

2020 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% increase over 2011)
Median Age	41.3 years 67.9% 15 - 64 years old
Labour Force	35,730
Private Households	22,123 (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. Setting priorities through the development of a Strategic Plan is an integral part of the town's business planning cycle. Developed in 2019 and approved by Council in 2020, the priorities reflect Town Council's commitment to upholding the values and attributes that have made our municipality one of the best places to live.

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 meet 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 Hills 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

2020 AWARDS & HIGHLIGHTS

AL FRESCO IN THE HILLS

In June 2020, the Town of Halton Hills launched Al Fresco in the Hills, an outdoor dining initiative to help local food and drink establishments reduce revenue losses caused by necessary compliance with COVID-19 regulations. The initiative provided eligible establishments the opportunity to set-up a temporary patio on their private property or in the public right-of-way in order to increase dining capacity.

Al Fresco in the Hills received significant take-up by local food and drink establishments with over a dozen businesses participating to-date. As a response to its success, the Town launched Phase Two of Al Fresco in the Hills in October 2020, which allowed temporary patios to remain open and with added warming options such as tents or heaters for the cooler months ahead.



MAYORS' MEGAWATT CHALLENGE AWARDS

The Town received multiple accolades at the 2020 Mayors' Megawatt Challenge Forum for its leadership role in energy consumption and mitigating climate change. In addition to induction into the "10 Percent Club" for its positive contribution to the community's health and well-being by lowering energy use by 10 per cent (since 2018) at the Fire Station District 1, the Town received three additional leadership awards for high performance in buildings (Town Hall, Acton Arena and Community Centre, and Cedervale Community Centre) that have met or surpassed their total energy targets. These awards recognize the Town's ongoing efforts to reduce operational energy consumption and greenhouse gas emissions and align with the goals and climate change targets outlined in the Corporate Energy Management Plan.

DIGITAL MAIN STREET

Downtown businesses are an integral part of any vibrant community but local businesses were hit hard by the pandemic. The Digital Main Street Program was catalyzed to help them adapt – by going digital. Through significant Federal and Provincial investment, grants were offered to municipalities to hire Digital Service Squad Members in order to deliver Digital Main Street Program offerings to their local businesses. Key Digital Main Street offerings include a \$2,500 Digital Transformation Grant and ShopHERE e-commerce incentives to create a new online store.

In August 2020, the Town of Halton Hills received a \$12,500 grant to hire a Digital Service Squad Member from September to December 2020. The Digital Service Squad Member worked alongside Economic Development staff and provided support with grant applications, marketing, and website enhancements to 67 businesses in Town. This initiative resulted in 23 local businesses receiving the Digital Transformation Grant and 30 businesses taking advantage of the ShopHERE e-commerce incentives.

2020 AWARDS & HIGHLIGHTS

PUBLIC ART BANNER PROJECT

'After Nature' by Ingrid Mayrhofer, is a temporary public art banner project consisting of seven designs responding to themes of climate change and at-risk species.

After Nature was the first project the Town undertook under the Public Art Master Plan. Banners were on display in six outdoor locations throughout the Town of Halton Hills. In response to requests from the community, the banner series was re-installed in select locations in the spring of 2021.



NEW VISIT HALTON HILLS TOURISM WEBSITE

In June 2020, the Town of Halton Hills launched a refreshed and updated tourism website, VisitHaltonHills.ca. The website incorporates best practices in destination marketing and provides a seamless user experience for residents and visitors to find information on local businesses, events, and activities. Key features of the new website include a comprehensive tourism business directory and an events calendar. Local business owners and the Tourism Advisory Committee were engaged on this project and their feedback helped shape the new website.

The tourism website has also proven to be a flexible and responsive tool throughout the pandemic by providing information to residents and visitors about outdoor dining, self-guided walking tours, and other outdoor activities. Between June and December 2020, the new tourism website reached 7,800 unique visitors and 23,000 page views. Since its launch, the website has garnered interest from visitors across Canada, The United States, Germany, Denmark, Australia and the United Kingdom.

HILLSVIEW ACTIVE LIVING CENTRES CELEBRATE 25TH ANNIVERSARY

2020 marked the 25th Anniversary of the Hillsvie Active Living Centres in Acton and Georgetown. The event was celebrated online with stories shared by members over the years and on June 19th participants joined Mayor Bonnette and Councillor Inglis on a Mercuri call to share in the story-telling and virtual celebration.

Both locations started in 1995 with a few energetic members who wanted to get seniors in Halton Hills active and engaged. Now 25 years later, they are serving and providing opportunities for thousands of people per year through a variety of programs and services in both Acton and Georgetown.

2020 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.

FCM GRANT FUNDING FOR TOWN HALL

In February 2020, the Town successfully applied for grant funding (\$24,600) through the Federation of Canadian Municipalities Green Municipal Fund for the Town Hall Low-Carbon Design Brief project. The project, completed in 2020, evaluated all possible pathways to achieve a net-zero Town Hall and developed a tailored strategy that staff are now implementing, contributing to the Town's net-zero by 2030 target.

THE ATMOSPHERIC FUND (TAF) GRANT FOR GREEN DEVELOPMENT STANDARDS WORKSHOPS

The Town was awarded a grant of \$25,000 to complete a series of training workshops to support the adoption of Version 3 of the Green Development Standards. By participating in these training workshops, the Town can leverage this knowledge to provide resources for other GTHA municipalities and act as a leader in implementing Green Development Standards across the region.

\$810,000 FOR QUEEN STREET (ACTON) ROADWAY RECONSTRUCTION

Through the Ontario Connecting Links Program, the Town received \$810,000 for the reconstruction of Queen Street, one of the busiest roadways in Acton.

The existing road surface and partial concrete road base will be removed with a complete road excavation, storm sewer repair, curb repair and sidewalk repair.

The project supports pedestrian safety along the roadway and provides active transportation enhancements. The new road is a service improvement for commuters in Acton, and those travelling along Highway 7.



2020 APPROVED FUNDING SOURCES

\$810,000 FOR THE RESURFACING AND REHABILITATION OF THIRD LINE

Through the Canada Gas Tax, the Town will utilize \$810,000 in funding for the resurfacing and rehabilitation of Third Line between the urban limit and 32 Side Road. Resurfacing the road will extend the life cycle of the road and reduce on-going maintenance costs.

This is a joint project with the Region of Halton who is undertaking the installation of a new watermain. The resurfacing of the road supports the Town's efforts to provide a reliable and safe transportation network for its residents by ensuring that road features are in a state of good repair.

\$360,500 FOR ONTARIO STREET RECONSTRUCTION AND BRIDGE REPLACEMENT

The Town received \$360,500 for the design and engineering of a full reconstruction of Ontario Street. The project will include active transportation components to provide a safe and reliable area for pedestrians. The project also includes an analysis of the existing bridge structure and determination of future replacement needs. Reconstruction of the roadway is currently scheduled for 2023 following completion of the design.



\$850,000 FOR ACTIVE TRANSPORTATION INFRASTRUCTURE ON MAPLE AVENUE (GEORGETOWN)

Through the Canada Gas Tax, the Town has allocated \$850,000 in funding for the installation of cycling infrastructure along Maple Avenue. The first phase of the project will see the installation of bike lanes along the roadway from Main Street to Guelph Street as part of the existing roadwork along Maple Avenue. Future phases of the project will extend the active transportation features along Maple Avenue to Trafalgar Road. Enhanced active transportation features along this road will provide safe methods for cyclists and pedestrians to move throughout the community.

A MESSAGE FROM THE TREASURER

The 2020 Consolidated Financial Statements attest to the Town's continued commitment to service and program delivery with a strong financial foundation and ability to remain resilient in the face of the COVID-19 pandemic.



Moya Leighton CPA, CGA, MBA
Town Treasurer and Director of Finance
July 5, 2021

The Town of Halton Hills is pleased to present the 2020 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, 2020 and include the operations of the Town, the Halton Hills Public Library Board, the Acton Business Improvement Area, the Georgetown Central 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.

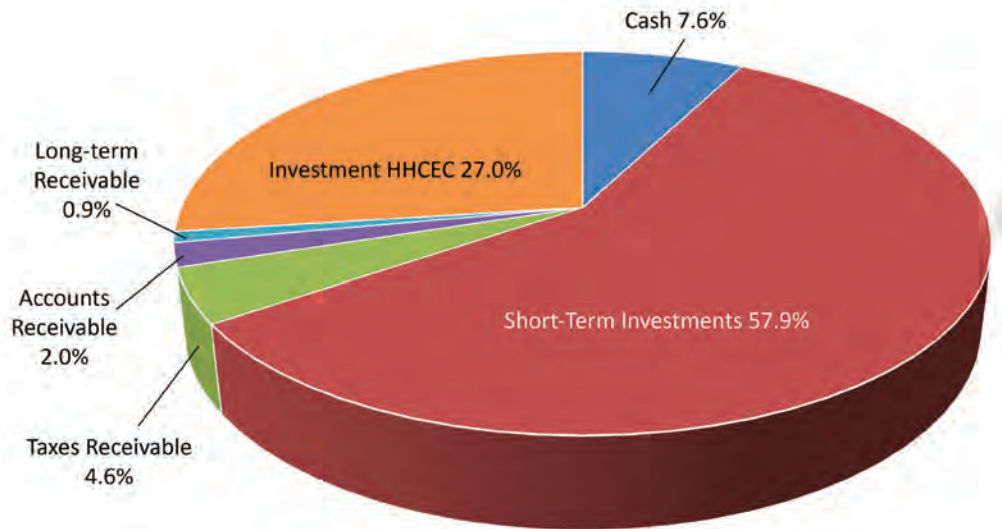
MANAGEMENT DISCUSSION & ANALYSIS

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, 2020, 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 \$3.4M, totaling \$151.1M at the end of 2020. The increase is mainly due to a rise in the cash held at the end of the year in the Scotiabank operating account. The following graph shows the distribution of financial assets:



Cash & Short-Term Investments

Short term investments of \$87.5 have remained consistent with the prior year, while the cash position has increased by \$7.1M since 2019. This increase was driven by:

- The deferral of spending due to the financial uncertainty arising from the COVID-19 pandemic;
- Receipt of \$3.1M related to the first instalment of the promissory note repayment held by the Town with HHCEC;
- Receipt of provincial grant funding related to the COVID-19 Safe Restart Agreement

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 2.63%, which has decreased from the 2019's return of 2.85%. The rate of return on the investment portfolio is lower than the prior year and is driven by the higher cash on hand balance held with Scotiabank at the lower rate of return coupled with the Bank of Canada interest rate drop during the year to 0.25%.

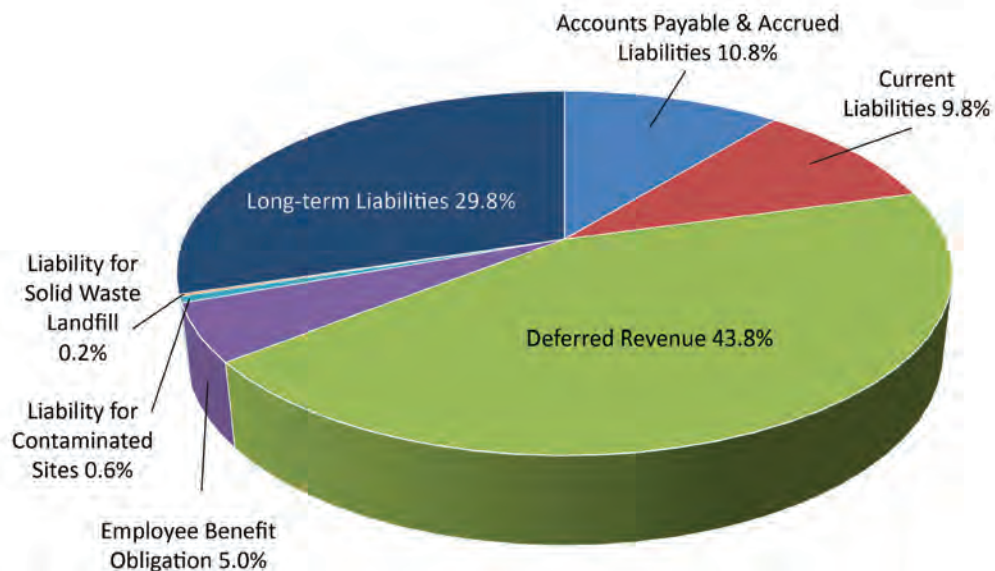
Investment in Halton Hills Community Energy Corporation

The Town's investment in the Halton Hills Community Energy Corporation (HHCEC) amounts to 27% of the total financial assets or \$40.8M. 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 \$71M and have decreased by \$3.4M since 2019, due mainly to a decrease in long-term liabilities, detailed below.

Accounts payable and other current liabilities combined have decreased by \$0.4M to a total of \$14.6M, due mainly to the year over year changes in accrued staff costs. The payroll accrual for 2020 was \$1.2M lower than the prior year's, due to the closer alignment of payroll dates with the calendar year end. This decrease was partially offset by an increase in payables relating to upcoming payments for capital projects and development charges to the Region and school boards. Deferred revenue funds are analyzed in more detail on page 15.



Long-Term Liabilities

Long-term liabilities amount to \$21.2M, falling by \$2.5M since 2019. This reduction is a result of the repayment of debt principal totaling \$4.4M and the addition of \$1.9M in a new debt issuance related to the construction of 22nd Sideroad. The Town’s debentures include \$20.1M payable to the Regional Municipality of Halton and \$1.1M payable to 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 further limitations on debt levels through the Corporate Debt Management Policy in 2019. This policy limits annual debt carrying costs to a maximum of 10% of the annual tax levy. For 2020, the Town’s debt carrying costs were 9.4% of the annual tax levy and therefore within the Council imposed debt target.

2020 Debt Repayments to Annual Tax Levy			
Debt Carrying Cost	2020 Tax Levy	2020 Town Debt Limit	Council Imposed Debt Limit
\$ 5,024,426	\$ 53,557,300	9.4%	10%

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 as outlined in the Long Range Financial Plan. For 2020, this indicator remains in the moderate risk category at 6.7%.

Flexibility Indicator #5	Range	Actuals							
		2020	Level of Challenge	2019	Level of Challenge	2018	Level of Challenge	2017	Level of Challenge
Debt Servicing Cost as a % of Total Revenues (Less Donated TCAs)	Low: < 5% Mod: 5% to 10% High: > 10%	6.7%	Mod	6.4%	Mod	6.1%	Mod	5.9%	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 transferred into revenue in the fiscal period that they are expended. It is the largest contributor to the Town’s liabilities with a total of \$31.1M, and consist of the following balances:

2020 DEFERRED REVENUE		
	\$000's	%
Restricted Deferred Revenue	8,830	28%
Development Charges	6,986	22%
Parkland Cash In Lieu	6,576	21%
Building Stabilization Fund	5,187	17%
General Deferred Revenue	3,503	11%
	<u>31,081</u>	<u>100%</u>

Restricted deferred revenues of \$8.8M include unrecognized federal gas tax of \$4.5M which is consistent with the prior year’s balance. It also includes funds which are held by the Town for the on-going maintenance of assumed sub-divisions, and deferred government grants.

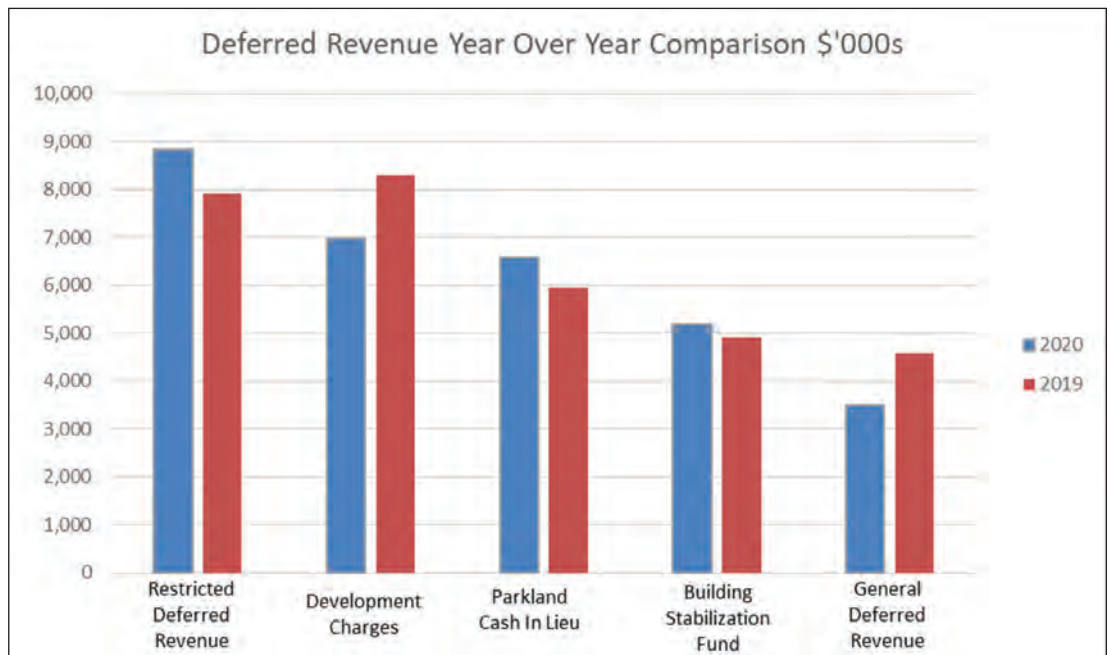
Development charges (DC) contribute significantly to the deferred revenue balance. Positive balances in the transportation, storm water management and administration services funds total \$6.9M at the end of 2020. In addition to the positive balance of the DC funds, the Town also has a number of DC funds where there has been the need to interim fund a \$19.6M shortfall in DC recoveries from Town reserves. The Town introduced a new methodology for reporting and tracking interfund loans during 2020 and this resulted in the need to restate \$8.2M of deferred revenues for the 2019 fiscal year.

The Parkland Cash in Lieu fund is also included within deferred revenues and totals \$6.6M at the end of 2020. The purpose of this fund is to finance the acquisition of land for parks or recreational purpose, and the development and redevelopment of land, parks and recreational facilities.

The Town also has a Building Stabilization fund within the deferred revenue line which amounted to \$5.2M at the end of 2020. As permitted under the Building Code Act, the purpose of this fund is to address fluctuations in year-to-year service volumes. This fund is used to defer revenues received in advance of work being performed.

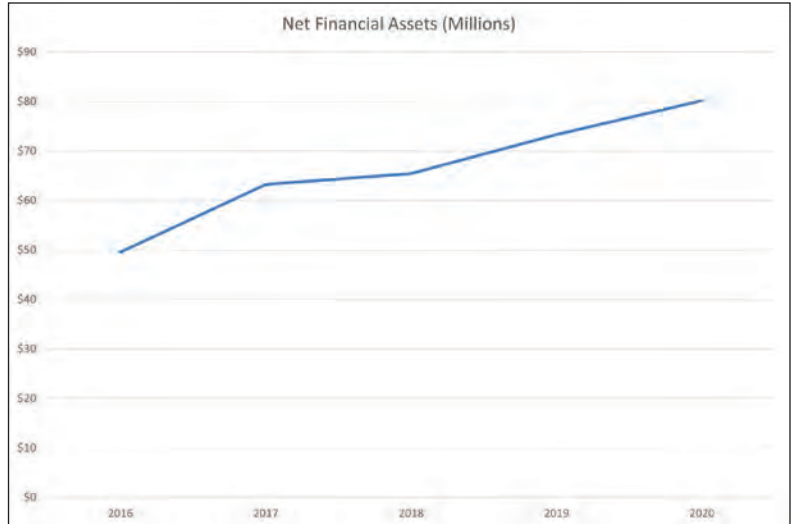
In addition to the restricted and obligatory funds outlined above, the deferred revenue line also includes \$3.5M of general deferred revenues such as Ontario Community Infrastructure Fund (OCIF), development agreements and applications, and Region revenues related to the fire station on Maple Avenue.

The following graph shows the year over year comparison of the change in composition of deferred revenue on the Statement of Financial Position.



NET FINANCIAL ASSETS

The Town is in a net financial asset position of \$80.2M which has increased by \$6.8M since 2019. This indicates there is an increase in resources available for the future. Higher cash balances and investments related primarily to the receipt of the first installment of the hydro promissory note and deferrals of capital expenditures due to the uncertainty of the current COVID-19 pandemic have contributed to this increase. The following chart shows the increase since 2016 in the Town’s net financial assets value:

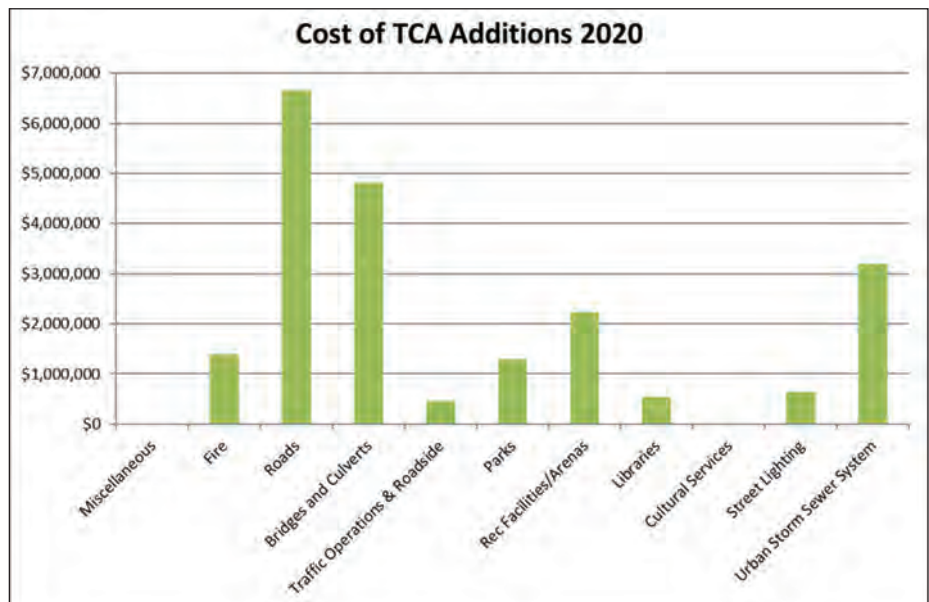


NON-FINANCIAL ASSETS

Non-financial assets primarily consist of net tangible capital assets. Tangible capital assets (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 TCAs’ 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.

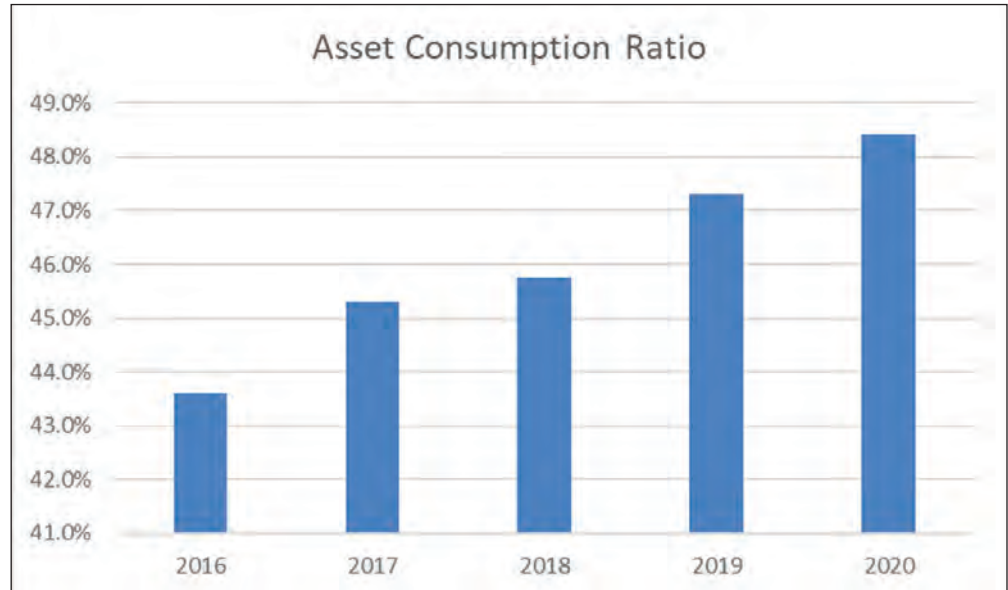
In 2020, the Town added over \$21.2M in tangible capital assets including \$6.6M for upgrading road infrastructure assets through the regular pavement management program and the reconstruction of Armstrong Ave. An additional \$4.8M was spent to upgrade and rehabilitate bridges, with the most significant investment made on work for new parapet walls, concrete sidewalk and asphalt on the Main St N bridge. Improvements and assumptions related to the storm sewer systems, totaling \$3.1M occurred in 2020. A further \$2.2M was used for a roof replacement, new generator and cooling tower at Town Hall, and for design and renovations at the Acton Youth Centre. Other notable investments in tangible capital assets were \$1.3M for the purchase of a fire tank pumper, and \$1.2M to improve various community parks and trails, including the playground at the Gellert Community Centre, Glen Williams Park, and Maple Creek Parkette Trail.

The following graph shows the distribution of the 2020 tangible capital assets by cost over the different asset groups:



Investment in capital assets can be measured through different ratios and indicators; one such measure is the asset consumption ratio which 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; the higher the ratio, the faster the assets are being used. At the end of 2020, the Town's asset consumption ratio had increased to 48.4%.

The gradual historical increase in this ratio is attributable to a number of factors, including fewer large scale construction projects, and lower rates of new asset assumptions from developers. In 2020 this was further impacted by the deferral of capital projects due to the financial uncertainty of the COVID-19 pandemic. The following graph depicts the asset consumption ratio which shows an increasing trend over the last 5 years (right):



ACCUMULATED SURPLUS

In addition to the Town's reserves, the accumulated surplus also includes unspent capital project funds, 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 Town's reserves total \$43M (reserves of \$62.6M less DC interfund loans of \$19.6M) at the end of 2020. This represents an increase of \$6.7M in the past 12 months and can be attributed to the receipt of the hydro promissory note and receipt of funds from the sale of a land parcel.

Most notably the accumulated surplus shows a decline in the Town's equity in Halton Hills Community Energy of \$5.3M which was driven by a few factors: the repayment of \$3.1M to the Town related to a promissory note, lower earnings from hydro and a draw down on retained earnings to pay the shareholder dividend.

A new item for 2020 is the reporting of \$750K as a future recovery from Kiwanis user groups. This represents the debt costs recoverable from community user groups, incurred when the Town entered into a joint partnership agreement with the Halton District School Board for the capital construction of the Kiwanis playing field.

The change in accounting policy related to the recognition of development charges resulted in a retroactive restatement of \$8.2M to the accumulated surplus in 2019. Previously, development charges were recognized in revenue when qualifying expenses were incurred, as long as development charges as a whole were positive. Management has determined that it is appropriate to recognize development charge revenue only when each individual development charge reserve fund is positive and qualifying expenses have been incurred.

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

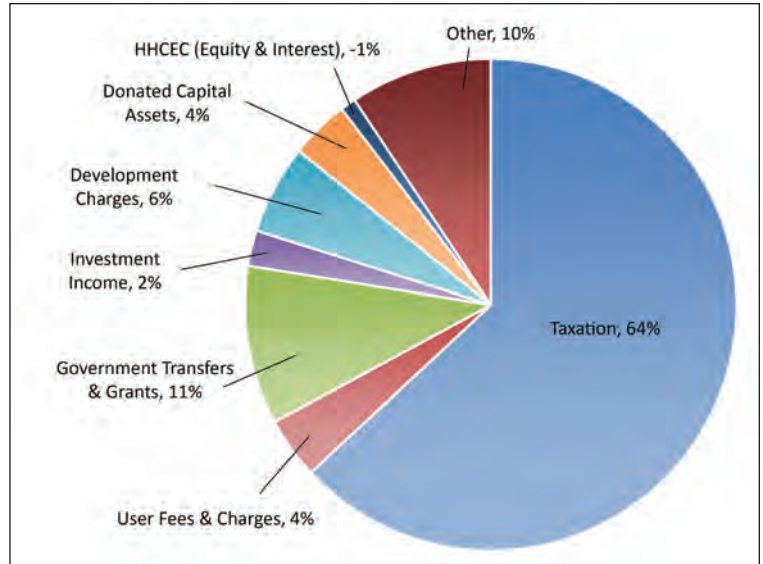
The Town compiles its annual operating and capital budgets in accordance with the Municipal Act. For the purposes of Financial Statement preparation in accordance with the Public Sector Accounting Board (PSAB) requirements, there are differences between the reported numbers. In order to ensure comparability 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	\$ 1,043,564
Transfer unused contract carry forward to general surplus	<u>(260,805)</u>
Adjusted Operating Budget Surplus	\$ 782,759
Remove funding from surplus (prior year general surplus)	(67,876)
Increase surplus by reversal of non-PSAB eligible expenditures	
<i>Debt principal repayment</i>	4,431,034
<i>Net transfers to/(from) reserves</i>	13,996,216
Add other revenues (external to operating budget)	
<i>Non reserve revenues that fund the capital budget</i>	6,735,500
<i>Assumed assets</i>	3,455,911
<i>Investment income allocated directly to reserves</i>	825,124
<i>Miscellaneous recoveries allocated to reserves</i>	282,985
<i>Gain on disposal of assets</i>	3,068,910
Add other expenses (external to operating budget)	
<i>Contaminated sites</i>	(2,853)
<i>Decrease liability for post closure landfill</i>	6,317
<i>Amortization</i>	(17,612,409)
<i>Capital expenses not considered Tangible Capital Assets</i>	(3,418,222)
<i>Post employment benefits</i>	(175,623)
<i>Recovery from Kiwanis user groups</i>	(67,796)
Consolidate net income /(loss) of other entities	
<i>BIAs</i>	19,942
<i>HHCEC</i>	(2,159,179)
PSAB Annual Surplus	<u>\$ 10,100,740</u>
<i>(Reported in the Financial Statements)</i>	

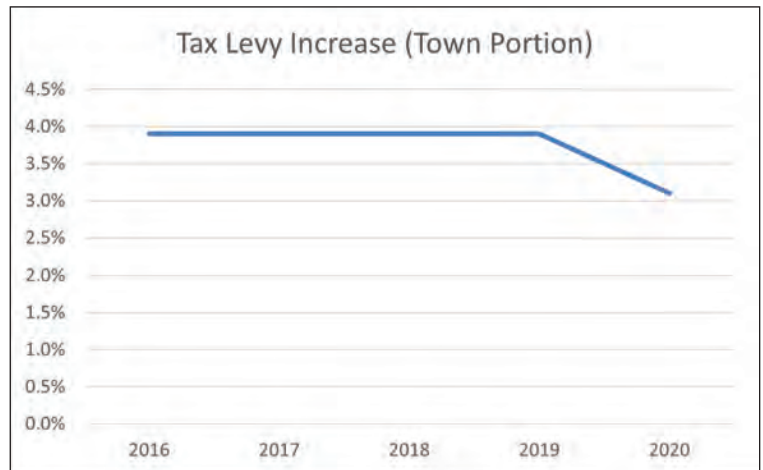
REVENUES

Revenues have increased by \$6M since 2019 driven mainly by the annual taxation increase and government transfers. The following chart illustrates the percentage breakdown of all 2020 revenues (right):



Taxation

Council approved a 3.1% general levy tax increase for 2020 which represented a 0.8% reduction from the 3.9% increase in 2019. This tax increase allows the Town to balance financial stewardship with the delivery of Town services in an effective, efficient and economical manner. The following table illustrates the Town’s rate increases in the past 5 years (right):



User Fees and Charges

Revenues from user fees decreased by \$3.8M in 2020 due to the impacts of COVID-19 closures and restrictions. There were reductions in program and membership fees as most programs were cancelled or considerably reduced during 2020. Facility, ice and park rentals were also significantly reduced due to public health restrictions. Cemetery fees were the only user fee that increased in 2020. The following table provides a breakdown of the various fees included in the reported user fee revenue line (right):

	2020	2019	Difference
Activan	\$120,935	\$258,662	(\$137,727)
Aquafit/Lifesaving	17,122	132,075	(114,953)
Arena Floor Rental	20,885	104,733	(83,848)
Business Licenses	96,165	115,009	(18,844)
Cemetery Fees	292,535	255,312	37,223
Facility Rentals	258,882	386,384	(127,502)
General Admission	69,659	136,109	(66,450)
General Registration	196,022	1,232,789	(1,036,767)
Ice Rental	970,017	2,185,179	(1,215,162)
Memberships	19,032	89,145	(70,113)
Park Rental	148,096	317,808	(169,712)
Planning Fees	889,733	1,107,112	(217,379)
Tax Certificates & Information	167,469	294,536	(127,067)
Miscellaneous User Fees	324,904	797,765	(472,861)
	<u>\$3,591,456</u>	<u>\$7,412,618</u>	<u>(\$3,821,162)</u>

Development Charges

In 2020, \$5.2M of Development Charges were recognized as revenue, which represents an increase over 2019 (\$2.5M). Recognition of revenue from development charges is used to fund the repayment of debentures and to finance capital and non-capital projects.

Government Transfers & Grants

Transfers from upper levels of government are a significant source of revenue for the Town. In 2020, government transfers totaled \$9.2M (11% of revenues).

In 2020, the Town received COVID-19 pandemic relief funding from the Federal/Provincial Safe Restart grants. \$71,987 was received to offset transit pressures, however due to significant savings, this grant was not required. A further \$1,334,000 was received to offset general municipal operations related to COVID-19, of which \$1,310,989 was recognized as revenue in 2020.

The federal gas tax funds recognized as revenue was \$1.7M, which is significantly higher than the funding reported in the prior year due to the timing of expenditure outlays for large construction projects. Funds received under the federal gas tax agreement are deferred and recognized as revenue when qualifying capital projects are completed. Upon completion of the construction works, funding is provided to the capital project to cover the costs incurred.

Provincial funding recognized as revenue increased by \$2.6M to \$5.1M in 2020. Grants received from the provincial government included \$1.5M for Ontario Connecting Links program, \$1.3M from the Ontario Community Infrastructure Fund (OCIF) which were used for capital asset construction, \$1.3M as Safe Restart funding, and \$577K in dedicated gas tax funding.

Transfers from other municipalities increased by \$975K mainly due to recoveries from the Region of Halton for various capital projects.

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. The Town assumed new tangible capital assets from developers in 2020 such as roads, sidewalks, storm water management ponds and streetlights, which resulted in the addition of over \$3.4M to the Town's capital asset inventory. The following tables provide details of the 2020 asset assumptions:

Contributed Assets	2020	2019
Paved Roads & Sidewalks	\$ 1,839,043	\$ 2,814,653
Land	-	234,992
Street Lighting	160,000	195,875
Storm Water Management Pond	1,269,668	328,046
Other	187,200	492,055
	<u>\$ 3,455,911</u>	<u>\$ 4,065,621</u>

2020		
Type of Assumption	Developer	\$
Sub-division 20M-1155 Upper Canada Court	Menkes Developments	3,455,911
		<u>\$3,455,911</u>

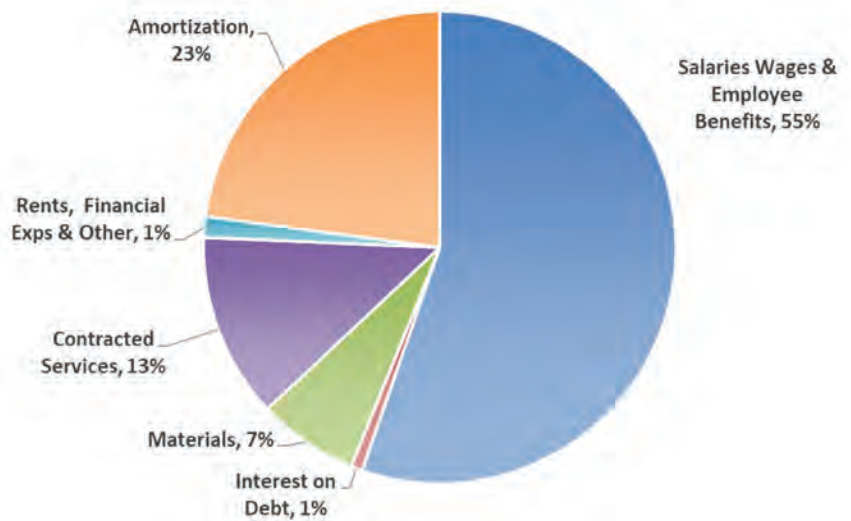
EXPENSES

Expenses have decreased by \$1.6M, due to the impact of COVID-19 pandemic and the resulting changes to operations. The following table shows the percentage split of total expenses (right):

Salaries, Wages & Employee Benefits

Total labour costs increased by 0.4% over 2019. There were 6.0 full-time equivalent positions added in 2020 and 6.0 full-time equivalent positions were converted from temporary to permanent positions as part of the budget approval. A cost of living increase for non-union positions as well as contract increases for unionized positions increased salaries and wages in 2020. With the onset of the pandemic however, cost mitigation measures including the temporary lay-off of employees in non-essential services and staffing vacancies reduced overall staffing costs in 2020.

2020 Expenses % Breakdown



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 2020, the amortization expense marginally increased by \$115K.

Materials

Material costs decreased by 18% in 2020 to \$5.3M. The closure of facilities and parks and cancellation or reduction in programs as a result of public health and safety measures significantly reduced the need for material purchases. As staff worked from home and switched to an on-line environment there was a further reduction in materials consumption.

Contracted Services

Contracted services decreased by 4.4% (\$448K) when compared with the prior year. The reduction in contracted services is also attributed to the impacts of COVID-19 and closure of facilities, reduced programming and event offerings. With the switch to offering more services online, there was an increase in subscription-based costs, which partially reduced the savings realized from operations.

ANNUAL SURPLUS

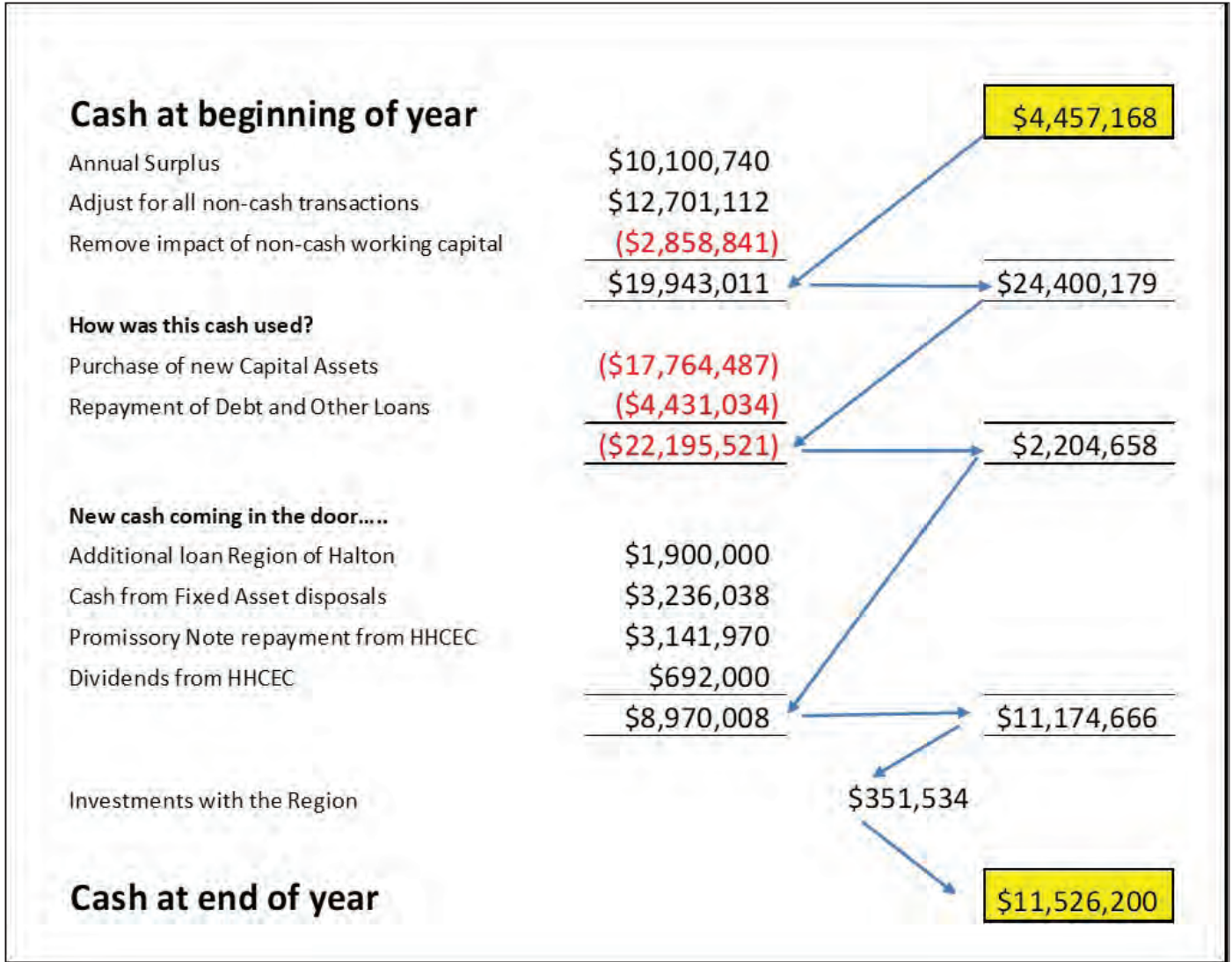
An annual surplus of \$10.1M is being reported for 2020, which increases the Town's accumulated surplus to \$409.6M

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 cash and short-term investments. These are partially offset by increases in deferred revenues, resulting in an overall increase of \$6.8M in net financial assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows shows how the Town used its cash in 2020. 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 \$19.9M from operations. Of the total \$24.4M available in cash, \$22.2M was used to buy new capital assets and repay debt and loans. Additional monies of \$0.6M were received in the form of dividends from Halton Hills Community Energy Corporation, \$3.1M was received as promissory note repayment by HHCEC, and \$3.2M was received in cash proceeds from disposal of fixed assets. A further \$1.9M was provided in the form of a new debenture from the Region of Halton to cover the upfront cost of construction of 22nd Sideroad between Highway 7 and Limehouse. In order to ensure sufficient working capital on-hand, \$3M of monies invested with the Region were withdrawn in January 2020 and a total of \$2.7M in interest was earned in 2020. This resulted in a net cash outflow from the Region of \$0.3M and increased the balance in the Scotiabank operating account to \$11.5M by the end of December 2020. The following table shows the movements of the Town's cash inflows and outflows throughout 2020:



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 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

In recent years the Town has consistently focused on long-range financial planning and the need to be able to adapt quickly to changing conditions. Through the careful re-investment of available funds into reserves, a solid debt management approach and the implementation of a comprehensive COVID-19 cost reduction and mitigation plan, combined with the timely financial support provided through the Federal/Provincial Safe Restart Agreement, the Town was able to end 2020 in a strong financial position.



Moya Leighton CPA, CGA, MBA
Town Treasurer and Director of Finance
July 5, 2021

2021 AND BEYOND

COVID-19 Pandemic

The COVID-19 pandemic has had a significant impact across the Town of Halton Hills during 2020 and this is expected to continue into 2021. With the rollout of vaccines, concerns surrounding COVID-19 variants and a third wave of rising cases, the situation is constantly evolving. Responding to these changes quickly and efficiently continues to be a priority for the Town.

The COVID-19 pandemic placed unforeseen fiscal demands on the Town requiring investments in facilities and equipment and unanticipated expenses as changes were implemented to the Town's operations. COVID-19 has challenged the municipality to work in different ways, employ new technology and deliver programs, where possible, in a virtual environment. The 2021 budget meets critical long range financial targets (based on the municipality's current size) and prioritizes projects that support health and safety, maintenance of assets and plans and completion of studies necessary to advance projects that are key to future development.

2021 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 2021 municipal tax levy increase is 3.9% (net of assessment growth) and is consistent with the Town's Long Range Financial Plan. 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.

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 the process 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 taxpayers.

FINANCE TEAM

The Town's Finance 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 Finance team also reports periodically to Council on various financial aspects such as reserve balances, and performance against budget.

Annually, the Finance 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 Finance 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 Finance 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 judgment. 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 General Committee of Council 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 Finance
July 5, 2021

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2020 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, 2020
- 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, 2020, 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, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. 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 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 5, 2021

THE CORPORATION OF THE TOWN OF HALTON HILLS**Consolidated Statement of Financial Position**

As at December 31, 2020, with comparative information for 2019

	2020	2019 (Restated-Note 2)
Financial assets		
Cash	\$ 11,526,200	\$ 4,457,168
Short-term investments (Note 3)	87,474,125	87,825,659
Taxes receivable (Note 4)	6,903,045	5,282,666
Accounts receivable	3,019,315	2,562,137
Long-term receivables (Note 5)	1,412,304	1,437,926
Note Receivable from HHCEC (Note 6a)	13,000,000	16,141,970
Investment in HHCEC (Note 6d)	27,842,542	30,001,721
Inventory for resale	10,994	15,782
	151,188,525	147,725,029
Financial Liabilities		
Accounts payable and accrued liabilities (Note 8)	7,703,646	7,484,677
Other current liabilities	6,941,125	7,600,113
Deferred revenue (Note 9)	31,081,443	31,633,419
Employee benefits obligation (Note 10)	3,591,306	3,441,497
Liability for contaminated sites (Note 11)	410,453	407,600
Liability for post closure solid waste landfill (Note 12)	123,804	130,121
Long-term liabilities (Note 13)	21,165,709	23,696,743
	71,017,486	74,394,170
Net financial assets	80,171,039	73,330,859
Non-financial assets		
Tangible capital assets - net (Note 14)	328,281,204	324,840,343
Prepaid expenses and internal inventory	1,125,416	1,305,717
	329,406,620	326,146,060
Accumulated surplus (Note 15)	\$ 409,577,659	\$ 399,476,919
Contingent liabilities (Note 16)		
Lease commitments (Note 17)		
Impact of COVID-19 (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, 2020, with comparative information for 2019

	Budget (Note 22)	2020	2019 (Restated-Note 2)
Annual surplus	\$ 5,438,376	\$ 10,100,740	\$ 2,446,818
Acquisition of tangible capital assets	(17,946,400)	(21,220,398)	(16,223,879)
Amortization of tangible capital assets	17,922,700	17,612,409	17,497,188
(Gain) / Loss on disposal of tangible capital assets	-	(3,068,910)	349,527
Proceeds on sale of tangible capital assets	-	3,236,038	167,023
Change in prepaid expenses and inventory	-	180,301	(270,845)
Change in net financial assets	5,414,676	6,840,180	3,965,832
Net financial assets, beginning of year, as restated (Note 2)	73,330,859	73,330,859	69,365,027
Net financial assets, end of year	\$ 78,745,535	\$ 80,171,039	\$ 73,330,859

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, 2020, with comparative information for 2019

	Budget (Note 22)	2020	2019 (Restated-Note 2)
Revenues			
Taxation	\$ 55,574,920	\$ 56,001,995	\$ 53,613,576
User fees and charges	10,204,793	3,591,456	7,412,618
Government transfers			
Federal (Note 18)	1,856,400	1,791,596	482,047
Provincial (Note 18)	5,599,147	5,078,922	2,516,619
Other municipalities	723,100	2,376,900	1,401,503
Investment income	1,155,000	2,076,930	2,176,220
Development charges (Note 9)	7,666,713	5,226,869	2,526,926
Donated tangible capital assets (Note 14a)	-	3,455,911	4,065,621
Donations	500	255,360	216,677
Interest from HHCEC (Note 6)	600,300	567,962	665,049
Equity income/ (loss) from HHCEC (Note 6)	692,000	(1,467,179)	(42,902)
Other	6,377,006	8,052,707	5,952,466
	90,449,879	87,009,429	80,986,420
Expenses			
General government	13,307,100	12,797,154	11,244,229
Protection services	9,689,155	13,562,500	13,930,717
Transportation services	28,639,860	23,648,170	23,926,909
Environmental services	3,661,359	2,045,593	1,403,013
Health services	525,402	357,591	343,013
Social and family services	801,933	745,421	919,067
Recreation and cultural services	24,968,474	19,533,516	21,144,920
Planning and development	3,418,220	4,218,744	5,627,734
	85,011,503	76,908,689	78,539,602
Annual Surplus	5,438,376	10,100,740	2,446,818
Accumulated surplus, beginning of year, as previously reported	399,476,919	399,476,919	405,319,295
Change in accounting policy (Note 2)			(8,289,194)
Accumulated surplus, beginning of year, as restated (Note 2)	399,476,919	399,476,919	397,030,101
Accumulated surplus, end of year (Note 15)	\$404,915,295	\$409,577,659	\$ 399,476,919

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, 2020, with comparative information for 2019

	2020	2019
Operating Activities		
Annual Surplus	\$ 10,100,740	\$ 2,446,818
Items not affecting cash:		
(Gain)/Loss on disposal of tangible capital assets	(3,068,910)	349,527
Amortization of tangible capital assets	17,612,409	17,497,188
Donated tangible capital assets	(3,455,911)	(4,065,621)
Change in employee benefit obligation	149,809	292,797
Change in liability for contaminated sites	2,853	31,648
Change in liability for post closure solid waste landfill	(6,317)	(10,781)
Equity loss from HHCEC	1,467,179	42,902
Changes in non-cash working capital:		
Taxes receivable	(1,620,379)	142,208
Accounts receivable	(457,178)	(848,797)
Long-term receivables	25,622	385,216
Prepaid expenses and inventory	180,301	(270,845)
Accounts payable and accrued liabilities	218,969	910,203
Other current liabilities	(658,988)	(554,944)
Deferred revenue	(551,976)	5,721,671
Inventory	4,788	(212)
Net change in cash from operations	19,943,011	22,068,978
Capital Activities		
Acquisition of tangible capital assets	(17,764,487)	(12,158,258)
Proceeds on sale of tangible capital assets	3,236,038	167,023
Net change in cash from capital activities	(14,528,449)	(11,991,235)
Investing Activities		
(Acquisition) redemption of investments	3,493,504	(11,422,951)
Dividends from HHCEC	692,000	1,691,951
Net change in cash from investing activities	4,185,504	(9,731,000)
Financing Activities		
Long-term debt issued	1,900,000	4,518,250
Long-term debt repaid	(4,431,034)	(4,746,567)
Net change in cash from financing activities	(2,531,034)	(228,317)
Net change in cash activities	7,069,032	118,426
Cash, beginning of year	4,457,168	4,338,742
Cash, end of year	\$ 11,526,200	\$ 4,457,168

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, 2020

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, 2020

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, 2020

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, 2020

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 and health and dental benefits

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, 2020

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, 2020

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. Change in accounting policy

In 2020 management of the Town implemented a new accounting policy for recognizing development charges. Previously, development charges were recognized in revenue when qualifying expenses were incurred, as long as development charges as a whole were positive. Management has determined that it is appropriate to recognize development charge revenue only when each individual development charge reserve fund is positive and qualifying expenses have been incurred. This change in accounting policy has been applied retroactively. This has resulted in an increase in deferred revenue of \$8,289,194 (2019 - \$8,289,194) and a decrease in accumulated surplus at January 1, 2019 of \$8,289,194. There was no impact on the annual surplus for 2019 as a result of the change in accounting policy. The comparative figures have been restated to reflect this change.

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 \$87,474,125 (2019 - \$87,825,659) invested in the fund as at December 31, 2020. The market value of the investment is \$90,697,545 (2019 - \$88,344,000). During 2020, the invested funds earned a realized year-to-date rate of return, net of fees, of 3.09%.

4. Taxes Receivable

Included in taxes receivable of \$6,903,045 (2019 - \$5,282,666) as reported on the Consolidated Statement of Financial Position as at December 31, 2020, are taxes owing from 5 (2019 - 10) properties in the amount of \$147,070 (2019 - \$245,135), 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. As part of the provincial emergency order that was effective March 16, 2020 and expired on September 11, 2020, the tax sales process for the Town was put on hold.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

5. Long-term Receivables

	<u>2020</u>	<u>2019</u>
Halton Hills Gymnastic Centre Loan	\$ 161,442	\$ 161,442
Acton Town Hall	199,955	207,651
Georgetown Soccer Club	790,396	790,396
Halton Hills Minor Football Association	225,859	231,381
Other long-term receivables	34,652	47,056
	<u>\$ 1,412,304</u>	<u>\$ 1,437,926</u>

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 1.70% (2019 – 2.13%). The loan amount is not to exceed \$324,000 and matures March 31, 2025. All loan payments for 2020 were deferred due to the impact of the COVID-19 pandemic on the operations of Halton Hills Gymnastic Centre. The term of the loan has been extended to 2025 to cover for the 2020 deferral.

Acton Town Hall

The loan is repayable monthly in the amount of \$1,923 plus interest based on the Bank of Canada prime business rate in effect on December 31 of the previous year which was 1.76% (2019 – 2.18%). The loan matures on December 3, 2028. The principal portion of the loan repayment was deferred between May to December 2020 due to the impact of the COVID-19 pandemic. The term of the loan has been extended to 2029 to cover for the 2020 deferral.

Georgetown Soccer Club Loan

The loan is repayable annually in the amount of \$102,600 and matures in 2031. It carries an effective interest rate of 6.5%. All payments for 2020 have been deferred by one year due to the impact of COVID-19 on the operations of the Georgetown Soccer Club. The term of the loan has been extended to 2031 to cover for the 2020 deferral.

Halton Hills Minor Football Association Loan

The loan is repayable annually in the amount of \$30,000 and matures in 2031. It carries an effective interest rate of 6.5%. All payments for 2020 have been deferred by one year due to the impact of COVID-19 on the operations of Halton Hills Minor Football Association. The term of the loan has been extended to 2031 to cover for the 2020 deferral.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

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, 2020 to December 31, 2020 (2019 - 4.12%). Interest received during the year with respect to the promissory note is \$567,962 (2019 - \$665,049). On December 31, 2019 the Town agreed to a change in the repayment schedule of the note with repayments that commenced in 2020 and a maturity date of no later than April 1, 2025.

Principal Payments on the note payable	
2021	2,800,000
2022	2,800,000
2023	2,800,000
2024	2,800,000
2025	1,800,000
Total	\$ 13,000,000

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 (2019 – 1.57%). Quarterly interest and principal repayments are scheduled up to January 1, 2029 with an outstanding balance of \$241,399 as at December 31, 2020 (2019 - \$268,597).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

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 \$815,635 as at December 31, 2020 (2019 - \$1,136,402).

(d) Investment in government business enterprise

The investment balance in HHCEC at December 31, 2020 is as follows:

	<u>2020</u>	<u>2019</u>
Investment in HHCEC at January 1, 2020	\$ 30,001,721	\$ 31,736,574
Equity change in earnings	(1,467,179)	(42,902)
Dividends on common shares	(692,000)	(1,691,951)
Investment in HHCEC at December 31, 2020	\$ 27,842,542	\$ 30,001,721

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

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, 2020:

Financial Position	2020	2019
Assets		
Current	\$ 17,219,573	\$ 18,750,377
Capital	110,902,250	108,302,229
Other	14,312,467	13,792,971
Total Assets	\$ 142,434,290	\$ 140,845,577
Liabilities		
Current	\$ 22,090,711	\$ 24,606,100
Promissory note payable to Town of Halton Hills	13,000,000	16,141,970
Other	79,501,037	70,095,786
Total Liabilities	\$ 114,591,748	\$ 110,843,856
Equity		
Share capital	\$ 16,161,663	\$ 16,161,663
Retained earnings	12,003,484	14,064,405
Accumulated other comprehensive income/(loss)	(322,605)	(224,347)
Total equity	\$ 27,842,542	\$ 30,001,721
Total liabilities and equity and regulatory balances	\$ 142,434,290	\$ 140,845,577
Financial Activities		
Revenue	\$ 89,826,734	\$ 76,999,525
Expenses	91,645,289	76,112,034
Net movement in regulatory balances	(449,634)	930,393
Net income & net movement in regulatory balances	\$ (1,368,921)	\$ (42,902)
Other comprehensive income	(98,258)	-
Total comprehensive income/(loss)	\$ (1,467,179)	\$ (42,902)
Equity income/(loss) from HHCEC	\$ (1,467,179)	\$ (42,902)
Retained earnings, beginning of year	\$ 14,064,405	\$ 15,799,258
Net income & net movement in regulatory balances	(1,368,921)	(42,902)
Dividends on common shares	(692,000)	(1,691,951)
Retained earnings, end of year	\$ 12,003,484	\$ 14,064,405
Accumulated other comprehensive income/(loss), beginning of year	\$ (224,347)	\$ (224,347)
Other comprehensive income	(98,258)	-
Accumulated other comprehensive income/(loss), end of year	\$ (322,605)	\$ (224,347)
Town of Halton Hills' investment in HHCEC represented by:		
Promissory note receivable	\$ 13,000,000	\$ 16,141,970
Investment in shares of HHCEC	16,161,663	16,161,663
Accumulated other comprehensive income/(loss)	(322,605)	(224,347)
HHCEC retained earnings	12,003,484	14,064,405
Investment in HHCEC	\$ 27,842,542	\$ 30,001,721
Total investment in HHCEC	\$ 40,842,542	\$ 46,143,691

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

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, 2020:

	<u>2020</u>	<u>2019</u>
<u>Transactions</u>		
Revenue		
Property taxes	165,015	139,899
Interest on promissory notes	567,962	665,049
Expenses		
Energy purchases (at commercial rates)	844,541	1,556,678
Distribution expenses	259,844	299,166
Street light maintenance and other	796,838	795,448
Dividends Received	692,000	1,691,951
Amounts due to the Town		
Promissory note	13,000,000	16,141,970
Amounts due to related party		
Accounts payable and accrued liabilities	390,962	593,832
Loan payable to SWE* (Geothermal)	241,399	268,597
Loan payable to SWE (LED Parking Lot & Streetlights)	815,635	1,136,402
*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%. These credit facilities were not utilized by the Town during 2020.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

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>2020</u>	<u>2019</u>
Trade Accounts Payable	\$ 6,117,025	\$ 6,337,053
Payables to Other Governments	1,078,931	668,974
Accrued Liabilities	507,690	478,650
	<u>7,703,646</u>	<u>7,484,677</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-19</u>	<u>Receipts</u>	<u>Revenue</u> <u>Recognized</u>	<u>Balance at</u> <u>31-Dec-20</u>
Development charges	\$ 8,289,194	\$ 3,923,545	\$ (5,226,869)	\$ 6,985,870
Parkland	5,940,227	653,432	(17,597)	6,576,062
Building Code Act, 1992	4,903,657	1,048,622	(765,594)	5,186,685
Gas tax - Federal	4,219,585	1,983,474	(1,729,345)	4,473,714
Deferred Government Grants	345,392	1,986,860	(1,423,593)	908,659
Transportation Maintenance	2,931,375	80,154	-	3,011,529
Gateway Feature	174,844	4,781	-	179,625
Private Traffic Signal Maintenance	249,467	6,821	-	256,288
Total Deferred Revenue - Obligatory	27,053,741	9,687,689	(9,162,998)	27,578,432
Other	4,579,678	9,070,771	(10,147,438)	3,503,011
	<u>\$ 31,633,419</u>	<u>\$ 18,758,460</u>	<u>\$ (19,310,436)</u>	<u>\$ 31,081,443</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

9. Deferred Revenue (Continued)

The balance reported for Development Charges funds at December 31, 2020 has been fully committed to be spent on active capital projects approved by Council as part of the budget process.

Development Charges Fund	Fund Balance at Dec 31, 2020	Loans from Town Reserves	Net Balance on Development Charges
Transportation Services	\$ 5,778,020	\$ (522,057)	\$ 5,255,963
Storm Water Management Services	66,588	(687,416)	(620,828)
Municipal Parking Services	-	(279,898)	(279,898)
Fire Protection Services	-	(1,389,048)	(1,389,048)
Recreation and Parks Services	-	(14,932,929)	(14,932,929)
Library Services	-	(1,048,790)	(1,048,790)
Administration Services	1,122,459	(699,321)	423,138
Transit Services	18,803	-	18,803
	<u>\$ 6,985,870</u>	<u>\$ (19,559,459)</u>	<u>\$ (12,573,589)</u>

10. Employee Benefits Obligation

Summary of employee benefits obligation is provided below:

Future payments required for:	<u>2020</u>	<u>2019</u>
Liability for WSIB (a)	\$ 1,476,403	\$ 1,440,095
Vacation pay liability (b)	159,484	185,298
Retirement benefits (c)	1,955,419	1,816,104
	<u>\$ 3,591,306</u>	<u>\$ 3,441,497</u>

(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 \$1,476,403 (2019 - \$1,440,095) as at December 31, 2020. A reserve in the amount of \$795,820 (2019 - \$745,820) is available to partially offset this liability. The Town plans to increase the funds available in the reserve to match the level of liability estimated by the actuarial valuation.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

10. Employee Benefits Obligation (continued)

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

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	<u>2020</u>	<u>2019</u>
Accrued benefit obligation (ABO) at January 1	\$ 1,480,692	\$ 1,438,147
Service cost	119,600	116,299
Interest cost	55,235	53,721
Less expected benefit payments	<u>(135,134)</u>	<u>(127,475)</u>
Expected ABO at December 31	<u>1,520,393</u>	<u>1,480,692</u>
Actual ABO at December 31	1,520,393	1,480,692
Unamortized actuarial loss	<u>(43,990)</u>	<u>(40,597)</u>
Liability for Employee benefits obligation at December 31	<u>\$ 1,476,403</u>	<u>\$ 1,440,095</u>
Included in current service cost is amortization of the actuarial gain in the amount of \$3,393 (2019 - \$3,393)		

(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, 2020 represents the vacation earned but not yet taken.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

10. Employee Benefits Obligation (continued)

(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 \$1,955,419 (2019 - \$1,816,104) 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 benefit 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	2020	2019
Accrued benefit obligation (ABO) at January 1	\$ 2,241,211	\$ 2,054,247
Service cost	129,857	226,647
Interest cost	89,578	81,990
Benefit payments	(133,385)	(121,673)
ABO at December 31	2,327,261	2,241,211
Unamortized actuarial loss	(371,842)	(425,107)
Accrued benefit obligation at December 31	<u>\$ 1,955,419</u>	<u>\$ 1,816,104</u>
Included in current service cost is amortization of the actuarial loss in the amount of \$53,265 (2019 - \$56,427)		

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

11. Liability for contaminated sites

The Town estimated a liability of \$410,453 as at December 31, 2020 (2019 - \$407,600) 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 the standards set by the Ministry of Environment, Conservation and Parks 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 \$426,050 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 \$123,804 (2019 - \$130,121) is the present value of future cash flows associated with the closure and post-closure costs of \$6,537 annually, discounted using an average long-term borrowing rate of 5% net of an annual inflation rate of 1.9%. The total undiscounted liability is \$302,973. 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>2020</u>	<u>2019</u>
Debentures payable to Region of Halton	\$ 20,108,675	\$ 22,291,744
LT Debt SWE (LED Streetlights & Parking lot) (Note 6c)	815,635	1,136,402
LT Debt SWE (Geothermal) (Note 6b)	241,399	268,597
	<u>\$ 21,165,709</u>	<u>\$ 23,696,743</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

13. Long-term Liabilities (Continued)

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

2021	\$ 4,714,158
2022	4,286,716
2023	2,822,534
2024	2,431,301
2025	1,059,772
2026-2035	<u>5,851,228</u>
	<u>\$ 21,165,709</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 \$597,066 (2019 - \$652,537). The long-term liabilities bear interest at rates ranging from 0.65% to 3.95%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

14. Tangible Capital Assets

Cost	Balance Dec 31, 2019	Additions	Disposals/ Transfers	Balance Dec 31, 2020
General				
Land	\$ 40,882,382	\$ -	\$ 4,087	\$ 40,878,295
Land improvements	43,053,603	3,693,048	304,641	46,442,010
Buildings	93,805,353	766,974	-	94,572,327
Equipment	19,214,102	2,425,189	768,625	20,870,666
Vehicles	4,966,562	1,126,400	58,681	6,034,281
Leasehold improvements	396,309	-	-	396,309
Infrastructure				
Land	4,441,059	34,200	-	4,475,259
Land improvements	2,652,715	1,435,868	-	4,088,583
Buildings	9,012,007	4,722	-	9,016,729
Linear assets	363,903,296	9,801,212	1,095,375	372,609,133
Equipment	10,090,363	180,786	-	10,271,149
Vehicles	10,204,360	687,361	316,018	10,575,703
Construction in progress				
Work in progress	7,234,694	7,340,806	6,276,168	8,299,332
Total Cost	609,856,805	27,496,566	8,823,595	628,529,776
Accumulated Amortization				
General				
Land improvements	20,274,065	1,452,706	273,035	21,453,736
Buildings	39,140,569	2,911,907	-	42,052,476
Equipment	9,987,620	1,727,687	765,998	10,949,309
Vehicles	3,182,693	299,094	58,681	3,423,106
Leasehold improvements	219,095	13,365	-	232,460
Infrastructure				
Land improvements	1,417,047	138,151	-	1,555,198
Buildings	2,362,891	364,507	-	2,727,398
Linear assets	196,858,837	9,454,224	966,567	205,346,494
Equipment	5,906,067	512,895	-	6,418,962
Vehicles	5,667,578	737,873	316,018	6,089,433
Accumulated Amortization	285,016,462	17,612,409	2,380,299	300,248,572
Net Book Value				
General				
Land	40,882,382	-	4,087	40,878,295
Land improvements	22,779,538	2,240,342	31,606	24,988,274
Buildings	54,664,784	(2,144,933)	-	52,519,851
Equipment	9,226,482	697,502	2,627	9,921,357
Vehicles	1,783,869	827,306	-	2,611,175
Leasehold improvements	177,214	(13,365)	-	163,849
Infrastructure				
Land	4,441,059	34,200	-	4,475,259
Land improvements	1,235,668	1,297,717	-	2,533,385
Buildings	6,649,116	(359,785)	-	6,289,331
Linear assets	167,044,459	346,988	128,808	167,262,639
Equipment	4,184,296	(332,109)	-	3,852,187
Vehicles	4,536,782	(50,512)	-	4,486,270
Construction in progress				
Work in progress	7,234,694	7,340,806	6,276,168	8,299,332
Net Book Value - 2020	\$ 324,840,343	\$ 9,884,157	\$ 6,443,296	\$ 328,281,204
Net Book Value - 2019	\$ 326,630,202	\$ 55,159	\$ 1,845,018	\$ 324,840,343

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

14. Tangible Capital Assets (Continued)

(a) Contributed or Donated Capital Assets

The Town received \$3,455,911 (2019 - \$4,065,621) in contributed capital assets.

<u>Contributed Assets</u>	<u>2020</u>	<u>2019</u>
Paved Roads & Sidewalks	\$ 2,026,243	\$ 3,095,520
Street Lighting	160,000	-
Urban Storm Sewers	1,269,668	328,046
Cemetery Maintenance	-	642,055
	<u>\$ 3,455,911</u>	<u>\$ 4,065,621</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 (2019 - \$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, 2020

15. Accumulated Surplus

	<u>2020</u>	<u>2019</u>
General surplus/deficit		
-General Surplus (Contract employee costs)	\$ 260,805	\$ 328,681
-General Surplus (Asset Disposal Proceeds)	385,274	319,759
-Unexpended capital financing	20,698,056	26,873,369
-Development Charges	-	(8,289,194)
	21,344,135	19,232,615
Equity in tangible capital assets		
-Net tangible capital assets	319,981,872	317,605,649
-Construction in progress	8,299,332	7,234,694
-Debt issued (net of Region recoveries) (Note 13)	(21,133,104)	(23,660,464)
	307,148,100	301,179,879
Equity in HHCEC	40,842,542	46,143,691
Unfunded employee benefits	(2,434,392)	(2,308,769)
Unfunded liability for contaminated sites	(410,453)	(407,600)
Unfunded liability for postclosure care of solid waste landfill sites	(123,804)	(130,121)
Business Improvement Area	201,369	184,585
Recovery from Kiwanis user groups	750,454	-
Reserve funds set aside for specific purposes by Council		
- Operating	9,351,137	9,324,095
- Capital	32,897,953	26,248,209
Total Reserves	42,249,090	35,572,304
Reserve funds set aside for specific purposes related to discretionary funds		
-for John Elliott Award	10,618	10,335
Total Discretionary Reserve Funds	10,618	10,335
	\$ 409,577,659	\$ 399,476,919

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

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:

2021	\$	266,189
2022		273,675
2023		280,711
2024		216,462
2025		13,915
Thereafter		953,211
		<u>\$ 2,004,163</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

18. Government Transfers

<u>Federal</u>	<u>2020</u>	<u>2019</u>
Federal Gas Tax	\$ 1,729,345	\$ 473,313
Other grants	62,251	8,734
	<u>\$ 1,791,596</u>	<u>\$ 482,047</u>
<u>Provincial</u>		
Dedicated Gas Tax	\$ 577,421	\$ 566,422
Ministry of Health and Long Term Care	176,293	184,620
Ontario Community Infrastructure Fund	1,275,483	1,544,963
Safe-Restart Agreement Funding	1,310,989	-
Other grants	1,738,736	220,614
	<u>\$ 5,078,922</u>	<u>\$ 2,516,619</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, 2020

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, 2020

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 2020 and 2019.

2020	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2020
Revenue:									
Taxation for municipal purposes	\$ 8,766,157	\$ 6,382,807	\$ 18,866,733	\$ 2,411,949	\$ 346,113	\$ 528,280	\$ 16,448,177	\$ 2,251,779	\$ 56,001,995
User fees and charges	631,922	97,983	595,205	-	321,008	38,533	1,398,241	508,564	3,591,456
Government of Canada grants	3,864	-	1,729,345	-	-	-	6,510	51,877	1,791,596
Province of Ontario grants	1,359,663	-	3,287,243	80,000	-	164,769	83,864	103,384	5,078,923
Other municipalities	-	33,679	2,268,221	-	-	-	-	75,000	2,376,900
Investment income	2,076,930	-	-	-	-	-	-	-	2,076,930
Development charges	(217,224)	105,943	3,270,074	-	-	-	2,068,076	-	5,226,869
Donations	178,000	-	2,190,094	1,269,667	-	-	73,510	-	3,711,271
Gain on disposal	14,200	-	(28,095)	-	-	-	3,083,311	(506)	3,068,910
Other	877,767	2,467,471	435,743	-	3,326	84,264	101,514	114,494	4,084,579
Total revenue	13,691,279	9,087,883	32,614,563	3,761,616	670,447	815,846	23,263,203	3,104,592	87,009,429
Expenses:									
Salaries, wages & employee benefits	8,363,200	10,281,719	8,474,619	603,054	137,523	456,744	11,216,918	3,032,878	42,566,655
Interest on long-term debt	593,666	3,400	-	-	-	-	-	-	597,066
Purchased goods	522,186	292,241	2,577,852	7,878	11,193	8,206	1,691,551	192,496	5,303,603
Purchased services	3,467,505	1,268,328	2,610,921	5,110	30,098	12,955	1,573,618	766,366	9,734,901
Financial expenses	629,802	-	-	-	-	249,461	63,828	23,229	966,320
Transfers to others	(1,485,434)	908,086	(229,194)	7,319	85,268	17,567	637,011	187,112	127,735
	12,090,925	12,753,774	13,434,198	623,361	264,082	744,933	15,182,926	4,202,081	59,296,280
Amortization	706,227	808,728	10,213,972	1,422,232	93,510	487	4,350,591	16,662	17,612,409
Total expenses	12,797,152	13,562,502	23,648,170	2,045,593	357,592	745,420	19,533,517	4,218,743	76,908,689
Annual surplus/(deficit)	\$ 894,127	\$ (4,474,619)	\$ 8,966,393	\$ 1,716,023	\$ 312,855	\$ 70,426	\$ 3,729,686	\$ (1,114,151)	\$ 10,100,740

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
Loss on disposal	61,877	(8,581)	(402,981)	-	-	-	158	-	(349,527)
Other	2,730,967	3,099,676	184,680	-	3,581	126,642	546,213	232,382	6,924,141
Total revenue	17,765,033	9,622,470	26,957,630	1,191,891	1,051,573	1,237,251	18,948,937	4,211,635	80,986,420
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
Total expenses	11,244,229	13,930,716	23,926,909	1,403,013	343,014	919,067	21,144,920	5,627,734	78,539,602
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

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

20. Trust Funds

Trust funds administered by the Town amounting to \$3,021,475 (2019 - \$2,745,268) 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, 2020, was on behalf of 401 members of its staff (2019– 374). 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 \$58,700 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 \$58,700 and at a rate of 15.8% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2020 was \$3,240,540 (2019- \$2,892,830) 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 \$3.2 billion as of December 31, 2020 (2019 - \$3.4 billion).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

22. Budget data

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budget approved by Council on December 2, 2019. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenue:	Budget 2020
Operating Budget	\$ 77,290,042
Capital Budget	25,380,400
BIAs	461,020
Add:	
Donated Tangible Capital Assets	-
Equity Income on Investments	4,300,000
Less:	
Contribution from Reserves (Operating)	(1,870,500)
Contribution from Reserves (Capital)	(9,493,500)
Funds from Debenture	(1,900,000)
Other transfers	(3,717,583)
Total Revenue	90,449,879
Expenses:	
Operating budget	77,290,042
Capital budget	25,380,400
BIAs	461,020
Add:	
Amortization	17,922,700
Less:	
Debt principal repayments	(4,510,300)
Acquisition of Tangible Capital Assets	(17,946,400)
Transfers to Reserves	(9,868,376)
Other transfers	(3,717,583)
Total Expenses	85,011,503
Annual Deficit	\$ 5,438,376

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2020

23. 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 2020 there were no material transactions between the Town and its key management personnel.

Transactions between the Town and HHCEC for fiscal year 2020 are itemized in Note 6 to the consolidated financial statements. Debt liabilities and promissory note receivable with HHCEC are also described in Note 6.

24. Contingent Assets

The Town does not have any contingent assets for the fiscal year ending December 31, 2020 (2019 - \$nil).

25. Contractual rights

The Town is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights are rights to economic resources, leading to both revenues and assets in the future.

The Town has a number of Federal and Provincial funding agreements with estimated future funding of \$13.3M, and incoming rental agreement for Town-owned property of \$22,800 per year.

26. Impact of COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market, and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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
Notes to Consolidated Financial Statements
Year ended December 31, 2020

26. Impact of COVID-19 (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. During 2020, several measures were undertaken in relation to the COVID-19 pandemic:

- Closure of parks and recreation facilities and administrative buildings
- 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

As at December 31, 2020, COVID-19 related operating budget losses of \$1,310,989 were realized, but the Provincial/Federal Safe Restart Funding made available to the Town is currently sufficient to address this shortfall. The outcome and timeframe to a recovery from the current pandemic is undeterminable, and it is not practicable to estimate and disclose the financial effect on future operations at this time.

27. 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.

2020 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, 2020
- 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, 2020, 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, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 5, 2021

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

As at December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 900,712	\$ 700,800
Investments (Note 2)	2,120,763	2,044,468
Net financial assets, accumulated surplus	\$ 3,021,475	\$ 2,745,268

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, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 276,207	\$ 774,197
Net financial assets, beginning of year	2,745,268	1,971,071
Net financial assets, end of year	\$ 3,021,475	\$ 2,745,268

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, 2020, with comparative information for 2019

	2020	2019
Revenue		
Cemetery maintenance	\$ 67,275	\$ 55,603
Acquisition of Hillcrest Cemetery (Note 3)	168,369	716,650
Interest	65,392	72,168
	301,036	844,421
Expenses		
Transfer to Town of Halton Hills	23,344	68,745
Transfer to Georgetown Hospital	424	453
Limehouse Presbyterian Cemetery	1,061	1,026
	24,829	70,224
Annual surplus	276,207	774,197
Accumulated surplus, beginning of year	2,745,268	1,971,071
Accumulated surplus, end of year	\$ 3,021,475	\$ 2,745,268
Composition of Accumulated surplus		
Fairview Cemetery	\$ 634,268	\$ 613,444
Greenwood Cemetery	1,419,976	1,372,732
Hornby Presbyterian Cemetery	877	865
Limehouse Presbyterian Cemetery	39,726	37,820
Union Presbyterian Cemetery	4,615	4,492
Hillcrest Cemetery	906,920	700,800
Georgetown Hospital Foundation	15,093	15,115
Total trust funds	\$ 3,021,475	\$ 2,745,268

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, 2020, with comparative information for 2019

	2020	2019
Operating activities		
Annual surplus	\$ 276,207	\$ 774,197
Financing activities		
Acquisition of investments	(76,295)	(73,397)
Net change in cash	199,912	700,800
Cash, beginning of year	700,800	-
Cash, end of year	\$ 900,712	\$ 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, 2020

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. 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 \$2,120,763 (2019 - \$2,044,468) invested in the fund as at December 31, 2020. The market value of the amount invested is \$2,198,913 (2019 - \$2,056,000) at December 31, 2020. During 2020, the invested funds earned a realized year-to-date rate of return, net of fees, of 3.09% (2019 – 2.86%).

3. 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.

Additional cash transfers were received in 2020 from investments made previously by the Hillcrest Cemetery board which matured in 2020 at \$42,000. Additional \$126,369 were received in 2020 as bequest estate distribution.

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

Year ended December 31, 2020

3. Hillcrest Cemetery Trust Fund (continued)

The following revenue and expenses have been recognized in 2019 and 2020 relating to the Cemetery:

	2020	2019
Revenue		
Cemetery maintenance	\$ 28,461	\$ 13,934
Acquisition of Hillcrest Cemetery	168,369	716,650
Interest	9,290	15,273
Total Revenue recognized	206,120	745,857
Expenses		
Transfer to Town of Halton Hills	-	45,057
Total Expenses recognized	-	45,057
	\$ 206,120	\$ 700,800

4. 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.

2020 FINANCIAL STATEMENTS

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

HALTON HILLS PUBLIC LIBRARY Imagination | Innovation | Opportunity





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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, 2020
- 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, 2020, 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.



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.

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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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
July 5, 2021

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

As at December 31, 2020, with comparative information for 2019

	2020	2019 (Restated-Note 2)
Financial assets		
Due from the Town of Halton Hills (Note 9)	\$ 616,761	\$ 626,726
	616,761	626,726
Financial liabilities		
Due to Town of Halton Hills- loan for unfunded DC (Note 2)	1,048,790	893,637
Long-term liabilities (Note 3)	4,764,148	5,165,181
	5,812,938	6,058,818
Net debt	(5,196,177)	(5,432,092)
Non-financial assets		
Tangible capital assets (Note 4)	12,645,293	13,192,715
Impact of COVID-19 (Note 10)	-	-
Accumulated surplus (Note 6)	\$ 7,449,116	\$ 7,760,623

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, 2020, with comparative information for 2019

	Budget (Note 7)	2020	2019 (Restated-Note 2)
Annual deficit	\$ (24,084)	\$ (311,507)	\$ (566,757)
Acquisition of tangible capital assets	(548,990)	(548,990)	(471,346)
Amortization of tangible capital assets	1,053,484	1,096,412	1,066,106
Change in net debt	480,410	235,915	28,003
Net debt, beginning of year	(5,432,092)	(5,432,092)	(5,460,095)
Net debt, end of year	\$ (4,951,682)	\$ (5,196,177)	\$ (5,432,092)

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, 2020, with comparative information for 2019

	Budget (Note 7)	2020	2019 (Restated-Note 2)
Revenue			
Town of Halton Hills	\$ 4,374,800	\$ 3,891,841	\$ 4,371,539
Government of Canada grants (Note 5)	-	2,646	-
Province of Ontario grants (Note 5)	61,300	68,682	67,050
Halton Hills contribution - Development charge:	372,700	216,510	-
Fines, rentals and other	66,300	42,794	99,820
	4,875,100	4,222,473	4,538,409
Expenses			
Salaries, wages and benefits	3,548,450	3,155,311	3,406,825
Materials and supplies	23,400	69,672	35,757
Programming	8,800	5,726	24,544
Repairs and maintenance	10,900	8,057	9,151
Telephone	4,850	4,790	5,239
Advertising	3,700	2,228	2,115
Printing and photocopying	21,500	12,852	22,697
Audit	5,500	4,666	4,645
Contracted services	96,800	82,463	85,070
Rent	-	-	322,200
Equipment costs	2,500	2,500	3,336
General	119,300	89,303	117,481
Amortization	1,053,484	1,096,412	1,066,106
	4,899,184	4,533,980	5,105,166
Annual deficit	(24,084)	(311,507)	(566,757)
Accumulated surplus, beginning of year, as previously reported	7,760,623	7,760,623	8,848,814
Change in accounting policy (Note 2)			(521,434)
Accumulated surplus, beginning of year, as restated (Note 2)	7,760,623	7,760,623	8,327,380
Accumulated surplus, end of year	\$ 7,736,539	\$ 7,449,116	\$ 7,760,623

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, 2020, with comparative information for 2019

	2020	2019 (Restated-Note 2)
Operating activities		
Annual deficit	\$ (311,507)	\$ (566,757)
Item not affecting cash:		
Amortization of tangible capital assets	1,096,412	1,066,106
Changes in non-cash working capital:		
Due from Town of Halton Hills	9,965	(6,510)
Due to Town of Halton Hills (Note 2)	155,153	372,203
Net change in cash from operations	950,023	865,042
Capital activities		
Acquisition of tangible capital assets	(548,990)	(471,346)
Net change in cash from capital activities	(548,990)	(471,346)
Financing activities		
Long-term debt repaid	(401,033)	(393,696)
Net change in cash from financing activities	(401,033)	(393,696)
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, 2020

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, 2020

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.

2. Change in accounting policy

In 2020 management of the Town implemented a new accounting policy for recognizing development charges. Previously, development charges were recognized in revenue when qualifying expenses were incurred, as long as development charges as a whole were positive. Management has determined that it is appropriate to recognize development charge revenue only when each individual development charge reserve fund is positive and qualifying expenses have been incurred. This change in accounting policy has been applied retroactively. For the Library statements, this has resulted in an increase in financial liabilities of \$1,048,790 (2019 - \$893,637) and a decrease in accumulated surplus at January 1, 2019 of \$521,434. The annual deficit for 2019 has increased by \$372,203 as a result of the change in accounting policy. The comparative figures have been restated to reflect this change.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2020

3. Long-term Liabilities

(a)

	<u>2020</u>	<u>2019</u>
Total long-term liabilities incurred by the Library	\$4,764,148	\$ 5,165,181

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

2021	\$ 408,551
2022	365,914
2023	373,269
2024	380,732
2025	388,454
2026-2032	<u>2,847,228</u>
	<u>\$ 4,764,148</u>

(c) Interest expense on net long-term liabilities amounted to \$101,244 (2019 - \$109,646). The long-term liabilities bear interest at rates ranging from 2.0% to 3.2%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2020

4. Tangible Capital Assets

Cost	Balance December 31, 2019	Additions	Disposals	Balance December 31, 2020
Land	78,836	-	-	78,836
Buildings	17,392,486	-	-	17,392,486
Equipment	3,132,836	548,990	(300,108)	3,381,718
Work in progress	1,954	-	-	1,954
Total Cost	20,606,112	548,990	(300,108)	20,854,994
Accumulated Amortization				
Buildings	5,721,733	661,848	-	6,383,581
Equipment	1,691,664	434,564	(300,108)	1,826,120
Accumulated Amortization	7,413,397	1,096,412	(300,108)	8,209,701
Net Book Value				
Land	78,836	-	-	78,836
Buildings	11,670,753	(661,848)	-	11,008,905
Equipment	1,441,172	114,426	-	1,555,598
Work in progress	1,954	-	-	1,954
Net Book Value - 2020	13,192,715	(547,422)	-	12,645,293
Net Book Value - 2019	13,787,475	(594,760)	-	13,192,715

(i) Contributed Capital Assets

The Library received \$nil (2019 - \$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 2020.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2020

5. Government Transfers

The government transfers reported in the Statement of Operations are:

	<u>2020</u>	<u>2019</u>
Federal		
Canada Summer Jobs grant	\$ 2,646	\$ -
	<u>\$ 2,646</u>	<u>\$ -</u>
Provincial		
Per Capita	\$ 67,050	\$ 67,050
Other grants	<u>1,632</u>	<u>-</u>
	<u>\$ 68,682</u>	<u>\$ 67,050</u>

6. Accumulated Surplus

	<u>2020</u>	<u>2019</u>
General Operating Surplus	\$ 39,636	\$ 10,511
Unexpended Capital financing	<u>212,681</u>	<u>225,388</u>
	<u>252,317</u>	<u>235,899</u>
Equity in tangible capital assets		
-Net tangible capital assets	<u>12,645,293</u>	13,192,715
-Due to Town for unfunded DCs	<u>(1,048,790)</u>	(893,637)
-Debt recoverable	<u>(4,764,148)</u>	<u>(5,165,181)</u>
	<u>6,832,355</u>	<u>7,133,897</u>
Library Capital Reserve	<u>364,444</u>	390,827
Total Reserves	<u>364,444</u>	<u>390,827</u>
	<u>\$ 7,449,116</u>	<u>\$ 7,760,623</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2020

7. Budget

The budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by Council on December 2, 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 2020
Revenue:	
Operating Budget	\$ 3,950,000
Capital Budget	449,000
Add:	
Interfund transfers	503,900
Less:	
Other transfers	(27,800)
Total Revenue	4,875,100
Expenses:	
Operating budget	3,950,000
Capital budget	449,000
Add:	
Amortization	1,053,484
Debenture	102,800
Less:	
Acquisition of tangible capital assets	(449,000)
Interfund transfers	(179,300)
Other transfers	(27,800)
Total Expenses	4,899,184
Annual Deficit	\$ (24,084)

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2020

8. Development Charges

The Town of Halton Hills manages a development charge obligatory reserve fund for the library. At the end of 2020 there were no funds in the development charge reserve to be utilized. This reserve is funded by contributions from developers as stipulated by the development charges by-law and identified in the development charges background study.

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.

9. 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 \$616,761 by the library from the Town of Halton Hills at December 31, 2020 (2019 - \$626,726).

Over the last few years collections on development charges have been insufficient to cover eligible budgeted expenses. The Town has provided a loan to the library in order to ensure that external debts could be honoured by the library. The loan amount at December 31, 2020 is \$1,048,790 (2019 - \$893,637).

10. Impact of COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market, and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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, 2020

10. Impact of COVID-19 (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. During 2020, several measures were undertaken in relation to the COVID-19 pandemic:

- Closure of library facilities
- 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

As at December 31, 2020, COVID-19 had a significant impact on the Library operations, with closures and limited ability to offer programs and services. However, through the generation of cost savings from part time positions that were not required during the pandemic Library services were able to fully offset all COVID 19 related impacts. The outcome and timeframe to a recovery from the current pandemic is undeterminable, and it is not feasible to estimate and disclose the financial effect on future operations at this time.

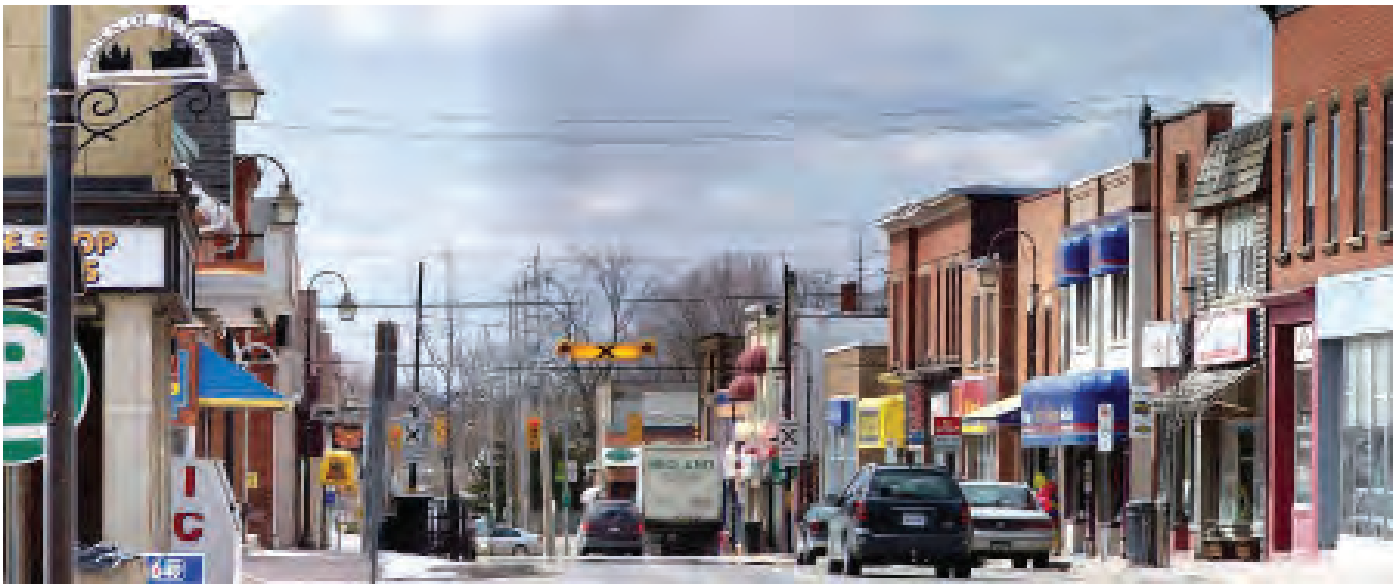
Financial Statements of
**ACTON BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020



Downtown
ACTON

It's Worth the Drive!





KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
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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, 2020,
- the statement of operations and accumulated surplus 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, 2020, 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.

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 letters are bold and slightly slanted. A horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending under the "P" of "LLP".

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

March 15, 2021

ACTON BUSINESS IMPROVEMENT AREA


Statement of Financial Position

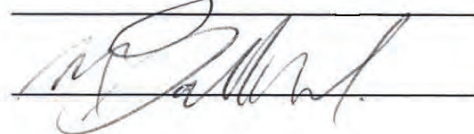
December 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash	\$ 37,505	\$ 36,485
Accounts receivable (note 3)	13,470	3,354
	<u>50,975</u>	<u>39,839</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	12,945	15,508
Net financial assets	<u>38,030</u>	<u>24,331</u>
Non-Financial Assets		
Tangible capital assets (note 2)	55,767	54,534
Prepaid expenses	–	435
	<u>55,767</u>	<u>54,969</u>
Accumulated surplus	<u>\$ 93,797</u>	<u>\$ 79,300</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 and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 4)	2020	2019
Revenue:			
Town of Halton Hills (note 3)	\$ 96,970	\$ 96,970	\$ 95,815
Leathertown festival	28,500	3,928	34,477
Farmer's market	5,500	3,714	5,691
Facade improvement grant (note 3)	5,000	1,000	2,968
Summer student grant	4,000	6,999	8,734
Sponsorship program	500	–	–
Other revenue	30,750	–	1,381
	171,220	112,611	149,066
Expenses:			
Salaries and wages	50,888	48,690	45,811
Advertising and promotion	7,410	3,443	7,054
Repairs and maintenance	13,750	19,673	15,924
Rent	8,320	8,308	10,672
General expenses	6,400	5,389	6,905
Facade Improvement expenses	10,000	2,000	5,935
Event entertainment	19,500	–	17,277
Amortization	–	1,925	1,716
Insurance	1,000	1,000	1,000
Professional fees	4,200	4,437	5,119
Miscellaneous	3,800	3,249	6,464
Bad debt expense	8,452	–	24,458
Infrastructure	37,500	–	–
	171,220	98,114	148,335
Annual surplus	–	14,497	731
Accumulated surplus, beginning of year	79,300	79,300	78,569
Accumulated surplus, end of year	\$ 79,300	\$ 93,797	\$ 79,300

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, 2020, with comparative information for 2019

	Budget (note 4)	2020	2019
Annual surplus	\$ –	\$ 14,497	\$ 731
Purchase of tangible capital assets	–	(3,158)	(3,241)
Amortization of tangible capital assets	–	1,925	1,716
Prepaid expenses	–	435	39
Change in net financial assets	–	13,699	(755)
Net financial assets, beginning of year	24,331	24,331	25,086
Net financial assets, end of year	\$ 24,766	\$ 38,030	\$ 24,331

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

ACTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 14,497	\$ 731
Item not involving cash:		
Amortization of capital assets	1,925	1,716
Change in non-cash operating working capital:		
Accounts receivable	(10,116)	22,598
Prepaid expenses	435	39
Accounts payable and accrued liabilities	(2,563)	7,344
Net change in cash from operating activities	4,178	32,428
Capital activities:		
Purchase of tangible capital assets	(3,158)	(3,241)
Net change in cash	1,020	29,187
Cash, beginning of year	36,485	7,298
Cash, end of year	\$ 37,505	\$ 36,485

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

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 51,470	\$ -	\$ -	\$ 51,470
Street signs	4,761	-	-	4,761
Trash receptacles	8,296	-	-	8,296
Computer equipment	3,241	-	-	3,241
Container	-	3,158	-	3,158
	\$ 67,768	\$ 3,158	\$ -	\$ 70,926

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2019	Amortization expense	Disposals	Balance at December 31, 2020
Land	\$ –	\$ –	\$ –	\$ –
Street signs	4,047	317	–	4,364
Trash receptacles	8,296	–	–	8,296
Computer equipment	891	1,292	–	2,183
Container	–	316	–	316
	\$ 13,234	\$ 1,925	\$ –	\$ 15,159

	Net book value December 31, 2019	Net book value December 31, 2020
Land	\$ 51,470	\$ 51,470
Street signs	713	397
Trash receptacles	–	–
Computer equipment	2,351	1,058
Container	–	2,842
	\$ 54,534	\$ 55,767

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil during the year ended December 31, 2020 (2019 - \$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, 2020

3. Related party transactions:

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

Revenue:

	2020	2019
Member levy collected on behalf of the Business Improvement Area	\$ 96,970	\$ 95,065

The Town of Halton Hills has also contributed \$nil (2019 - \$750) from municipal assistance program and \$1,000 (2019 - \$2,968) from façade improvement program. At the end of the year, the Business Improvement Area had a payable of \$4,500 (2019 - \$4,500) to the Town of Halton Hills related to operating expenses outstanding as of December 31, 2019 and a receivable of \$3,968 (2019 - \$2,968) for the façade improvement grant of which \$2,968 is outstanding as of December 31, 2019.

4. Budget:

The budget data is based on the approved 2020 amended budget approved by the Board on November 18, 2020. 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, 2020





KPMG LLP
Commerce Place
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Hamilton ON L8P 4W7
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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, 2020
- 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, 2020, 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.

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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 horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
March 9, 2021

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

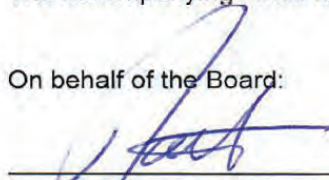
Statement of Financial Position


December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 167,322	\$ 166,072
Accounts receivable (note 3)	23,444	10,719
	<u>190,766</u>	<u>176,791</u>
Liabilities		
Accounts payable and accrued liabilities (note 3)	28,830	18,411
Net financial assets	161,936	158,380
Non-financial assets		
Tangible capital assets (note 2)	81,052	96,295
Prepaid expenses	1,403	1,439
	<u>82,455</u>	<u>97,734</u>
Lease commitments (note 5)		
Accumulated surplus	\$ 244,391	\$ 256,114

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, 2020, with comparative information for 2019

	Budget (Note 4)	2020	2019
Revenue:			
Town of Halton Hills (note 3)	\$ 212,800	\$ 212,811	\$ 212,950
Farmer's market	28,000	24,657	28,221
Sponsorship program	5,000	1,950	3,150
Other events	17,000	–	1,975
Facade improvement grant (note 3)	5,000	1,000	5,000
Classic car show	8,000	–	7,541
Student grant	4,000	7,840	8,734
Digital main street	–	–	10,000
	279,800	248,258	277,571
Expenses:			
Salaries and wages	128,890	128,424	125,519
Repairs and maintenance	71,900	61,319	36,212
Advertising and promotion	40,500	15,947	25,749
Office and general	13,910	13,688	17,633
Facade improvement expenses	10,000	2,000	10,000
Rent	16,100	15,643	13,835
Amortization of tangible capital assets	–	14,737	17,079
Insurance	1,000	1,000	1,000
Professional fees	4,000	4,246	3,594
Memberships	3,500	2,471	3,525
Loss on sale of asset	–	506	–
	289,800	259,981	254,146
Annual surplus (deficit)	(10,000)	(11,723)	23,425
Accumulated surplus, beginning of year	256,114	256,114	232,689
Accumulated surplus, end of year	\$ 246,114	\$ 244,391	\$ 256,114

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, 2020, with comparative information for 2019

	Budget (note 4)	2020	2019
Annual surplus (deficit)	\$ (10,000)	\$ (11,723)	\$ 23,425
Purchase of tangible capital assets	–	–	(6,733)
Loss on disposal of tangible capital assets	–	506	–
Amortization of tangible capital assets	–	14,737	17,079
Change in prepaid expenses	–	36	37
Change in net financial assets	(10,000)	3,556	33,808
Net financial assets, beginning of year	159,819	158,380	124,572
Net financial assets, end of year	\$ 149,819	\$ 161,936	\$ 158,380

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

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ (11,723)	\$ 23,425
Item not involving cash:		
Amortization of tangible capital assets	14,737	17,079
Loss on disposal of tangible capital assets	506	–
Change in non-cash operating working capital:		
Accounts receivable	(12,725)	19,518
Prepaid expenses and deposits	36	37
Accounts payable and accrued liabilities	10,419	(14,073)
Net change in cash from operating activities	1,250	45,986
Capital activities:		
Purchase of tangible capital assets	–	(6,733)
Net change in cash	1,250	39,253
Cash, beginning of year	166,072	126,819
Cash, end of year	\$ 167,322	\$ 166,072

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, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Kiosk	\$ 5,935	\$ –	\$ (5,935)	\$ –
Trash receptacles and benches	25,367	–	(7,224)	18,143
Leasehold improvements	13,025	–	–	13,025
Signage and sculpture	125,614	–	–	125,614
Office furniture	9,503	–	–	9,503
Computer equipment	6,932	–	(3,962)	2,970
	<u>\$ 186,376</u>	<u>\$ –</u>	<u>\$ (17,121)</u>	<u>\$ 169,255</u>

Accumulated amortization	Balance at December 31, 2019	Amortization expense	Disposals	Balance at December 31, 2020
Kiosk	\$ 5,836	\$ –	\$ (5,836)	\$ –
Trash receptacles and benches	13,755	1,814	(7,224)	8,345
Leasehold improvements	3,908	2,605	–	6,513
Signage and sculpture	58,576	8,374	–	66,950
Office furniture	2,450	1,411	–	3,861
Computer equipment	5,556	533	(3,555)	2,534
	<u>\$ 90,081</u>	<u>\$ 14,737</u>	<u>\$ (16,615)</u>	<u>\$ 88,203</u>

	Net book value December 31, 2019	Net book value December 31, 2020
Kiosk	\$ 99	\$ –
Trash receptacles and benches	11,612	9,798
Leasehold improvements	9,117	6,512
Signage and art sculpture	67,038	58,664
Office furniture	7,053	5,642
Computer equipment	1,376	436
	<u>\$ 96,295</u>	<u>\$ 81,052</u>

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

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

Revenue:

	2020	2019
Member levy collected on behalf of the Business Improvement Area	\$ 212,061	\$212,200

The Town of Halton Hills has also contributed \$750 (2019 - \$750) from municipal assistance program and \$1,000 (2019 - \$5,000) from façade improvement program. At the end of the year, the Business Improvement Area had a payable of \$6,176 (2019 - \$6,548) to the Town of Halton Hills related to operating expenses and a receivable of \$6,750 (2019 - \$5,000) for the façade improvement grant.

4. Budget:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on November 3, 2020.

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:

2021	\$	16,903
2022		17,410
2023		17,932
2024		1,498
	\$	53,743

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

Year ended December 31, 2020





KPMG LLP
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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, 2020
- the consolidated statement of comprehensive loss 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, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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.

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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 IFRS 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

May 6, 2021

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Financial Position

Year ended December 31, 2020, with comparative information for 2019

	Note	2020	2019
Assets			
Current assets			
Accounts receivable	4	\$ 7,026,070	\$ 9,092,513
Unbilled revenue		8,040,040	7,226,635
Income tax receivable		176,801	279,097
Materials and supplies	5	1,002,325	1,151,595
Current portion of note receivable	8	361,419	347,966
Prepaid expenses		612,918	652,571
Total current assets		17,219,573	18,750,377
Non-current assets			
Property, plant and equipment	6	110,902,250	108,302,229
Notes receivable	8	695,614	1,057,033
Deferred charges		223,781	223,781
Deferred income taxes	9	4,873,052	5,617,858
Goodwill		295,604	295,604
Total non-current assets		116,990,301	115,496,505
Total assets		134,209,874	134,246,882
Regulatory balances	10	8,224,416	6,598,695
Total assets and regulatory balances		\$ 142,434,290	\$ 140,845,577

HALTON HILLS COMMUNITY ENERGY CORPORATION

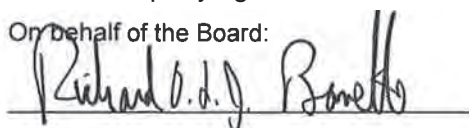
Consolidated Statement of Financial Position

Year ended December 31, 2020, with comparative information for 2019

	Note	2020	2019
Liabilities			
Current liabilities			
Bank indebtedness		\$ 7,288,389	\$ 7,647,565
Accounts payable and accrued liabilities	11	10,822,675	12,978,823
Current portion of bank term loans	12	3,296,330	3,249,160
Customer deposits		630,927	669,580
Current portion of lease liability	7	52,390	60,972
Current portion of note payable	19	2,800,000	3,141,970
Total current liabilities		24,890,711	27,748,070
Non-current liabilities			
Bank term loans	12	54,792,792	48,941,778
Note payable	19	10,200,000	13,000,000
Employee future benefits	13	1,162,880	1,017,166
Lease liability	7	52,932	33,842
Deferred revenue		5,357,133	5,027,955
Derivative liability	12	5,485,809	2,274,169
Deferred income taxes	9	8,559,766	9,887,238
Total non-current liabilities		85,611,312	80,182,148
Total liabilities		110,502,023	107,930,218
Equity			
Share capital	14	16,161,663	16,161,663
Retained earnings		12,003,484	14,064,405
Accumulated other comprehensive loss		(322,605)	(224,347)
Total equity		27,842,542	30,001,721
Total liabilities and equity		138,344,565	137,931,939
Regulatory balances	10	4,089,725	2,913,638
COVID-19	21		
Total liabilities, equity and regulatory balances		\$ 142,434,290	\$ 140,845,577

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

Year ended December 31, 2020, with comparative information for 2019

	Note	2020	2019
Revenue			
Distribution revenue		\$ 12,819,987	\$ 12,050,552
Other income	16	4,442,527	4,740,356
		17,262,514	16,790,908
Sale of electricity		72,564,220	60,208,617
Total revenue	15	89,826,734	76,999,525
Operating expenses			
Employee salaries and benefits	17	5,336,704	5,288,503
Material costs		214,441	397,945
Contract services		1,279,182	830,596
Property costs		1,247,609	1,069,517
Other costs		692,088	830,319
Communication costs		459,113	555,074
Depreciation		3,693,743	3,208,270
		12,922,880	12,180,224
Cost of power purchased		73,189,793	59,807,204
Total expenses		86,112,673	71,987,428
Income from operating activities		3,714,061	5,012,097
Finance income		70,361	81,391
Finance costs			
Interest		(2,896,512)	(2,063,767)
Fair value adjustment on derivative liability	20	(3,211,640)	(2,274,169)
Total finance costs		(6,108,152)	(4,337,936)
Income (loss) before income taxes		(2,323,730)	755,552
Income tax recovery	9	505,175	131,939
Net (loss) income		(1,818,555)	887,491
Net movement in regulatory balances, net of tax			
Net movement in regulatory balances	10	417,093	(1,286,015)
Income tax	10	32,541	355,622
		449,634	(930,393)
Net loss and net movement in regulatory balances		\$ (1,368,921)	\$(42,902)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefits, net of tax	9	(98,258)	-
Other comprehensive loss for the year		(98,258)	-
Total comprehensive loss for the year		\$ (1,467,179)	\$(42,902)

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Changes in Equity

Year ended December 31, 2020, with comparative information for 2019

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2019	\$ 16,161,663	\$ 15,799,258	\$ (224,347)	\$ 31,736,574
Net loss 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
Balance at January 1, 2020	\$ 16,161,663	\$ 14,064,405	\$ (224,347)	\$ 30,001,721
Net loss and net movement in regulatory balances	-	(1,368,921)	(98,258)	(1,467,179)
Dividends	-	(692,000)	-	(692,000)
Balance at December 31, 2020	\$ 16,161,663	\$ 12,003,484	\$ (322,605)	\$ 27,842,542

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Operating activities		
Net loss and net movement in regulatory balances	\$ (1,467,179)	\$ (42,902)
Adjustments for:		
Depreciation	3,921,221	3,427,732
Gain on sale of property, plant and equipment	-	(1,796)
Amortization of deferred revenue	(350,838)	(329,195)
Employee future benefits	145,714	22,965
Net finance costs	2,826,151	1,982,376
Income tax recovery	(540,601)	(131,939)
Fair value adjustment on derivative liability	3,211,640	2,274,169
Change in non-cash operating working capital:		
Accounts receivable	2,066,443	(171,853)
Unbilled revenue	(813,405)	(912,512)
Materials and supplies	149,270	92,986
Prepaid expenses	39,653	27,060
Accounts payable and accrued liabilities	(1,906,161)	(1,900,803)
Customer deposits	(38,653)	(214,577)
Capital contributions	680,016	588,009
Regulatory balances	(449,634)	930,393
Income tax paid	(51,947)	(655,010)
Income tax received	112,178	87,211
Interest paid	(2,896,512)	(2,063,767)
Interest received	70,361	81,391
Net cash from operating activities	4,707,717	3,089,938
Investing activities		
Purchase of property, plant and equipment	(6,443,342)	(11,019,740)
Proceeds on disposal of property, plant and equipment	-	28,251
Note receivable	347,966	335,258
Net cash used by investing activities	(6,095,376)	(10,656,231)
Financing activities		
Dividends paid	(941,987)	(1,268,963)
Issuance of bank term loans	7,352,370	9,361,532
Repayment of bank term loans	(1,454,186)	(1,158,629)
Principal repayments of lease liabilities	(67,392)	(98,078)
Repayment of promissory note	(3,141,970)	-
Net cash from financing activities	1,746,835	6,835,862
Change in bank indebtedness	359,176	(730,431)
Bank indebtedness, beginning of year	(7,647,565)	(6,917,134)
Bank indebtedness, end of year	\$ (7,288,389)	\$ (7,647,565)

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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, 2020.

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 May 6, 2021.

(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, 2020

2. Basis of presentation (continued):

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

(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
- (ii) Note 3(i), 10 – recognition and measurement of regulatory balances
- (iii) Note 3(n), 7 – leases; whether an arrangement contains a lease

(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, 2020

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 appealed this OEB decision through Divisional Court, Ontario Supreme Court of Justice. On October 06, 2020 the Divisional Court dismissed the appeal, giving deference to the OEB. 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 1, 2020. The Corporation has filed a COS application on August 27, 2020 for rates effective May 1, 2021. The Corporation last filed a COS application on October 02, 2015 for rates effective May 1, 2016.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

2. Basis of presentation (continued):

(e) Rate regulation (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:*

The OEB sets electricity prices for certain 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. All remaining consumers pay the market price for electricity or pursuant to their contract with a retailer. 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.

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

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

3. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

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, 2020

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, 2020

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, 2020

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	Years
Distributions system	25 - 50
Plant	20 - 42
Fleet	8 - 15
Other equipment	5 - 20
Computer equipment and software	1 - 5
General office	5
Store equipment	10
Contributed capital	20 - 50

(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, 2020

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, 2020

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, 2020

3. Significant accounting policies (continued):

(j) Employee future benefits (continued):

(i) 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, fair value adjustment on derivative liability and lease liabilities. 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, 2020

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 assesses 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, 2020

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, 2020

4. Accounts receivable:

	2020	2019
Service revenue	\$ 4,872,806	\$ 5,421,916
Recoverable work	1,170,809	1,731,501
Other	919,764	1,712,709
Town of Halton Hills	292,560	423,866
Less allowance for expected credit losses	(229,869)	(197,479)
	\$ 7,026,070	\$ 9,092,513

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

5. Materials and supplies:

The Corporation has included certain major standby equipment as in-service fixed assets and amortizes these assets over their estimated useful lives. The Corporation has reclassified \$774,336 (2019 - \$750,178) to capital assets during the year.

The amount of inventory consumed by the Corporation and recognized as an expense during 2020 was \$214,441 (2019 - \$397,945). No amount of inventory has been written down due to obsolescence (2019 - \$nil).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

6. Property, plant and equipment:

	January 1, 2020	Additions/ Depreciation	Transfers	Disposals/ Retirements	December 31, 2020
<i>Cost</i>					
Distributions system	\$ 98,205,737	\$ 5,453,234	\$ -	\$ -	\$ 103,658,971
Plant	12,857,913	4,759	-	-	12,862,672
Fleet	3,212,874	565,658	-	-	3,778,532
Other equipment	2,988,255	321,769	(1,448)	-	3,308,576
Computer equipment and software	1,761,193	182,902	-	-	1,944,095
General office	262,189	-	-	-	262,189
Store equipment	4,732	-	-	-	4,732
Construction in process	4,868,579	(7,078)	-	-	4,861,501
	124,161,472	6,521,244	(1,448)	-	130,681,268
<i>Accumulated Depreciation</i>					
Distributions system	10,183,250	3,000,668	-	-	13,183,918
Plant	1,704,160	215,653	-	-	1,919,813
Fleet	1,439,867	353,483	-	-	1,793,350
Other equipment	1,030,817	206,409	(1,448)	-	1,235,778
Computer equipment and software	1,258,573	129,301	-	-	1,387,874
General office	237,844	15,709	-	-	253,553
Store equipment	4,732	-	-	-	4,732
Construction in process	-	-	-	-	-
	15,859,243	3,921,223	(1,448)	-	19,779,018
Carrying amount	\$ 108,302,229	\$ 2,600,021	\$ -	\$ -	\$ 110,902,250
<i>2019</i>					
	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

Interest capitalized in property, plant and equipment for 2020 was \$nil (2019 - \$543,584).

Included in fleet are right-of-use assets of \$206,592 (2019 - \$189,307) as further described in note 7.

At December 31, 2020, property, plant and equipment with a carry value of \$110,902,250 (2019 - \$108,302,229) are subject to a general security agreement.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

7. Lease liabilities:

Right-of-use asset	2020	2019
Opening balance	\$ 189,307	\$ 173,920
Renewal/Additions	77,900	80,409
Depreciation	(60,615)	(65,022)
	\$ 206,592	\$ 189,307

Lease liabilities	2020	2019
Opening balance	\$ 94,814	\$ 112,483
Renewal/Additions	77,900	80,409
Interest expense	2,214	3,437
Interest repayments	(2,214)	(3,437)
Repayments	(67,392)	(98,078)
	\$ 105,322	\$ 94,814

Lease liabilities	2020	2019
Current	\$ 52,390	\$ 60,972
Non-current	52,932	33,842
	\$ 105,322	\$ 94,814

Maturity analysis of lease liabilities	2020	2019
Less than one year	\$ 54,625	\$ 63,085
One to five years	54,013	34,651
Total undiscounted lease liabilities	\$ 108,638	\$ 97,736

8. Notes receivable:

The note receivable from the Town of Halton Hills in the issued amount of \$241,398 bears interest of 1.568% (2019 - 1.568%) per annum with quarterly interest and principal repayments up to August 30, 2029.

A second note receivable for the issued amount of \$1,444,883 from the Town of Halton Hills was issued. It bears interest of 3.95% (2019 - 3.95%) and matures on May 1, 2023.

	2020	2019
Total notes receivable	\$ 1,057,033	\$ 1,404,999
Less: current portion	361,419	347,966
	\$ 695,614	\$ 1,057,033

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Income tax expense:

Current tax expense

	2020	2019
Current year	\$ -	\$ 99,657
Adjustment for prior years	42,064	(1,804)
	\$ 42,064	\$ 97,853

Deferred tax recovery

	2020	2019
Origination and reversal of temporary differences	\$ (547,239)	\$ (229,792)
Tax adjustment included in other comprehensive income	(35,426)	-
	\$ (582,665)	\$ (229,792)

Reconciliation of effective tax rate

	2020	2019
(Loss) income before taxes	\$ (2,323,730)	\$ 755,552
Canada and Ontario statutory income tax rates	26.50%	26.50%
Expected tax provision on income at statutory rates	(615,788)	200,221
Increase (decrease) in income taxes resulting from:		
Permanent differences	428	1,621
Non-deductible expenses	19	2,661
Adjustment for prior years	(283)	10,146
Other	277,957	(5,794)
Other comprehensive income	34,864	-
Other adjustments – regulatory movements	-	(340,794)
Income tax recovery	\$ (302,803)	\$ (131,939)

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Income tax expense (continued):

Significant components of the Corporation's deferred tax balances:

	2020	2019
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (8,359,371)	\$ (9,884,292)
Post-employment benefits	308,164	270,625
Deferred revenue	1,363,969	1,226,034
Lease liabilities	27,909	-
Non-capital losses	1,206,463	2,955,714
Investment tax credit	(2,946)	(2,946)
Other	(197,449)	51,160
Corporate minimum tax	512,808	511,670
Fair value adjustment on derivative liability	1,453,739	602,655
	\$ (3,686,714)	\$ (4,269,380)

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

10. Regulatory balances:

Reconciliation of the carrying amount for each regulatory account

Regulatory deferral account debit balances	January 1, 2020	Additions	Recovery/ reversal	December 31, 2020	Remaining recovery/ reversal years
COVID recovery	\$ -	\$ 162,637	\$ -	\$ 162,637	1-3 yrs
RCVA retail services	37,218	(2,720)	-	34,498	1-3 yrs
RCVA service transaction request	553	(3)	-	550	1-3 yrs
Low voltage variance	-	812,703	-	812,703	1-3 yrs
LRAM variance account	364,132	101,468	-	465,600	3-5 yrs
Smart meter capital & recovery	98,903	446	-	99,349	1-3 yrs
RSVA network services	219,174	338,181	-	557,355	1-3 yrs
RCVA connection services	75,658	180,468	-	256,126	1-3 yrs
Deferred income taxes	5,803,057	32,541	-	5,835,598	*
	\$ 6,598,695	\$ 1,625,721	\$ -	\$ 8,224,416	

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	

*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, 2020

10. Regulatory balances (continued):

Regulatory deferral account credit balances	January 1, 2020	Additions	Recovery/ reversal	December 31, 2020	Remaining recovery/ reversal years
Other Regulatory Assets	\$ (143,904)	\$ 40,696	\$ -	\$ (103,208)	3-5 yrs
Low voltage variance	(2,625)	2,625	-	-	1 -3 yrs
Smart metering entity charge	(29,302)	(3,408)	-	(32,710)	1 -3 yrs
RSVA wholesale market services	(225,553)	(279,890)	-	(505,443)	1 -3 yrs
RSVA power	(26,427)	(1,175,134)	-	(1,201,561)	1 -3 yrs
Global adjustment	(2,257,703)	43,002	-	(2,214,701)	1 -3 yrs
Disposition and refund regulatory balance	(228,124)	196,022	-	(32,102)	1 -3 yrs
	\$(2,913,638)	\$ (1,176,087)	\$ -	\$ (4,089,725)	

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)	

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 Corporation did not ask for disposition of 2018 balances in the 2020 IRM application, however the Corporation requested and received authorization 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 debit balances 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 2020, the rate was 2.18% for the period January 2020 to June 2020 and 0.57% for the period July 2020 to December 2020.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

11. Accounts payable and accrued liabilities:

	2020	2019
Accounts payable – energy purchases	\$ 7,743,296	\$ 9,933,218
Payroll payable	535,262	512,635
Other	2,544,117	2,532,970
	\$ 10,822,675	\$ 12,978,823

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 (2019 - \$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 operating line utilized is \$7,225,000 (2019 - \$7,665,070) and is included in bank indebtedness. 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 (2019 - \$1,754,315) from a financial institution.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

12. Credit facilities (continued):

c) Term loans:

	2020	2019
i. Smart Meter Term Loan: Fixed rate term loan due Sept 25, 2026 bearing interest at 3.63% per year repayable monthly \$12,418, principal and interest.	\$ 2,166,487	\$ 2,235,730
ii. Capital Term Loan 1: Fixed rate term loan due Sept 25, 2026 bearing interest at 3.71% repayable monthly in the amounts of \$7,952, principal and interest.	1,441,262	1,482,550
iii. Capital Term Loan 2: Fixed rate term loan due Sept 25, 2026 bearing interest at 3.71% repayable monthly in the amounts of \$10,094, principal and interest.	1,856,815	1,908,225
iv. Capital Term Loan 3: Fixed rate term loan due Sept 25, 2026 bearing interest at 3.76% repayable monthly in the amounts of \$12,554, principal and interest.	2,360,510	2,421,429
v. Capital Term Loan 4: Fixed rate term loan due Sept 25, 2026 bearing interest at 3.83% repayable monthly in the amounts of \$17,412, principal and interest.	3,368,075	3,446,777
vi. Capital Term Loan 5: Fixed rate term loan due Sept 25, 2026 bearing interest at 3.86% repayable monthly in the amounts of \$22,268, principal and interest.	4,446,119	4,540,260
vii. Capital Transformer Station Loan 6: Fixed term loan bearing interest at rate of 4.095% due Sept 1, 2049 repayable monthly in the amount of \$111,069, principal and interest.	22,499,427	22,901,922
viii. Capital Term Loan 7: Fixed rate term loan due March 15, 2027 bearing interest at 3.91% repayable monthly in the amounts of \$20,022, principal and interest.	4,083,086	4,162,044
ix. Capital Term Loan 8: Fixed rate term loan due February 2, 2028 bearing interest at 3.35% repayable monthly in the amounts of \$19,803, principal and interest.	4,388,350	4,477,438
x. Capital Term Loan 9: Fixed rate term loan due June 18, 2028 bearing interest at 3.08% repayable monthly in the amounts of \$17,931.	4,138,259	-
xi. Capital Term Loan 10: Fixed rate term loan due March 30, 2030 bearing interest at 2.80% repayable monthly in the amount of \$12,884.	3,091,830	-

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

12. Credit facilities (continued):

c) Term loans (continued):

	2020	2019
xii. 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.	32,000	96,000
xiii. 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.	1,067,463	1,136,704
xiv. 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.	854,132	904,144
xv. 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.	2,295,307	2,477,715
	\$ 58,089,122	\$ 52,190,938

The Corporation has entered into an interest rate swap agreements 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, 2020

12. Credit facilities (continued):

c) Term loans (continued):

Notwithstanding any demand features, scheduled principal payments on the term loans are as follows:

2020	\$	1,493,989
2021		1,506,281
2022		1,546,415
2023		1,597,169
2024		1,649,566
2025 – 2049		50,295,702
		58,089,122
Less: current portion		3,296,330
Long-term portion of loan	\$	54,792,792

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.

Under the provisions of the term loan agreements, the Corporation is required to comply with certain financial covenants. As at December 31, 2020, the Corporation is in compliance with the financial covenants relating to combined debt service coverage ratio of non-consolidated Halton Hills Community Energy Corporation and SouthWestern Energy Inc. and debt to capitalization ratio of Halton Hills Hydro Inc.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

13. 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 2020, the Corporation made employer contributions of \$504,192 to OMERS (2019 - \$514,284), of which \$292,554 (2019 - \$289,928) has been capitalized as part of PP&E and the remaining amount of \$211,638 (2019 - \$224,356) has been recognized in profit or loss. The Corporation estimates that a contribution of \$580,847 to OMERS will be made during the next fiscal year.

As at December 31, 2020, OMERS had approximately 525,981 members, of whom 58 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2020, which reported that the plan was 97% (2019 - 97%) funded, with an unfunded liability of \$3.2 billion (2019 - \$3.4 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, 2020 were based on results and assumptions determined by actuarial valuation as at December 31, 2019.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

13. Employee future benefits (continued):

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

Reconciliation of the obligation	2020	2019
Defined benefit obligation, beginning of year	\$ 1,017,166	\$ 994,201
Included in profit or loss		
Current service cost	40,056	30,300
Interest cost	35,674	33,094
Actuarial loss	131,561	-
	1,224,457	1,057,595
Benefits paid	(61,577)	(40,429)
Defined benefit obligation, end of year	\$ 1,162,880	\$ 1,017,166

Actuarial assumptions	2020	2019
General inflation	2.00%	2.00%
Discount (interest) rate	3.20%	3.40%
Salary levels	3.00%	2.70%
Medical costs	4.20%	5.96%
Dental costs	4.50%	4.50%

14. Share capital:

	2020	2019
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 \$346 per share (2019 - \$846), which amounted to total dividends declared in the year of \$692,000 (2019 - \$1,691,951).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

15. 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.

	2020	2019
Revenue from contracts with customers	\$ 85,384,207	\$ 74,650,398
Other revenue:		
CDM programs	521,396	686,726
Other	3,921,131	1,662,401
	\$ 89,826,734	\$ 76,999,525

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

	2020	2019
Residential	\$ 41,234,401	\$ 29,210,762
Commercial	43,550,670	42,643,450
Other	599,136	2,796,186
	\$ 85,384,207	\$ 74,650,398

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

16. Other income:

	2020	2019
Rendering of services	\$ 3,570,293	\$ 3,724,435
Amortization of deferred revenue	350,838	329,195
Government grants under CDM programs	521,396	686,726
	\$ 4,442,527	\$ 4,740,356

17. Employee salaries and benefits:

	2020	2019
Salaries, wages and benefits	\$ 4,993,858	\$ 4,877,220
CPP and EI remittances	127,586	146,852
Contributions to OMERS	203,231	241,466
Post-employment benefit plans	12,029	22,965
	\$ 5,336,704	\$ 5,288,503

18. 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, 2020, no assessments have been made.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

19. 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 transactions with its ultimate parent, a government entity:

	2020	2019
Transactions:		
Revenue		
Street light maintenance & other	\$ 796,838	\$ 795,448
Distribution revenue	259,844	299,166
Sale of electricity	844,541	1,556,678
Finance income on the loans receivable	39,425	55,890
Expenses		
Property taxes	165,015	139,899
Interest	567,962	665,049
Dividends	692,000	1,691,951
Balances:		
Amounts due from:		
Accounts receivable	292,560	423,866
Loan receivable, bearing interest at 1.568% per Annum with quarterly interest and principal Repayments up to August 30, 2029	241,398	268,597
Loan receivable bearing interest at 3.95% per annum	815,635	1,136,402

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, 2020

19. 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 2020, the prescribed rate was 4.12% (2019 - 4.12%). On December 17, 2020 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:

2021	\$ 2,800,000
2022	2,800,000
2023	2,800,000
2024	2,800,000
2025	1,800,000
	13,000,000
Less: current portion	2,800,000
Long-term portion of note payable	\$ 10,200,000

The Corporation incurred interest expense in respect of the note payable of \$567,962 (2019 - \$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:

	2020	2019
Salaries, directors fees, bonuses and short term benefits	\$ 2,398,391	\$ 2,418,086
Employee future benefits	4,423	9,056
	\$ 2,402,814	\$ 2,427,142

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Financial instruments and risk management:**Fair value disclosure:**

The carrying values of accounts receivable, unbilled revenue, income taxes receivable 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.

The fair value of the loan payable to the parent (Town) at December 31, 2020 is \$11,605,991. 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, 2020 was 4.12% (2019 - 4.12%).

The fair value of the note receivable from the ultimate parent (Town) at December 31, 2020 is \$234,509. 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, 2020 was 1.568% (2019 - 1.568%).

The loans fair value at December 31, 2020 are as follows:

Loan	Rate	Carrying Value	Fair Value
Smart Meter Term Loan	3.63%	\$ 2,166,487	\$ 2,164,141
Capital Term Loan 1	3.71%	1,441,262	1,440,585
Capital Term Loan 2	3.71%	1,856,815	1,222,675
Capital Term Loan 3	3.76%	2,360,510	2,279,600
Capital Term Loan 4	3.83%	3,368,075	2,391,099
Capital Term Loan 5	3.86%	4,446,119	4,445,545
Capital Term Loan 7	3.91%	4,083,086	4,078,420
Capital Term Loan 8	3.35%	4,388,350	4,374,715
Capital Term Loan 9	3.08%	4,138,259	4,137,812
Capital Term Loan 10	2.08%	3,091,830	3,085,032
		\$ 31,340,793	\$ 29,619,624

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. 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% (2019 - 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 expected credit losses at December 31, 2020 is \$229,869 (2019 - \$197,479). An impairment loss of \$41,408 (2019 - \$70,528) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. As a result of the COVID-19 pandemic, certain of the Corporation's customers have experienced loss of employment, business shut-downs and other disruptions. The extension of the OEB's winter disconnection ban negatively impacted the Corporation's ability to exercise the full extent of its collection tools to manage the credit risk. In response to the increased collection risk, the Corporation has reviewed its loss allowance for expected credit losses due to the higher level of expected customer defaults on accounts receivable and has determined that the loss allowance is adequate. The Corporation has estimated the expected credit losses using its historical loss rates and recent trends for customer collections along with current and forecasted economic conditions and data. There is a greater degree of estimation uncertainty over this loss estimate than in 2019. To support residential and small business customers struggling to pay their energy bills, the Government of Ontario provided funding for the COVID-19 Energy Assistance Program ("CEAP"). The Corporation was allocated a portion of this funding and actively participated in the program.

At December 31, 2020, approximately \$255,626 (2019 - \$279,477) 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. The Corporation manages credit risk for certain of its general service customers by collecting security deposits. As at December 31, 2020 the Corporation holds security deposits in the amount of \$630,927 (2019 - \$669,580).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Financial instruments and risk management (continued):**Financial risks (continued)**

(a) Credit risk (continued)

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 \$4,725 (2019 - \$13,715) was incurred on consumer deposits.

(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 debt instruments that carry interest at variable rates. The Corporation has mitigated its risk on certain of the variable rate term loans through the use of interest rate swap agreements as described in note 12(c). 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. The effect is to fix the interest rate on the term facility loan at 4.095%. Accordingly, the Corporation has recognized an unfunded fair value derivative loss of \$2,413,407 during the year (2019 - \$2,274,169). 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.

The Corporation has executed a second interest rate swap transaction on April 29, 2020 in the amount of \$31,077,000 at fixed interest rate of 2.951%. The loan will be funded on May 25, 2021 and has an amortization term of 30 years. This swap transaction is to refinance existing term loans that will be maturing in May 2021. Accordingly, the Corporation has recognized an unfunded fair value derivative loss of \$798,233 during the year. The potential replacement cost to the Corporation of the two interest rate swaps, representing estimated fair value as presented on the balance sheet, was \$5,485,809 (2019 - \$2,274,169), which was in the favour of institution outlined in note 12(c). 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.

Interest is paid on customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Financial instruments and risk management (continued):

Financial risks (continued):

(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 to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The line of credit is outlined in note 12(a). The majority of accounts payable, as reported on the balance sheet, are due within 60 days. The COVID-19 pandemic has placed increased liquidity pressure on the Corporation. The Corporation's currently available liquidity is expected to be sufficient to address any reasonably foreseeable impacts that the COVID-19 pandemic may have on the Corporation's cash requirements.

(d) Capital disclosures

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, 2020, shareholder's equity amounts to \$27,842,542 (2019 - \$30,001,721), long-term debt amounts to \$58,089,122 (2019 - \$52,190,938) and note payable amounts to \$13,000,000 (2019 - \$16,141,970).

21. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2020, COVID-19 has not had a significant impact on the Corporation as further described in note 20(a). The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

22. Comparative Information:

Certain 2019 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

FIVE YEAR STATISTICS

2016 - 2020



5 Year Statistics	2020	2019	2018	2017	2016
Consolidated Statement of Financial Position					
Financial assets					
Cash	\$11,526,200	\$4,457,168	\$4,338,742	\$6,162,358	\$5,657,592
Short term investments	87,474,125	87,825,659	76,402,708	68,417,557	57,874,612
Taxes receivable	6,903,045	5,282,666	5,424,874	4,542,809	4,559,126
Accounts receivable	3,019,315	2,562,137	1,713,340	2,197,395	5,469,547
Long-term receivables	1,412,304	1,437,926	1,823,142	2,114,067	2,363,187
Note Receivable from HHCEC	13,000,000	16,141,970	16,141,970	16,141,970	16,141,970
Investment HHCEC	27,842,542	30,001,721	31,736,574	31,355,276	30,353,702
Inventory for resale	10,994	15,782	15,570	13,922	14,560
Non-financial assets	329,406,620	326,146,060	327,665,074	333,804,834	336,299,609
Total Assets	\$480,595,145	\$473,871,089	\$465,261,994	\$464,750,188	\$458,733,905
Financial liabilities					
Accounts payable and accrued liabilities	\$14,644,771	\$15,084,790	\$14,729,531	\$14,762,923	\$14,233,548
Deferred revenue	31,081,443	31,633,419	25,911,748	23,183,663	23,836,658
Employee benefits payable	3,591,306	3,441,497	3,148,700	3,031,984	2,056,764
Liability for contaminated sites	410,453	407,600	375,952	367,500	350,000
Liability for post closure solid waste landfill	123,804	130,121	140,902	121,643	129,251
Long term liabilities	21,165,709	23,696,743	23,925,060	27,981,565	32,263,082
Total Liabilities	\$71,017,486	\$74,394,170	\$68,231,893	\$69,449,278	\$72,869,303
Accumulated Surplus	\$409,577,659	\$399,476,919	\$397,030,101	\$395,300,910	\$385,864,602
Consolidated Statement of Change in Net Financial Assets					
Annual surplus	\$10,100,740	\$2,446,818	\$1,729,191	\$9,436,308	\$8,319,223
Acquisition of tangible capital assets	(21,220,398)	(16,223,879)	(12,482,561)	(15,756,631)	(21,936,664)
Amortization of tangible capital assets	17,612,409	17,497,188	17,922,371	18,350,776	17,438,543
(Gain)/loss on disposal of tangible capital assets	(3,068,910)	349,527	673,182	(59,073)	(4,255,921)
Proceeds on disposal of tangible capital assets	3,236,038	167,023	152,736	59,073	4,560,887
Change in inventory and prepaid expenses	180,301	(270,845)	(125,968)	(99,370)	58,383
Change in net financial assets	\$6,840,180	\$3,965,832	\$7,868,951	\$11,931,083	\$4,184,451
Net Financial Assets, Beginning of Year	\$73,330,859	\$69,365,027	\$61,496,076	\$49,564,993	\$45,380,542
Net Financial Assets, End of Year	\$80,171,039	\$73,330,859	\$69,365,027	\$61,496,076	\$49,564,993

5 Year Statistics	2020	2019	2018	2017	2016
Consolidated Statement of Operations					
Revenue					
Property taxes					
- General levy	\$53,557,300	\$50,689,500	\$47,322,000	\$45,152,000	\$42,843,800
- PIL & Supplementary taxes	2,444,695	2,924,076	2,971,503	2,117,959	2,327,525
User fees	3,591,456	7,412,618	7,433,145	6,985,311	7,097,627
Government transfers - Federal	62,251	8,734	131,024	20,925	21,607
- Federal gas tax	1,729,345	473,313	1,733,232	2,250,682	2,115,904
- Provincial	4,501,501	1,950,197	2,548,490	1,447,539	769,504
- Provincial gas tax	577,421	566,422	553,478	436,443	427,339
- Other Municipalities	2,376,900	1,401,503	619,449	1,818,695	3,726,173
Investment income*	2,076,930	2,176,220	1,920,591	1,783,034	1,624,816
Development Charges	5,226,869	2,526,926	2,900,123	7,332,786	(909,985)
Assets assumed from developers	3,455,911	4,065,621	297,489	1,874,482	2,932,685
Interest from HHCEC	567,962	665,049	665,049	665,049	710,432
Equity income from HHCEC	(1,467,179)	(42,902)	2,073,249	2,693,525	1,966,275
Other income	8,308,067	6,169,143	5,904,166	5,480,298	9,822,507
Total Revenue	\$87,009,429	\$80,986,420	\$77,072,988	\$80,058,728	\$75,476,209
Expenses					
Salaries, wages and benefits	\$42,566,655	\$42,383,370	\$39,770,233	\$37,221,219	\$34,751,361
Materials	5,303,603	6,465,418	5,897,132	5,811,487	6,342,359
Contracted services	9,734,901	10,183,018	9,017,745	7,518,782	6,642,142
Financial expenses	966,320	1,105,385	1,165,889	505,809	930,992
Government transfers	127,735	252,686	737,266	479,896	234,427
Interest on debentures	597,066	652,537	833,161	734,451	817,162
Amortization	17,612,409	17,497,188	17,922,371	18,350,776	17,438,543
Total Expenses	\$76,908,689	\$78,539,602	\$75,343,797	\$70,622,420	\$67,156,986
Annual Surplus	\$10,100,740	\$2,446,818	\$1,729,191	\$9,436,308	\$8,319,223
Accumulated Surplus, Beginning of Year	\$399,476,919	\$397,030,101	\$395,300,910	\$385,864,602	\$377,545,379
Accumulated Surplus, End of Year	\$409,577,659	\$399,476,919	\$397,030,101	\$395,300,910	\$385,864,602
*Return on Investment	2.63%	2.85%	2.76%	2.78%	2.97%

5 Year Statistics	2020	2019	2018	2017	2016
Long Term Liabilities					
Debentures	\$21,165,709	\$23,696,743	\$23,106,178	\$25,616,653	\$29,486,869
Loans payable	-	-	818,882	1,142,799	1,197,981
Note payable	-	-	-	1,222,113	1,578,232
Total Long Term Liabilities	\$21,165,709	\$23,696,743	\$23,925,060	\$27,981,565	\$32,263,082
Recoverable from (\$)					
Tax levy/Reserves	\$5,676,787	\$7,174,450	\$8,074,128	\$8,004,300	\$9,353,493
Development charges	15,456,317	16,486,014	14,992,155	17,568,897	20,086,415
User fees	-	-	818,882	1,142,799	1,197,981
Hydro energy savings	-	-	-	1,222,113	1,578,232
Upper tier municipality	32,605	36,279	39,895	43,456	46,961
	\$21,165,709	\$23,696,743	\$23,925,060	\$27,981,565	\$32,263,082
Recoverable from (%)					
Tax levy/Reserves	26.8%	30.3%	33.7%	28.6%	29.0%
Development charges	73.0%	69.6%	62.7%	62.8%	62.3%
User fees	0.0%	0.0%	3.4%	4.1%	3.7%
Hydro energy savings	0.0%	0.0%	0.0%	4.4%	4.9%
Upper tier municipality	0.2%	0.2%	0.2%	0.2%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Debenture Costs (Net debt)					
Principal	\$4,427,360	\$3,924,068	\$3,951,798	\$3,866,710	\$3,786,200
Interest	597,066	652,537	833,161	734,451	817,162
	\$5,024,426	\$4,576,605	\$4,784,959	\$4,601,161	\$4,603,362
Funded from (\$)					
Tax levy/Reserves	\$2,044,000	\$1,953,223	\$1,773,763	\$1,586,958	\$1,590,834
Development charges	2,980,426	2,623,382	3,011,196	3,014,203	3,012,528
	\$5,024,426	\$4,576,605	\$4,784,959	\$4,601,161	\$4,603,362
Funded from (%)					
Tax levy/Reserves	42.7%	42.7%	37.1%	34.5%	34.6%
Development charges	57.3%	57.3%	62.9%	65.5%	65.4%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Repayment Limit*	\$11,534,735	\$11,045,350	\$10,634,102	\$10,057,145	\$10,469,093
Council Debenture Cap**	\$5,355,730	\$5,068,950	\$4,732,200	\$4,515,200	\$4,284,380

* 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	2020	2019	2018	2017	2016
Reserves, Reserve Funds					
Reserves	\$43,044,910	\$55,473,764	\$50,191,667	\$44,189,171	\$38,969,150
Discretionary reserve funds	10,618	10,335	10,442	642,500	396,136
Ending Reserve Balance	\$43,055,528	\$55,484,099	\$50,202,109	\$44,831,671	\$39,365,286
Obligatory Reserve Funds and Deferred Revenue					
Development Charges	\$6,985,870	\$8,289,194	\$8,289,194	\$8,850,127	\$10,885,525
Parkland	6,576,062	5,940,227	4,943,282	4,748,219	4,373,238
Gas tax	4,473,714	4,219,585	884,069	699,176	1,093,418
Building permit	5,186,685	4,903,656	5,253,688	5,589,600	4,191,766
Ontario St. Reconstruction	-	-	-	27,860	27,097
Deferred Federal Grants	908,659	345,392	229,012	-	-
Transportation Maintenance	3,011,529	2,931,375	2,927,866	-	-
Gateway Feature	179,625	174,844	169,947	-	-
Private Traffic Signal Maintenance	256,288	249,467	243,452	-	-
Other deferred revenue	3,503,011	4,579,678	2,971,238	3,268,681	3,265,614
Ending Deferred Revenue Balance	\$31,081,443	\$31,633,419	\$25,911,748	\$23,183,663	\$23,836,658
Interfund Loans					
Development charges	\$19,559,459	\$19,169,607	\$14,273,829	\$10,160,072	\$9,547,428
Reserves	(20,059,906)	(19,682,054)	(14,812,080)	(10,724,128)	(10,137,288)
Operating fund	500,447	512,447	538,251	564,056	589,860
Net interfund Loans	\$-	\$-	\$-	\$-	\$-
Expenditure Analysis					
Total consolidated expenditures per capita	\$1,257	\$1,284	\$1,232	\$1,204	\$1,159
Debt charge per capita	\$82	\$75	\$78	\$78	\$79
Debt charge per household	\$227	\$208	\$218	\$220	\$224
Interest on Debt charges as % of consolidated expenditures	0.8%	0.8%	1.1%	1.0%	1.2%
Revenue Analysis					
Property taxes and user fees as a % of consolidated revenue	68.5%	75.4%	74.9%	67.8%	69.3%
Total grants as a % of consolidated revenue	7.9%	3.7%	6.4%	5.2%	4.4%
Debt charges as a % of consolidated revenue	5.8%	5.7%	6.2%	5.7%	6.1%
Staffing Analysis (as at December 31) (Note 1)					
Full time positions	347	333	321	272	271
Part time positions	373	402	399	437	434
Seasonal employees	31	40	35	43	38

5 Year Statistics	2020	2019	2018	2017	2016
Tangible Capital Asset Cost					
Assets, beginning of year	\$609,856,805	\$599,829,298	\$605,154,959	\$589,702,935	\$571,609,960
Additions	27,496,566	17,552,347	15,786,460	19,145,023	22,689,543
Disposals	(8,823,595)	(7,524,841)	(21,112,121)	(3,692,999)	(4,596,568)
Assets, end of year	\$628,529,776	\$609,856,804	\$599,829,298	\$605,154,959	\$589,702,935
Tangible Capital Asset Amortization					
Accumulated amortization, beginning of year	\$285,016,462	\$273,199,096	\$272,259,029	\$254,212,860	\$240,313,040
Annual amortization	17,612,409	17,497,188	17,922,371	18,350,775	17,438,543
Accumulated amortization on disposal	(2,380,299)	(5,679,823)	(16,982,304)	(304,606)	(3,538,723)
Accumulated Amortization, end of year	\$300,248,572	\$285,016,461	\$273,199,096	\$272,259,029	\$254,212,860
Net Book Value of Tangible Capital Assets	\$328,281,204	\$324,840,343	\$326,630,202	\$332,895,930	\$335,490,075
Investment in HHCEC					
Promissory note receivable	\$13,000,000	\$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, end of year	11,680,879	13,840,058	15,574,911	15,193,613	14,192,039
	\$40,842,542	\$46,143,691	\$47,878,544	\$47,497,246	\$46,495,672
Statistics					
Population (Note 2)	61,161	61,161	61,161	58,672	57,922
Households (Note 3)	22,123	22,049	21,975	20,874	20,521
Residential permits issued	555	278	319	606	393
Non-residential permits issued	91	285	379	403	380
Total paved lane km	891	891	891	891	891
Total unpaved lane km	24	24	24	24	24
Trails total km	26	25	25	25	25
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

5 Year Statistics	2020	2019	2018	2017	2016
Taxable Assessment (\$'000s) (non-weighted)					
Residential	\$11,896,199	\$11,128,884	\$10,321,749	\$9,685,056	\$9,032,765
Multi-Residential	114,443	112,332	110,234	104,857	120,028
Farm/Forests/Pipelines	453,931	432,936	404,343	364,855	350,634
Commercial & Industrial (C/I)	1,900,325	1,697,821	1,484,787	1,383,941	1,292,461
Total Taxable Assessment (\$'000s)	\$14,364,898	\$13,371,973	\$12,321,113	\$11,538,710	\$10,795,888
Annual assessment growth rate (Note 4)	2.3%	2.8%	0.8%	1.4%	0.8%
Ratio of C/I to Total Taxable Assessment	13.2%	12.7%	12.1%	12.0%	12.0%
Annual Taxes on weighted CVA of \$100,000 (residential rate)					
Town portion	\$351	\$359	\$364	\$370	\$374
Region portion	274	284	295	308	319
Education	153	161	170	179	188
Total Annual Taxes on weighted CVA	\$779	\$804	\$829	\$857	\$881

Note 1 - Staffing reported based on MMAH requirements

Note 2 - Population 2018 to 2020 Stats Can source, prior years Halton Region source

Note 3 - Households 2018 to 2020 MPAC source, prior years Halton Region source

Note 4 - Based on unweighted assessment value

TOWN OF HALTON HILLS

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