovery applications but denied the requested Z-factor application for recovery of pay equity settlement costs. The rate rider for the recovery of depreciation expenses is effective from May 01, 2018 to April 30, 2021.

(ii) *Electricity rates*

Historically, the OEB set electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. As a result of the Ontario Fair Hydro Plan Act, the OEB was instructed to freeze those electricity prices until April 30, 2018. The rate was adjusted on May 1, 2018 but did not exceed the rate of inflation. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

The OEB issued an Accounting Guidance on February 21, 2019 to standardize the accounting processes used by electricity distributors to improve the accuracy of settlements with the IESO for low-volume consumers. The standardization seeks to facilitate the accurate disposition of commodity pass-through variance account balances. The Corporation implemented these procedures by the due date of August 31, 2019 retroactive to January 1, 2019 as required by the OEB.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the following corporations:

- Halton Hills Community Energy Corporation
- Halton Hills Hydro Inc.
- SouthWestern Energy Inc.
- 2008949 Ontario Ltd. o/a Quality Tree Service

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

All inter-company accounts and transactions have been eliminated.

(b) Financial instruments:

All financial assets and all financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Derivatives are classified as financial liabilities at fair value through profit or loss. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f).

Hedge accounting has not been used in the preparation of these financial statements.

(c) Revenue recognition:

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered. Amounts received in advance of these milestones are presented as deferred revenue.

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under Conservation and Demand Management (CDM) programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(d) Materials and supplies:

Materials and supplies, the majority of which are consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(e) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities are measured at deemed cost established on the transition date less accumulated depreciation. All other items of PP&E measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of six months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(e) Property, plant and equipment (continued):

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction in process assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Asset	Rate
Distribution system	25 - 50 years
Plant	20 - 42 years
Fleet	8 - 15 years
Other equipment	5 - 20 years
Computer equipment and software	1 - 5 years
General office	5 years
Store equipment	10 years
Contributed capital	20 - 50 years

(f) Impairment:

(i) Financial assets measured at amortized cost

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The goodwill acquired in a business combination for the purposes of impairment testing is allocated to CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a prorate basis, if applicable.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued)

(i) Regulatory balances:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

(j) Employee future benefits:

The Corporation pays certain life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees and extended health and dental benefits under unfunded defined benefit plans, on behalf of early retirees.

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(j) Employee future benefits (continued):

(j) Pension plan (continued)

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurement of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(k) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash balances and the note receivable.

Finance costs comprise interest expense on borrowings, customer deposits and finance lease obligation. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(l) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFEC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

(m) Goodwill:

Goodwill is measured at cost less accumulated impairment losses as described in note 3(f).

(n) Leased assets:

At inception of a contract, the Corporation assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(n) Leased assets:(continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Business combinations:

The Corporation accounts for business combinations using the acquisition method when control is transferred to the Corporation. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment as described in note 3(f)(ii). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred.

(p) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash balances as well as bank overdraft amounts.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

4. Change in Accounting Policy:

The Corporation has applied IFRS 16 *Leases* with a date of initial application of January 1, 2019.

The details of the changes in accounting policies are disclosed below.

Except for the changes below, the Corporation has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Previously, the Corporation determined, at contract inception, whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(n). On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which contracts are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether they contained a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Corporation has decided to apply recognition exemptions to short-term leases and leases for which the value of the underlying asset is of low value.

The Corporation used the following practical expedients and recognition exemptions when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases for which the underlying asset is of low value;
- Applied this standard to all contracts that were previously identified as leases by applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the leased asset and lease liability under IAS 17 immediately before that date.

Impacts on financial statements

There are no transitional impacts to report as the Corporation did not enter into leasing arrangements other than the lease previously recognized and has determined that there are no arrangements that contain a lease.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

5. Accounts receivable:

	2019	2018
Service revenue	\$ 5,421,916	\$ 6,429,105
Recoverable work	1,731,501	1,546,549
Others	1,712,709	711,845
Town of Halton Hills	423,866	426,461
Less allowance for expected credit losses	(197,479)	(193,300)
	\$ 9,092,513	\$ 8,920,660

The accounts receivable from the Town of Halton Hills arose in the normal course of operations and is due under normal terms of trade.

6. Materials and supplies:

The Corporation has included certain major standby equipment as in-service fixed assets and amortizes these assets over their useful lives. The Corporation has reclassified \$750,178 (2018 - \$1,020,971) to capital assets during the year.

The amount of inventory consumed by the Corporation and recognized as an expense during 2019 was \$397,945 (2018 - \$22,851). No amount of inventory has been written down due to obsolescence (2018 - \$nil).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

7. Property, plant and equipment:

	January 1, 2019	Additions/ Depreciation	Transfers	Disposals/ Retirements	December 31, 2019
<i>Cost</i>					
Distributions system	\$ 67,936,315	\$ 9,907,569	\$20,361,852	\$ -	\$ 98,205,737
Plant	12,757,420	100,493	-	-	12,857,913
Fleet	3,021,679	256,322	-	(65,127)	3,212,874
Other equipment	2,650,151	338,105	-	-	2,988,255
Computer equipment and software	1,502,768	258,425	-	-	1,761,193
General office	261,717	472	-	-	262,189
Store equipment	4,732	-	-	-	4,732
Construction in process	24,991,668	238,763	(20,361,852)	-	4,868,579
	113,126,450	11,100,149	-	(65,127)	124,161,472
<i>Accumulated Depreciation</i>					
Distributions system	7,661,523	2,521,727	-	-	10,183,250
Plant	1,489,929	214,231	-	-	1,704,160
Fleet	1,135,212	343,327	-	(38,672)	1,439,867
Other equipment	817,573	213,244	-	-	1,030,817
Computer equipment and software	1,151,534	107,039	-	-	1,258,573
General office	209,680	28,164	-	-	237,844
Store equipment	4,732	-	-	-	4,732
Construction in process	-	-	-	-	-
	12,470,183	3,427,732	-	(38,672)	15,859,243
Carrying amount	\$ 100,656,267	\$ 7,672,417	\$ -	\$ (26,455)	\$ 108,302,229
<i>Cost</i>					
Distributions system	\$ 61,080,253	\$ 6,856,062	\$ -	\$ -	\$ 67,936,315
Plant	12,686,171	71,249	-	-	12,757,420
Fleet	2,742,108	314,571	-	(35,000)	3,021,679
Other equipment	2,239,645	410,506	-	-	2,650,151
Computer equipment and software	1,399,969	102,799	-	-	1,502,768
General office	255,199	6,518	-	-	261,717
Store equipment	4,732	-	-	-	4,732
Construction in process	7,368,542	17,957,753	(334,627)	-	24,991,668
	87,776,619	25,719,458	(334,627)	(35,000)	113,126,450
<i>Accumulated Depreciation</i>					
Distributions system	5,649,510	2,012,013	-	-	7,661,523
Plant	1,277,740	212,189	-	-	1,489,929
Fleet	842,367	316,178	-	(23,333)	1,135,212
Other equipment	626,041	191,532	-	-	817,573
Computer equipment and software	1,045,081	106,453	-	-	1,151,534
General office	179,759	29,921	-	-	209,680
Store equipment	4,732	-	-	-	4,732
Construction in process	-	-	-	-	-
	9,625,230	2,868,286	-	(23,333)	12,470,183
Carrying amount	\$ 78,151,389	\$ 22,851,172	\$ (334,627)	\$ (11,667)	\$ 100,656,267

Interest capitalized in property, plant and equipment for 2019 was \$543,584 (2018 - \$452,956).

The Corporation leases equipment under a number of finance lease agreements. At December 31, 2019, the net carrying amount of leased equipment was \$98,814 (2018 - \$112,483).

At December 31, 2018, property, plant and equipment with a carry value of \$107,959,186 (2018 - \$100,389,083) are subject to a general security agreement.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

8. Note receivable:

The note receivable from the Town of Halton Hills in the amount of \$295,374 bears interest of 1.568% per annum with quarterly interest and principal repayments up to August 30, 2029.

A second note receivable for the amount of \$1,444,883 from the Town of Halton Hills was issued. It bears interest of 3.95% and has a five year term.

	2019	2018
Total note receivable	\$ 1,404,999	\$ 1,740,257
Less: current portion	347,966	335,257
	\$ 1,057,033	\$ 1,405,000

9. Income tax expense:

Current tax expense

	2019	2018
Current year	\$ 99,657	\$ 241,352
Adjustment for prior years	(1,804)	12,235
	\$ 97,853	\$ 253,587

Deferred tax expense

	2019	2018
Origination and reversal of temporary differences	\$ (229,792)	\$ 996,260

Reconciliation of effective tax rate

	2019	2018
Income before taxes	\$ 755,552	\$ 2,421,133
Canada and Ontario statutory Income tax rates	26.50%	26.50%
Expected tax provision on income at statutory rates	200,221	641,600
Increase in income taxes resulting from:		
Permanent differences	1,621	3,314
Non-deductible expenses	2,661	-
Adjustment for prior years	10,146	47,709
Other	258,084	593,921
Other adjustments – regulatory movements	(340,794)	(36,697)
Income tax expense	\$ 131,939	\$ 1,249,847

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

9. Income tax expense (continued):

Significant components of the Corporation's deferred tax balances:

	2019	2018
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (9,884,292)	\$ (6,766,909)
Cumulative eligible capital	-	3,831
Post-employment benefits	270,625	264,539
Deferred revenue	1,226,034	1,092,404
Allowance for doubtful accounts	-	160,849
Non-capital losses	2,955,714	234,408
Investment tax credit	(2,946)	(2,946)
Other	51,160	51,224
Corporate minimum tax	511,670	463,428
Fair value adjustment on derivative liability	602,655	-
	\$ (4,269,380)	\$ (4,499,172)

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

10. Regulatory balances:

Reconciliation of the carrying amount for each regulatory account

Regulatory deferral account debit balances	January 1, 2019	Additions	Recovery/ reversal	December 31, 2019	Remaining recovery/ reversal years
Other regulatory assets	\$ 420,973	\$ (564,882)	\$ 143,909	\$ -	1 -3 yrs
RCVA retail services	33,455	3,763	-	37,218	1 -3 yrs
RCVA service transaction request	502	51	-	553	1 -3 yrs
LRAM variance account	302,525	61,607	-	364,132	1 -3 yrs
Smart meter capital & recovery	98,174	729	-	98,903	1 -3 yrs
RSVA network services	42,944	130,147	46,083	219,174	1 -3 yrs
RSVA connection services	-	69,118	6,540	75,658	1 -3 yrs
Global adjustment	415,769	(2,736,843)	2,321,074	-	1 -3 yrs
Deferred income taxes	5,447,435	355,622	-	5,803,057	*
	\$ 6,761,777	\$(2,680,688)	\$ 2,517,606	\$6,598,695	

Regulatory deferral account debit balances	January 1, 2018	Additions	Recovery/ reversal	December 31, 2018	Remaining recovery/ reversal years
Other regulatory assets	\$ 64,913	\$ 356,060	\$ -	\$ 420,973	1 -3 yrs
RCVA retail services	26,207	7,248	-	33,455	1 -3 yrs
RCVA service transaction request	425	77	-	502	1 -3 yrs
Low voltage variance	859,695	(210,293)	(649,402)	-	1 -3 yrs
LRAM variance account	265,625	36,900	-	302,525	3 -5 yrs
Smart meter capital & recovery	97,567	607	-	98,174	1 -3 yrs
Extraordinary events	180,818	(180,818)	-	-	1 -2 yrs
RSVA network services	60,373	87,877	(105,306)	42,944	1 -3 yrs
RSVA connection services	136,099	3,965	(140,064)	-	1 -3 yrs
Global adjustment	1,538,259	(1,350,080)	227,590	415,769	1 -3 yrs
Deferred income taxes	4,780,883	666,552	-	5,447,435	*
	\$ 8,010,864	\$(581,905)	\$(667,182)	\$ 6,761,777	

*The deferred income taxes balances will be recovered over the lives of the related capital assets.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

10. Regulatory balances (continued)

Regulatory deferral account credit balances	January 1, 2019	Additions	Recovery/ reversal	December 31, 2019	Remaining recovery/ reversal years
Other Regulatory Assets	\$ -	(564,878)	\$ 420,974	\$ (143,904)	1 -3 yrs
Low voltage variance	(206,825)	207,863	(3,663)	(2,625)	1 -3 yrs
Smart metering entity charge	(28,149)	(6,640)	5,487	(29,302)	1 -3 yrs
RSVA wholesale market services	(578,690)	(156,569)	509,706	(225,553)	1 -3 yrs
RSVA connection services	(96,870)	69,118	27,752	-	1 -3 yrs
RSVA power	(902,526)	58,825	817,274	(26,427)	1 -3 yrs
Global adjustment	-	(1,918,890)	(338,813)	(2,257,703)	1 -3 yrs
Disposition and refund regulatory balance	(333,267)	828,861	(723,718)	(228,124)	1 -3 yrs
	\$ (2,146,327)	\$ (1,482,310)	\$ 714,999	\$ (2,913,638)	

Regulatory deferral account credit balances	January 1, 2018	Additions	Recovery/ reversal	December 31, 2018	Remaining recovery/ reversal years
Low voltage variance	\$ -	\$ (210,293)	\$ 3,468	\$ (206,825)	1 -3 yrs
Smart metering entity charge	(18,651)	(22,800)	13,302	(28,149)	1 -3 yrs
RSVA wholesale market services	(2,022,040)	(81,959)	1,525,309	(578,690)	1 -3 yrs
RSVA connection services	-	3,965	(100,835)	(96,870)	1 -3 yrs
RSVA power	(2,067,266)	903,163	261,577	(902,526)	1 -3 yrs
Disposition and refund regulatory balance	(189,420)	685,464	(829,311)	(333,267)	1 -3 yrs
	\$ (4,297,377)	\$ 1,277,540	\$ 873,510	\$ (2,146,327)	

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy, weather and conservation. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the deferral accounts is done on an annual basis through application to the OEB. The 2019 IRM application, made to the OEB, met the minimum requirement for disposition, however, the OEB only approved interim disposition on the 2017 balances. The Corporation did not ask for disposition of 2018 balances in the 2020 IRM application as the Corporation intends to ask for final disposition on all 2017, 2018 and 2019 audited balances (both Group 1 and Group 2) with the 2021 Cost of Service application.

The OEB requires the Corporation to estimate its income taxes when it files a cost of service rate application to set its rates. As a result, the Corporation has recognized a regulatory debit account for the amount of deferred taxes that will ultimately be recovered from its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates. Costs in the other regulatory assets account are related to increased OEB Assessment costs, increased pole attachment revenue, depreciation adjustment tracking and MTS incremental capital costs and recoveries, as per OEB direction. Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2019, the rate was 2.45% for the period January 2019 to March 2019 and 2.18% for the period April 2019 to December 2019.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

11. Accounts payable and accrued liabilities:

	2019	2018
Accounts payable – energy purchases	\$ 9,933,218	\$12,300,051
Payroll payable	512,635	510,794
Other	2,532,970	1,645,793
	\$ 12,978,823	\$ 14,456,638

12. Credit facilities:

a) Credit limit:

The Corporation has an operating credit facility available from a financial institution in the amount of \$9,150,000 (2018 - \$9,150,000) bearing interest at prime. Credit is available to the Corporation in the form of prime based loans, bankers' acceptances, letters of credit or stand-by letters of guarantee. At year end, the letter of credit described in b) below is outstanding and the operating line utilized is \$7,665,070 (2018 - \$6,907,000). Security is in the form of a first charge over the assets of its subsidiaries and undertakings and an assignment of liability and fire insurance has been provided. Amounts under this facility are due on demand.

b) Security on electricity purchases:

As of May 2002, in order for Halton Hills Hydro Inc. to obtain the electricity it requires to distribute to its customers, Halton Hills Hydro Inc. is required to provide security to the Independent Electricity System Operator based on its estimated usage. The security obtained was a letter of credit issued in the amount of \$1,754,315 (2018 - \$1,754,315) from a financial institution.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

12. Credit facilities (continued):

c) Term loans:

	2019	2018
i. Smart Meter Term Loan: Fixed rate term loan due May 25, 2021 bearing interest at 3.630% per year repayable monthly \$12,418, principal and interest.	\$ 2,235,730	\$ 2,302,297
ii. Capital Term Loan 1: Fixed rate term loan due May 25, 2021 bearing interest at 3.710% repayable monthly in the amounts of \$7,952, principal and interest.	1,482,550	1,522,193
iii. Capital Term Loan 2: Fixed rate term loan due May 25, 2021 bearing interest at 3.710% repayable monthly in the amounts of \$10,094, principal and interest.	1,908,225	1,957,578
iv. Capital Term Loan 3: Fixed rate term loan due May 25, 2021 bearing interest at 3.760% repayable monthly in the amounts of \$12,554, principal and interest.	2,421,429	2,479,864
v. Capital Term Loan 4: Fixed rate term loan due May 25, 2021 bearing interest at 3.830% repayable monthly in the amounts of \$17,412, principal and interest.	3,446,777	3,522,177
vi. Capital Term Loan 5: Fixed rate term loan due May 25, 2021 bearing interest at 3.860% repayable monthly in the amounts of \$22,268, principal and interest.	4,540,260	4,630,380
vii. Capital Term Loan 6: \$23,000,000 construction loan due on demand. Interest is at floating prime rate and payable interest only.	-	18,155,398
viii. Capital Term Loan 7: Fixed rate term loan due May 25, 2021 bearing interest at 3.910% repayable monthly in the amounts of \$20,022, principal and interest.	4,162,044	4,238,433
ix. Capital Term Loan 8: Fixed rate term loan due May 25, 2021 bearing interest at 3.350% repayable monthly in the amounts of \$19,804, principal and interest.	4,477,438	-
x. Capital Transformer Station Loan: Bearing interest at prime rate due September 1, 2049 repayable monthly in the amounts of \$111,069, principal and interest.	22,901,922	-

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

12. Credit facilities (continued):

c) Term loans (continued):

	2019	2018
x. Term Loan Facility 2: Reducing term facility due on June 30, 2021. Interest is at floating prime rate monthly principal payments on the loan of \$5,333 plus interest.	96,000	160,000
xii. Term Loan Facility 3: The amount is due on demand with scheduled monthly principal payments of \$5,770 plus interest. Interest is at floating prime rate.	1,136,704	1,205,945
xiii. Term Loan Facility 4: The amount is due on demand with scheduled monthly principal payments of \$4,168 plus interest. Interest is at floating prime rate.	904,144	954,155
xiv. Bank Term Loan: Reducing Term Facility with a contractual term of 5 years to July 20, 2023 and an amortization period of 20 years to July 2, 2033. The loan interest is at a floating prime rate. The loan is payable in the amount of \$15,201 monthly principal plus interest.	2,477,715	2,660,123
xv. SouthWestern Energy Inc. Reducing Term Facility: The loan interest is floating prime rate. The loan is payable in the amount of \$20,309 monthly principal plus interest. This loan was paid off in 2019.	-	199,492
	\$ 52,190,938	\$ 43,988,035

The Corporation has entered into an interest rate swap agreement to pay a fixed rate of interest of 4.095%, exclusive of bank transaction fees, in lieu of prime rate on its capital transformer station loan to effectively reduce interest rate risk associated with the floating rate debt of the Corporation. The interest rate swap agreement was effective September 6, 2019 with the initial notional amount of CAD \$23,000,000. Payments are made monthly on the 1st of each month commencing on October 1, 2019 up to and including the Termination Date of August 1, 2049.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

12. Credit facilities (continued):

c) Term loans (continued):

2020	\$ 1,327,563
2021	1,353,954
2022	1,369,315
2023	1,418,548
2024	1,467,225
2025 – 2049	45,254,333
	<u>52,190,938</u>
Less: current portion	(3,249,160)
Long-term portion of loan	<u>\$ 48,941,778</u>

The term loans described in (c)(i) are secured by a General Security Agreement over all of the assets of Halton Hills Hydro Inc. and an assignment of liability and fire insurance.

The term loans described in (c)(xi) are secured by a General Security Agreement over all of the assets of Halton Hills Community Energy Corporation and an assignment of its IESO contracts.

The term loan described in (c)(xiv) is secured by a General Security Agreement over all of the assets of SouthWestern Energy Inc.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

13. Lease obligation

	2019	2018	
Lease obligation	\$ 94,814	\$ 112,483	
	Less than one year	Between one and five years	Total
Future min lease payments			
2019	\$ 63,085	\$ 34,651	\$ 97,736
Interest			
Less 2019	(2,113)	(809)	(2,922)
Present value of min lease payments			
2019	\$ 60,972	\$ 33,842	\$ 94,814

14. Employee future benefits:

(a) OMERS pension plan

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2019, the Corporation made employer contributions of \$514,284 to OMERS (2018 - \$537,910), of which \$289,928 (2018 - \$303,262) has been capitalized as part of PP&E and the remaining amount of \$224,356 (2018 - \$234,648) has been recognized in profit or loss. The Corporation estimates that a contribution of \$546,500 to OMERS will be made during the next fiscal year.

As at December 31, 2019, OMERS had approximately 500,000 members, of whom 61 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2019, which reported that the plan was 97% (2018 - 96%) funded, with an unfunded liability of \$3.4 billion (2018 - \$4.2 billion). This unfunded liability is likely to result in future payments by participating employers and members.

(b) Employee future benefits other than pension

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and re-measurements recognized for post-employment benefit plans. The accrued benefit liability and expenses for the year ended December 31, 2019 were based on results and assumptions determined by actuarial valuation as at December 31, 2018.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

14. Employee future benefits (continued):

(b) Employee future benefits other than pension (continued)

Reconciliation of the obligation	2019	2018
Defined benefit obligation, beginning of year	\$ 994,201	\$ 968,464
Included in profit or loss		
Current service cost	30,300	31,244
Interest cost	33,094	32,286
	1,057,595	1,031,994
Benefits paid	(40,429)	(37,793)
Defined benefit obligation, end of year	\$ 1,017,166	\$ 994,201
Actuarial assumptions	2019	2018
General inflation	2.00%	2.00%
Discount (interest) rate	3.40%	3.40%
Salary levels	2.70%	2.70%
Medical costs	5.96%	6.20%
Dental costs	4.50%	4.50%

15. Share capital:

	2019	2018
Authorized:		
Unlimited number of common shares		
Issued:		
2,000 common shares	\$ 16,161,663	\$ 16,161,663

Dividends

The Corporation has established a dividend policy to pay 50% of budgeted net income with consideration given to the cash position, the working capital requirements and the net capital expenditures requirements.

The Corporation declared aggregate dividends in the year on common shares of \$846 per share (2018 - \$846), which amounted to total dividends declared in the year of \$1,691,951 (2018 - \$1,691,951).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

16. Revenue from contracts with customers

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include performance incentive payments under CDM programs.

	2019	2018
Revenue from contracts with customers	\$ 74,650,398	\$ 76,031,908
Other revenue:		
CDM programs	686,726	773,681
Other	1,662,401	306,583
	<u>\$ 76,999,525</u>	<u>\$ 77,112,172</u>

In the following table, revenue from contracts with customers is disaggregated by type of customer.

	2019	2018
Residential	\$ 29,210,762	\$ 29,721,483
Commercial	42,643,450	41,033,751
Other	2,796,186	5,276,674
	<u>\$ 74,650,398</u>	<u>\$ 76,031,908</u>

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

17. Other revenue:

	2019	2018
Rendering of services	\$ 3,724,435	\$ 4,885,745
Amortization of deferred revenue	329,195	306,583
Government grants under CDM programs	686,726	773,681
	\$ 4,740,356	\$ 5,966,009

18. Employee salaries and benefits:

	2019	2018
Salaries, wages and benefits	\$ 4,877,220	\$ 4,668,955
CPP and EI remittances	146,852	145,613
Contributions to OMERS	241,466	270,884
Post-employment benefit plans	22,965	25,737
	\$ 5,288,503	\$ 5,111,189

19. Commitments and contingencies:

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2019, no assessments have been made.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

20. Related party transactions:

(a) Parent and ultimate controlling party

The Corporation is a wholly-owned subsidiary of the Town of Halton Hills. The Town produces consolidated financial statements that are available for public use.

(b) Transactions with parent (the Town)

The Corporation had the following significant transactions with its ultimate parent, a government entity:

	2019	2018
Transactions:		
Revenue		
Other income	\$ -	\$ 49,331
Street light maintenance & other	795,448	1,000,922
Distribution revenue	299,166	265,559
Sale of electricity	1,556,678	1,488,845
Finance income on the loans receivable	4,370	4,787
Expenses		
Property taxes	139,899	125,785
Interest	665,049	655,049
Dividends	1,691,951	1,691,951
Balances:		
Amounts due from:		
Accounts receivable	44,459	426,461
Loan receivable, bearing interest at 1.568% per Annum with quarterly interest and principal Repayments up to August 30, 2029	268,597	295,374
Loan receivable bearing interest at 3.95% per annum	1,136,402	1,444,838

The Corporation delivers electricity to the Town throughout the year for the electricity needs of the Town and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Town, including streetlight, traffic and other outdoor lighting maintenance services, sentinel lights and water and waste water billing and customer care services.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

20. Related party transactions (continued):

(b) Transactions with parent (the Town) (continued):

The note payable is due to the Town of Halton Hills and bears interest at a prescribed rate set annually by the Town. In 2019, the prescribed rate was 4.12% (2018 - 4.12%). On December 17, 2019 the Town of Halton Hills agreed to a change in the repayment schedule of the loan with repayments commencing in 2020 due on or before April 1 each calendar year with a maturity date of no later than April 1, 2025.

Principal payments on the note payable is as follows:

2020	\$	3,141,970
2021		2,800,000
2022		2,800,000
2023		2,800,000
2024		2,800,000
2025		1,800,000
		16,141,970
Less: current portion		(3,141,970)
Long-term portion of loan	\$	13,000,000

The Corporation incurred interest expense in respect of the note payable of \$655,049 (2018 - \$655,049).

(c) Key management personnel

The key management personnel of the Corporation have been defined as members of its board of directors and management team members. The compensation paid or payable is as follows:

	2019	2018
Salaries, directors fees, bonuses and short term benefits	\$ 2,418,086	\$ 2,469,935
Employee future benefits	9,056	10,407
	\$ 2,427,142	\$ 2,480,342

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

21. Financial instruments and risk management:

Fair value disclosure:

The carrying values of accounts receivable, unbilled revenue and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand. The carrying value of the bank overdraft approximates fair value as the overdraft bears interest at current market rates.

Capital transformer station loan, term loan facility 2, term loan facility 3, term loan facility 4 and the bank term loan have a carrying value that approximates fair value as the loans bear interest at current rates.

The fair value of the loan payable to the parent (Town) at December 31, 2019 is \$14,257,000. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2019 was 4.12%.

The fair value of the note receivable from the ultimate parent (Town) at December 31, 2019 is \$1,149,000. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2019 was 3.95%.

The loans fair value at December 31, 2019 are as follows:

Loan	Rate	Carrying Value	Fair Value
Smart Meter Term Loan	3.63%	\$ 2,235,731	\$ 2,230,000
Capital Term Loan 1	3.71%	1,482,550	1,482,000
Capital Term Loan 2	3.71%	1,908,225	1,297,000
Capital Term Loan 3	3.76%	2,421,429	2,343,000
Capital Term Loan 4	3.83%	3,446,777	2,506,000
Capital Term Loan 5	3.86%	4,540,260	4,539,000
Capital Term Loan 7	3.91%	4,162,044	4,118,000
Capital Term Loan 8	3.35%	4,477,438	4,337,000
		\$ 24,674,454	\$ 22,852,000

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

21. Financial instruments and risk management (continued):

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk

Financial assets carry credit risk that a counter party will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Town of Halton Hills. No single customer accounts for a balance in excess of 2% of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for expected credit losses and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2019 is \$197,479 (2018 - \$193,300). An impairment loss of \$70,528 (2018 - \$46,639) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2019, approximately \$279,477 (2018 - \$213,890) is considered 90 days past due. The Corporation has over 23,066 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2019 the Corporation holds security deposits in the amount of \$669,580 (2018 - \$864,157).

Deposits from electricity distribution customers are applied against any unpaid portion of individual customer accounts. Consumer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their electricity distribution service. Consumer deposits are also refundable to residential electricity distribution customers demonstrating an acceptable level of credit risk, as determined by the Corporation. Interest expense of \$13,715 (2018 - \$16,664) was incurred on consumer deposits.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

21. Financial instruments and risk management (continued):

Financial risks (continued):

(b) Market risk

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to interest rate risk since some of its term loans bear interest at prime rates. The Corporation is also exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

The Corporation is exposed to interest rate risk on its prime rate capital transformer station loan. The Corporation has mitigated its risk through an interest rate swap agreement as described in note 12(c).

Interest is paid on customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board. A credit facility loan bears interest at a floating rate and thus, the carrying value approximates fair value. However, the Corporation has entered into an interest rate swap transaction, derivative instrument, the effect of which is to fix the interest rate on the term facility loan at 4.095%. The potential replacement cost to the Corporation of the interest rate swaps, representing estimated fair value as presented on the balance sheet, was \$2,274,169 (2018 - \$nil), which was in the favour of institution outlined in note 12. The Corporation entered into this interest rate swap transaction to fix the interest rate over the long-term and intends to hold this to maturity at which time there should be no replacement cost.

(c) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a line of credit and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due.

The majority of accounts payable, as reported on the statement of financial position, are due within 60 days.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

21. Financial instruments and risk management (continued):

Financial risks (continued):

(d) Capital disclosures (continued):

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2019, shareholder's equity amounts to \$30,001,721 (2018 - \$31,736,574), long-term debt amounts to \$52,190,938 (2018 - \$43,988,035) and note payable amounts to \$16,141,970 (2018 - \$16,141,970).

22. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Corporation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.



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FIVE YEAR STATISTICS

2015 - 2019



5 Year Statistics	2019	2018	2017	2016	2015
Consolidated Statement of Financial Position					
Financial assets					
Cash	\$4,457,168	\$4,338,742	\$ 6,162,358	\$ 5,657,592	\$ 6,672,288
Short term investments	87,825,659	76,402,708	68,417,557	57,874,612	50,228,747
Taxes receivable	5,282,666	5,424,874	4,542,809	4,559,126	4,969,676
Accounts receivable	2,562,137	1,713,340	2,197,395	5,469,547	6,040,055
Long-term receivables	1,437,926	1,823,142	2,114,067	2,363,187	2,593,893
Investment HHCEC	46,143,691	47,878,544	47,497,246	46,495,672	46,175,965
Inventory for resale	15,782	15,570	13,922	14,560	17,870
Non-financial assets	326,146,060	327,665,074	333,804,834	336,299,609	332,164,837
Total Assets	\$ 473,871,089	\$ 465,261,994	\$ 464,750,188	\$ 458,733,905	\$ 448,863,331
Financial liabilities					
Accounts payable and accrued liabilities	\$ 15,084,790	\$ 14,729,531	\$ 14,762,923	\$ 14,233,548	\$ 16,783,666
Deferred revenue	23,344,225	17,622,554	14,333,537	12,741,996	15,712,879
Employee benefits payable	3,441,497	3,148,700	3,031,984	2,056,764	1,953,987
Liability for contaminated sites	407,600	375,952	367,500	350,000	350,000
Liability for post closure solid waste landfill	130,121	140,902	121,643	129,251	123,588
Long term liabilities	23,696,743	23,925,060	27,981,565	32,263,082	34,906,396
Total Liabilities	\$ 66,104,976	\$ 59,942,699	\$ 60,599,152	\$ 61,774,641	\$ 69,830,516
Accumulated Surplus	\$ 407,766,113	\$ 405,319,295	\$ 404,151,036	\$ 396,959,264	\$ 379,032,815
Consolidated Statement of Change in Net Financial Assets					
Annual surplus	\$ 2,446,818	\$ 1,168,259	\$ 7,191,772	\$ 17,926,449	\$ 27,831,459
Acquisition of tangible capital assets	(16,223,879)	(12,482,561)	(15,756,631)	(21,936,664)	(45,653,216)
Amortization of tangible capital assets	17,497,188	17,922,371	18,350,776	17,438,543	16,195,443
(Gain)/loss on disposal of tangible capital assets	349,527	673,182	(59,073)	(4,255,921)	163,829
Proceeds on disposal of tangible capital assets	167,023	152,736	59,073	4,560,887	28,118
Change in inventory and prepaid expenses	(270,845)	(125,968)	(99,370)	58,383	(44,220)
IFRS Transition adjustment of HHCEC	-	-	-	-	(93,529)
Change in net financial assets	\$ 3,965,832	\$ 7,308,019	\$ 9,686,547	\$ 13,791,677	\$ (1,572,116)
Net Financial Assets, Beginning of Year	\$ 77,654,221	\$ 70,346,202	\$ 60,659,655	\$ 46,867,978	\$ 48,440,094
Net Financial Assets, End of Year	\$ 81,620,053	\$ 77,654,221	\$ 70,346,202	\$ 60,659,655	\$ 46,867,978

5 Year Statistics	2019	2018	2017	2016	2015
Consolidated Statement of Operations					
Revenue					
Property taxes					
- General levy	\$ 50,689,500	\$ 47,322,000	\$ 45,152,000	\$ 42,843,800	\$ 40,841,300
- PIL & Supplementary taxes	2,924,076	2,971,503	2,117,959	2,327,525	2,350,564
User fees	7,412,618	7,433,145	6,985,311	7,097,627	6,732,760
Government transfers - Federal	8,734	131,024	20,925	21,607	51,445
- Federal gas tax	473,313	1,733,232	2,250,682	2,115,904	2,138,369
- Provincial	1,950,197	2,548,490	1,447,539	769,504	1,206,798
- Provincial gas tax	566,422	553,478	436,443	427,339	308,874
- Other Municipalities	1,401,503	619,449	1,818,695	3,726,173	4,330,915
Investment income*	2,176,220	1,920,591	1,783,034	1,624,816	2,148,923
Development Charges	2,526,926	2,339,191	5,088,250	8,697,241	8,553,216
Assets assumed from developers	4,065,621	297,489	1,874,482	2,932,685	14,905,906
Interest from HHCEC	665,049	665,049	665,049	710,432	665,049
Equity income from HHCEC	(42,902)	2,073,249	2,693,525	1,966,275	3,161,582
Other income	6,169,143	5,904,166	5,480,298	9,822,507	5,724,468
Total Revenue	\$ 80,986,420	\$ 76,512,056	\$ 77,814,192	\$ 85,083,435	\$ 93,120,169
Expenses					
Salaries, wages and benefits	\$ 42,383,370	\$ 39,770,233	\$ 37,221,219	\$ 34,751,361	\$ 33,927,760
Materials	6,465,418	5,897,132	5,811,487	6,342,359	5,979,802
Contracted services	10,183,018	9,017,745	7,518,782	6,642,142	7,165,109
Financial expenses	1,105,385	1,165,889	505,809	930,992	925,997
Government transfers	252,686	737,266	479,896	234,427	204,365
Interest on debentures	652,537	833,161	734,451	817,162	890,234
Amortization	17,497,188	17,922,371	18,350,776	17,438,543	16,195,443
Total Expenses	\$ 78,539,602	\$ 75,343,797	\$ 70,622,420	\$ 67,156,986	\$ 65,288,710
Annual Surplus	\$ 2,446,818	\$ 1,168,259	\$ 7,191,772	\$ 17,926,449	\$ 27,831,459
Accumulated Surplus, Beginning of Year	\$ 405,319,295	\$ 404,151,036	\$ 396,959,264	\$ 379,032,815	\$ 351,294,885
IFRS Transition Adjustment					(93,529)
Accumulated Surplus, End of Year	\$ 407,766,113	\$ 405,319,295	\$ 404,151,036	\$ 396,959,264	\$ 379,032,815
*Return on Investment	2.85%	2.76%	2.78%	2.97%	3.55%

5 Year Statistics	2019	2018	2017	2016	2015
Long Term Liabilities					
Debentures	\$ 23,696,743	\$ 23,106,178	\$ 25,616,653	\$ 29,486,869	\$ 33,276,520
Loans payable	-	818,882	1,142,799	1,197,981	1,249,813
Note payable	-	-	1,222,113	1,578,232	380,063
Total Long Term Liabilities	\$ 23,696,743	\$ 23,925,060	\$ 27,981,565	\$ 32,263,082	\$ 34,906,396
Recoverable from (\$)					
Tax levy/Reserves	\$ 7,174,450	\$ 8,074,128	\$ 8,004,300	\$ 9,353,493	\$ 10,676,046
Development charges	16,486,014	14,992,155	17,568,897	20,086,415	22,550,062
User fees	-	818,882	1,142,799	1,197,981	1,249,813
Hydro energy savings	-	-	1,222,113	1,578,232	380,063
Upper tier municipality	36,279	39,895	43,456	46,961	50,412
	\$ 23,696,743	\$ 23,925,060	\$ 27,981,565	\$ 32,263,082	\$ 34,906,396
Recoverable from (%)					
Tax levy/Reserves	30.3%	33.7%	28.6%	29.0%	30.6%
Development charges	69.6%	62.7%	62.8%	62.3%	64.6%
User fees	0.0%	3.4%	4.1%	3.7%	3.6%
Hydro energy savings	0.0%	0.0%	4.4%	4.9%	1.1%
Upper tier municipality	0.2%	0.2%	0.2%	0.1%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Debenture Costs (Net debt)					
Principal	\$ 3,924,068	\$ 3,951,798	\$ 3,866,710	\$ 3,786,200	\$ 3,715,237
Interest	652,537	833,161	734,451	817,162	890,234
	\$ 4,576,605	\$ 4,784,959	\$ 4,601,161	\$ 4,603,362	\$ 4,605,471
Funded From (\$)					
Tax levy/Reserves	\$ 1,953,223	\$ 1,773,763	\$ 1,586,958	\$ 1,590,834	\$ 1,592,542
Development charges	2,623,382	3,011,196	3,014,203	3,012,528	3,012,929
	\$ 4,576,605	\$ 4,784,959	\$ 4,601,161	\$ 4,603,362	\$ 4,605,471
Funded From (%)					
Tax levy/Reserves	42.7%	37.1%	34.5%	34.6%	34.6%
Development charges	57.3%	62.9%	65.5%	65.4%	65.4%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Repayment Limit*	\$ 11,045,350	\$ 10,634,102	\$ 10,057,145	\$ 10,469,093	\$ 9,771,586
Council Debenture Cap**	\$ 5,068,950	\$ 4,732,200	\$ 4,515,200	\$ 4,284,380	\$ 4,084,130

* Annual repayment limit is calculated at 25% of own source revenues, less current year net debt charges

**Council directed debt cap is calculated at 10% of tax levy

5 Year Statistics	2019	2018	2017	2016	2015
Reserves, Reserve Funds					
Reserves	\$ 55,473,764	\$ 50,191,667	\$ 44,189,171	\$ 38,969,150	\$ 29,919,510
Discretionary reserve funds	10,335	10,442	642,500	396,136	442,845
Ending Reserve Balance	\$ 55,484,099	\$ 50,202,109	\$ 44,831,671	\$ 39,365,286	\$ 30,362,355
Obligatory Reserve Funds and Deferred Revenue					
Development Charges	\$ -	\$ -	\$ (1,741,937)	\$ (209,138)	\$ 4,501,385
Parkland	5,940,227	4,943,282	4,748,219	4,373,238	3,387,443
Gas tax	4,219,585	884,069	699,176	1,093,418	1,367,693
Building permit	4,903,656	5,253,688	5,589,600	4,191,766	2,949,168
Ontario St. Reconstruction	-	-	27,860	27,097	26,298
Deferred Federal Grants	345,392	229,012			
Other deferred revenue	7,935,364	6,312,503	5,010,619	3,265,615	3,480,892
Ending Deferred Revenue Balance	\$ 23,344,225	\$ 17,622,554	\$ 14,333,537	\$ 12,741,996	\$ 15,712,879
Interfund Loans					
Development charges	\$ 19,169,607	\$ 14,273,829	\$ 10,160,072	\$ 9,547,428	\$ 1,482,058
Reserves	(19,682,054)	(14,812,080)	(10,724,128)	(10,137,288)	(2,105,099)
Operating fund	512,447	538,251	564,056	589,860	623,041
Net interfund Loans	-	-	-	-	-
Expenditure Analysis					
Total consolidated expenditures per capita	\$1,284	\$1,232	\$1,204	\$1,159	\$1,134
Debt charge per capita	\$75	\$78	\$78	\$79	\$80
Debt charge per household	\$208	\$218	\$220	\$224	\$227
Interest on Debt charges as % of consolidated expenditures	0.8%	1.1%	1.0%	1.2%	1.4%
Revenue Analysis					
Property taxes and user fees as a % of consolidated revenue	75.4%	75.4%	69.7%	61.4%	53.6%
Total grants as a % of consolidated revenue	3.7%	6.5%	5.3%	3.9%	4.0%
Debt charges as a % of consolidated revenue	5.7%	6.3%	5.9%	5.4%	4.9%
Staffing Analysis (as at December 31) ^(Note 1)					
Full time positions	333	321	272	271	266
Part time positions	402	399	437	434	89
Seasonal employees	40	35	43	38	31
Tangible Capital Asset Cost					
Assets, beginning of year	\$ 599,829,298	\$ 605,154,959	\$ 589,702,935	\$ 571,609,960	\$ 527,637,475
Additions	17,552,347	15,786,460	19,145,023	22,689,543	52,537,209
Disposals	(7,524,841)	(21,112,121)	(3,692,999)	(4,596,568)	(8,564,724)
Assets, end of year	\$ 609,856,804	\$ 599,829,298	\$ 605,154,959	\$ 589,702,935	\$ 571,609,960
Tangible Capital Asset Amortization					
Accumulated amortization, beginning of year	\$ 273,199,096	\$ 272,259,029	\$ 254,212,860	\$ 240,313,040	\$ 225,606,381
Annual amortization	17,497,188	17,922,371	18,350,775	17,438,543	16,195,443
Accumulated amortization on disposal	(5,679,823)	(16,982,304)	(304,606)	(3,538,723)	(1,488,784)
Accumulated Amortization, end of year	\$ 285,016,461	\$ 273,199,096	\$ 272,259,029	\$ 254,212,860	\$ 240,313,040
Net Book Value of Tangible Capital Assets	\$ 324,840,343	\$ 326,630,202	\$ 332,895,930	\$ 335,490,075	\$ 331,296,920
Investment in HHCEC					
Promissory note receivable	\$ 16,141,970	\$ 16,141,970	\$ 16,141,970	\$ 16,141,970	\$ 16,141,970
Investment in shares of HHCEC	16,161,663	16,161,663	16,161,663	16,161,663	16,161,663
Retained earnings	13,840,058	15,574,911	15,193,613	14,192,039	13,872,332
	\$ 46,143,691	\$ 47,878,544	\$ 47,497,246	\$ 46,495,672	\$ 46,175,965

5 Year Statistics	2019	2018	2017	2016	2015
Statistics					
Population ^(Note 2)	61,161	61,161	58,672	57,922	57,551
Households ^(Note 3)	22,049	21,975	20,874	20,521	20,283
Residential permits issued	278	319	606	393	488
Non-residential permits issued	285	379	403	380	375
Total paved lane km	891	891	891	891	890
Total unpaved lane km	24	24	24	24	31
Trails total km	25	25	25	25	24
Indoor recreational facility space (m ²)	30,510	30,510	30,510	30,510	30,510
Outdoor recreational facility space (m ²)	14,545	14,545	14,545	14,545	14,545
Taxable Assessment (\$'000s) (non-weighted)					
Residential	\$ 11,128,884	\$ 10,321,749	\$ 9,685,056	\$ 9,032,765	\$ 8,599,726
Multi-Residential	112,332	110,234	104,857	120,028	114,457
Farm/Forests/Pipelines	432,936	404,343	364,855	350,634	354,276
Commercial & Industrial (C/I)	1,697,821	1,484,787	1,383,941	1,292,461	1,225,513
Total Taxable Assessment (\$'000s)	\$ 13,371,973	\$ 12,321,113	\$ 11,538,710	\$ 10,795,888	\$ 10,293,971
Annual assessment growth rate ^(Note 4)	2.8%	0.8%	1.4%	0.8%	1.4%
Ratio of C/I to Total Taxable Assessment	12.7%	12.1%	12.0%	12.0%	11.9%
Annual Taxes on weighted CVA of \$100,000 (residential rate)					
Town portion	\$359	\$364	\$370	\$374	\$374
Region portion	\$284	\$295	308	319	328
Education	\$161	\$170	179	188	195
Total	\$804	\$829	\$857	\$881	\$897

Note 1 - Staffing reported based on MMAH requirements

Note 2 - Population 2018 & 2019 Stats Can source, prior years Halton Region source

Note 3 - Households 2018 & 2019 MPAC source, prior years Halton Region source

Note 4 - Based on unweighted assessment value

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TOWN OF HALTON HILLS

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