

# 2021

## 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 62,951. 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

<b>Population</b>	62,951 (2.93% increase over 2016)
<b>Median Age</b>	42 years 67.9% 15 - 64 years old
<b>Labour Force</b>	35,730
<b>Private Households</b>	22,206 (73.04% detached)
<b>Average Household size</b>	2.9
<b>Median Household Income 2015</b>	\$127,000
<b>Post-Secondary Education (15 years and older)</b>	54%
<b>Language (first official spoken)</b>	English 97.4%
<b>Visible Minority</b>	7.4%



**Sources:**

2016 Census, 2021 Census – Statistics Canada; 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

# 2021 AWARDS

## RECEIVED THE CMHA REACH AWARD

The Halton Branch of the Community Mental Health Association (CMHA) awarded the Halton Hills Youth Centres an award for outstanding advancement of community mental health and addiction awareness and support in Halton Region.

# 2021 HIGHLIGHTS

## ACTON YOUTH CENTRE

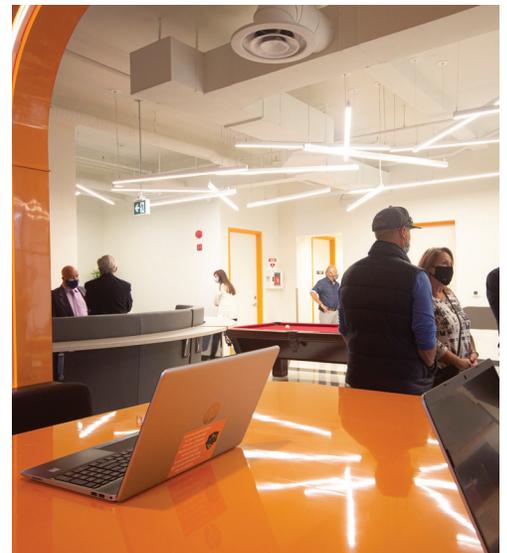
A new Town-operated space dedicated to local youth services officially opened in October within the Acton Town Hall, offering a variety of programs and amenities.

## CLIMATE CHANGE VULNERABILITY ASSESSMENT FOR TOWN'S ASSETS AND INFRASTRUCTURE

Severe climatic events impact the Town's critical infrastructure. The Climate Change Vulnerability Assessment analyzed the vulnerability and adaptive capacity of high priority infrastructure.

## COMMUNICATIONS

- Met and exceeded Accessibility for Ontarians with Disabilities Act (AODA) and Website Content Accessibility Guidelines (WCAG) compliance levels by 2022 provincial deadline and trained staff to assist in review and update of over 2000 municipal documents.
- Managed 34+ new projects on [letstalkhaltonhills.ca](https://letstalkhaltonhills.ca) platform and supported 5 virtual public engagement consultations



# 2021 HIGHLIGHTS

## DATA, RISK AND LIFECYCLE STRATEGIES FOR THE CORPORATE ASSET MANAGEMENT PROGRAM

- The Data Management Strategy ensures quality and consistency in data collection, storage, maintenance and sharing.
- The Risk Management Strategy focuses on infrastructure and assets and strengthening the Town's resilience to external risks by considering all lifecycle phases including the planning, acquisition, installation and commissioning, operation, maintenance, renewal, replacement and disposal of infrastructure and assets.
- The Lifecycle Management Strategy aims to maximize performance of assets and infrastructure while minimizing costs.

## CULTURE

- The Town secured Canadian Cultural Property Certification for The Helson Collection (valued at just under \$1M) and the collection of 103 works was transferred to the Town.
- The Town received 68 art donations for a total of 943 works of art valued at over \$1.3M.
- Launched a series of virtual curriculum-based school programs including French language programming with 900 students
- Commissioned and installed nine vinyl wraps on Town-owned utility boxes featuring local artists as part of the Under Wraps program.
- The Town's 6th annual Culture Days celebrations presented 76 activities by 36 activity organizers, including 20 first time organizers. The activities were presented at 21 venues across town and featured 165 participating artists.

## ELECTRIC VEHICLE (EV) CHARGER INSTALLATION

In partnership with the IVY charging network, and with financial support from the NRCAN-ZEVIP program, the Town installed 11 new public EV chargers at six locations.

## GREEN DEVELOPMENT STANDARDS (GDS) UPDATED TO V3

The Green Development Standards 3 (GDS v3) was approved by Town Council in June 2021 and puts increased weight on measures that reduce greenhouse gases of new development

# 2021 HIGHLIGHTS

## LOW CARBON TRANSITION STRATEGY

The Low Carbon Transition Strategy establishes actions set out in the Climate Change Emergency Declaration of May 6, 2019, to achieve net-zero carbon by 2030. The strategy focuses on de-carbonizing Town operations, as well as greenhouse gas emissions associated with transportation, industry, agriculture and waste.

## MAGNUS CARDS

The Town of Halton Hills launched digital card decks for ActiVan, the Halton Hills Public Library, and Recreation and Parks with MagnusCards™, a free life-skills app dedicated to removing accessibility barriers for people with cognitive and intellectual disabilities.

## PRIVATELY-OWNED TREE MANAGEMENT STRATEGY

This strategy was approved by Council in December 2021 and builds on positive actions already taken to support and preserve the tree canopy. It outlines actions related to the protection, maintenance and enhancement of the community tree canopy, including education and incentives.

## SPECIALIZED TRANSIT (ACTIVAN) MASTER PLAN

The 2021-2031 Specialized Transit Plan was approved in June, 2021 and supports service enhancements to meet the Accessibility of Ontarians with Disabilities Act (AODA) and establishes service standards, ridership demand, fleet requirements and a long-term strategy to support the growth of the specialized transit service.

## EQUITY, DIVERSITY & INCLUSION, & TRUTH & RECONCILIATION

- Public programming celebrated Black History Month and Indigenous History Month with educational and cultural programs in coordination with the Halton Hills Public Library.
- Hosted #hopeandhealingcanada by Métis artist Tracey-Mae Chambers, a temporary site-specific public art at the Library & Cultural Centre.
- Land acknowledgments were included at the start of Council meetings, and the Mississaugas of the Credit First Nation flag was raised at the Library & Cultural Centre.
- The Town recognized National Day for Truth and Reconciliation and the Every Child Matters flag was raised at the Library & Cultural Centre.
- The Town joined the Coalition for Inclusive Municipalities and endorsed the Halton Equity, Diversity and Inclusion Charter

# 2021 HIGHLIGHTS

## ECONOMIC DEVELOPMENT & INVESTMENT

- A new five-year Economic Development and Tourism Strategy (2021-2026) was approved by Council in February 2021.
- Completed an Economic Recovery and Resiliency Plan (ERRP) addressing required business needs and supports due to pandemic as a result of the pandemic
- Advanced the Community Improvement Plan Update project
- Contacted over 550 local business as part of the Corporate Calling Program
- A new and expanded 'Shop Local' campaign launched in partnership with the Halton Hills Chamber of Commerce, Downtown Georgetown Business Improvement Area and the Downtown Acton Business Improvement Area (BIA)
- Offered "Al Fresco in the Hills" which supported 16 temporary patios
- Halton Hills joined the Ontario Culinary Tourism Alliance (CTA), to support local food and farm businesses in culinary tourism programs, training, and marketing opportunities.
- Launched second phase of the Digital Main Street (DMS) Program to assist local businesses with technology upgrades, providing one-on-one support to over 130 businesses.
- Completed Economic Development and Tourism Strategy (2021-2026) and began implementation with 40% of the 137 actions in progress.
- Continued the Foreign Direct Investment (FDI) Strategy lead generation and pre-qualification, virtual trade shows, developing the value proposition, building relationships.
- Launched the Business Concierge Program supporting over 20 potential major investment opportunities, representing a potential investment of over \$1 billion, thousands of new jobs and over 9 million sq. ft. of development.
- Advanced affordable housing opportunities, including 17 Guelph Street, and coordination of the Affordable Housing Working Group.

## 2021 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.

### **\$300,800 FOR THE RETROFIT HALTON HILLS PILOT PROGRAM**

Funded from the FCM Grant

Funding was used by the Town to evaluate the feasibility of an Local Improvement Charge-based home energy retrofit program targeting the residential sector. The Town used the funds to launch the Retrofit Halton Hills project which supports Council's climate change emergency declaration to achieve the net zero goal by 2030. The project was completed in 2021 and the pilot program was launched in April 2022.

### **\$91,300 FOR ACTIVAN SOFTWARE**

Funded from the Municipal Modernization Program Phase 2 grant

The Town used the funding for the TripSpark Passenger Portal software for the ActiVan Specialized Transit service. This software is an on-line/mobile application for clients to self-serve and manage their trip bookings while increasing booking efficiencies. The software also validates taxi usage by Town staff and ensures trip costs are validated by distance prior to the trip delivery. The software supports accessibility and convenience by allowing customers the option to book online, further supporting ActiVan nonverbal customers. The installation of the software was completed in Q3 2021.

### **\$55,000 FOR INSTALLATION OF IVY PUBLIC EV CHARGERS**

Funded from the NRCAN-Zero Emission Vehicle Infrastructure Program

This grant funded the installation of new electric vehicle chargers at 6 different locations in Halton Hills that included various municipal facilities (Town Hall, Fire headquarters, Mold-Masters SportsPlex, Robert C. Austin Operations Centre, Acton Arena), the Edith Street parking lot, the Georgetown Fairgrounds, Dominion Gardens and the Willow Street parking lot.

The Zero Emission Vehicle Infrastructure Program (ZEVIP) is a 5-year \$280 million program ending in 2024 to address charging and refueling station shortages in Canada.

# 2021 APPROVED FUNDING SOURCES

## **\$50,000 FOR THE RISK & LIFECYCLE MANAGEMENT STRATEGY PROJECT**

Funded from the FCM Municipal Asset Management Program

The Town used the grant funding to carry out the Risk and Lifecycle Management strategy project as part of its Corporate Asset Management Program. This involved the development of a Risk Management Strategy specifically focused on Town's infrastructure and assets to strengthen its resilience to external risks and provide guidance around the control and mitigation of risks that can arise from the management and operation of those infrastructure and assets. The project also included the development of a Lifecycle Management Strategy to Town's infrastructure and assets. The strategy considers all lifecycle phases including the planning, acquisition, installation and commissioning, operation, maintenance, renewal, replacement and disposal of infrastructure and assets and what are the activities involved to maintain them in a state of good repair.

## **\$45,000 FOR THE DIGITAL MAIN STREET PROGRAM**

Funded from the Digital Service Squad Program grant

The Town received the grant to implement a second phase of the Digital Main Street (DMS) Program. A DMS Coordinator provided personalized one-on-one support and administered other DMS programs to assist local small businesses, including access to the \$2,500 Digital Transformation Grant. The program has supported over 130 businesses and helped business owners access \$150,000 in grants to help with digital technology upgrades.

## **\$15,000 FOR COMMUNITY-FACING CLIMATE ADAPTATION ACTIONS**

Funded from International Council for Local Environmental Initiatives (ICLEI) Canada

This matching-funds grant helped the Town of Halton Hills move from planning to supporting actual implementation of measures that support climate adaptation actions. These included a series of workshops addressing self-assessments, meeting with cohort members and ICLEI.

# A MESSAGE FROM THE TREASURER

The 2021 Consolidated Financial Statements demonstrate the Town's continued commitment to program and service delivery with a strong financial foundation to support future growth and remain resilient in the face of the COVID-19 pandemic.



Moya Leighton CPA, CGA, MBA  
Town Treasurer and Director of Finance  
September 6, 2022

The Town of Halton Hills is pleased to present the 2021 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, 2021 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.

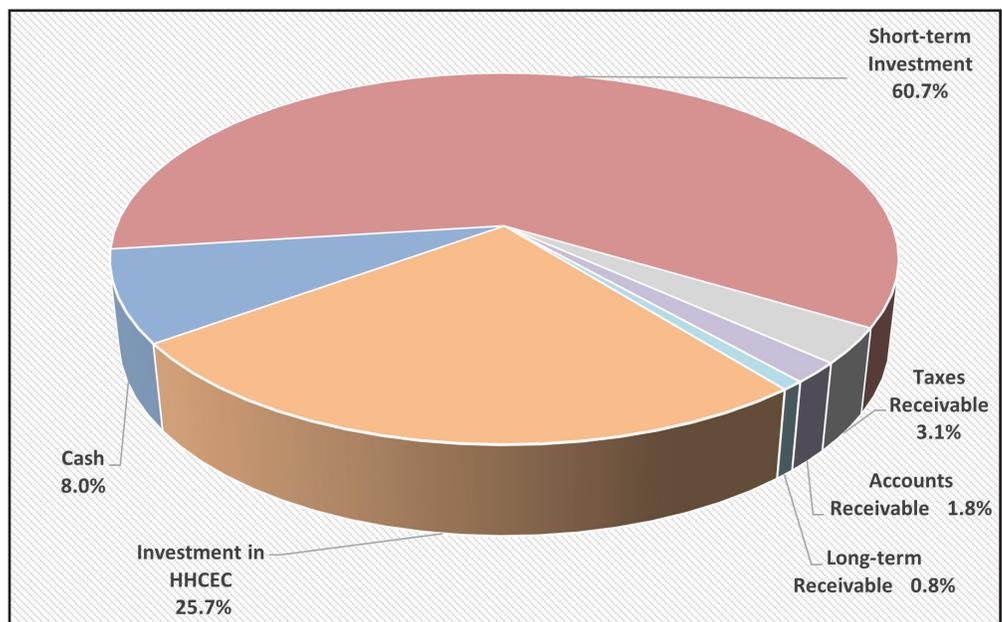
# MANAGEMENT DISCUSSION & ANALYSIS

## 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, 2021, 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 risen by \$16.3M, totaling \$167.5M at the end of 2021. The increase is mainly due to higher levels of cash held at the end of the year in the Scotiabank operating account and increased levels of short term investments. The following graph shows the distribution of financial assets:



### Cash & Short-Term Investments

Short term investments of \$101.7M have increased by \$14.2M over the prior year, while the cash position has increased by \$1.8M since 2020. This increase was driven by:

- The deferral of spending due to the financial uncertainty arising from the COVID-19 pandemic;
- Receipt of \$2.8M related to the second 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;
- Receipt of planning fees in advance of development in the Vision Georgetown lands;
- Favourable year end working capital position.

**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 2.02%, which has decreased from the 2020’s return of 2.63%. 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 a lower rate of return coupled with the Bank of Canada interest rate drop since March 2020 to 0.25%.

**Investment in Halton Hills Community Energy Corporation**

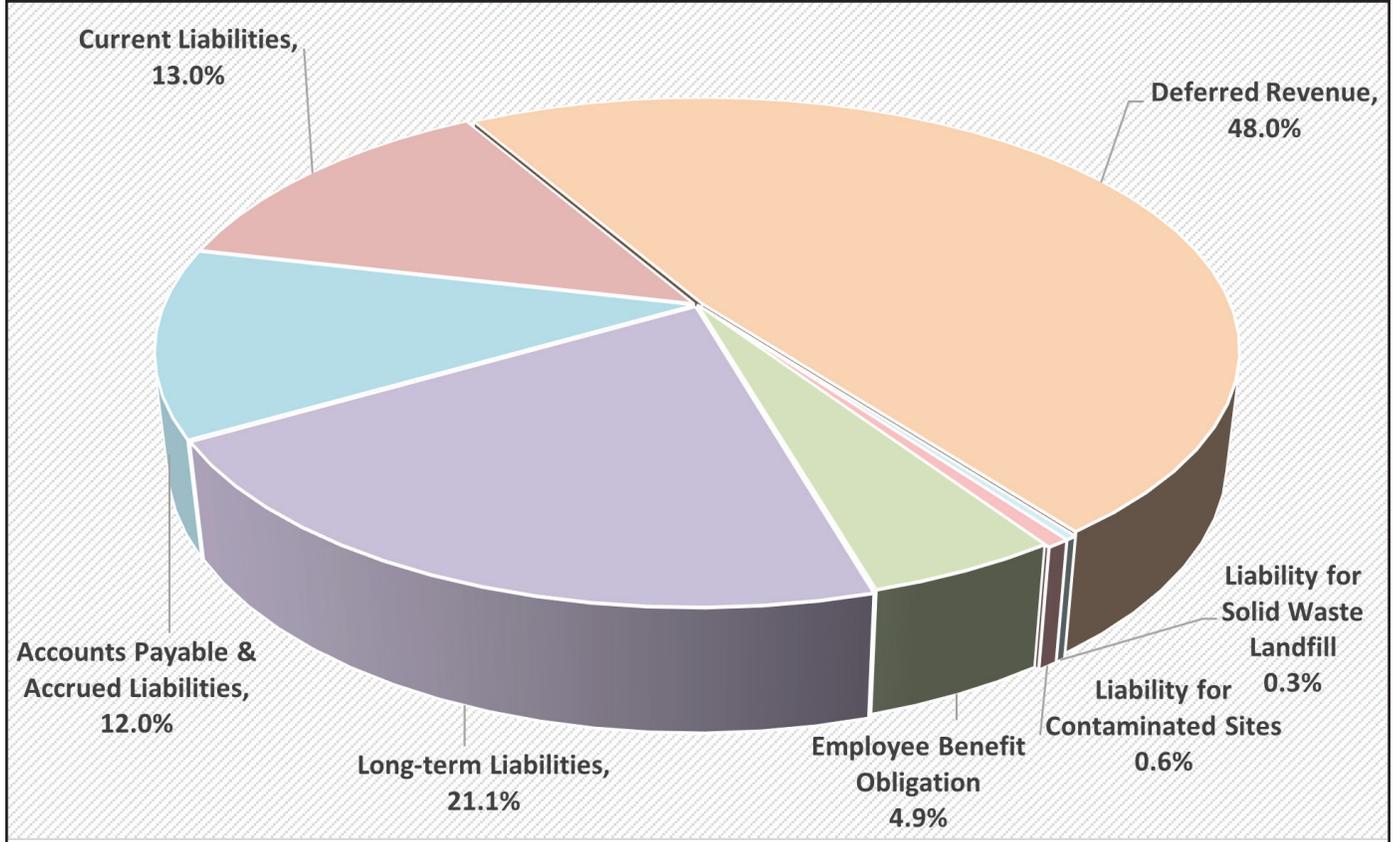
The Town’s investment in the Halton Hills Community Energy Corporation (HHCEC) amounts to 25.7% of the total financial assets or \$42.9M. Owned and controlled by the Town of Halton Hills, HHCEC and its wholly owned subsidiaries are accounted for on the modified equity basis in the consolidated financial statements.

**LIABILITIES**

The Town’s liabilities total \$78M and have increased by \$6.8M since 2020, due mainly to increases in deferred revenue, payables and current liabilities, detailed below.

Accounts payable and other current liabilities combined have increased by \$4.8M to a total of \$19.5M, due mainly to a \$2.6M increase in sub-division deposits related to site plans and subdivision agreements and a \$720K increase in construction holdbacks.

Deferred revenue funds are analyzed in more detail on page 14.



**Long-Term Liabilities**

Long-term liabilities amount to \$16.5M, falling by \$4.7M since 2020 and is fully attributable to the repayment of debt principal. No new debentures were issued in 2021. The Town’s debentures include \$15.7M payable to the Regional Municipality of Halton and \$696K 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 2021, the Town’s debt carrying costs were 9.3% of the annual tax levy and therefore within the Council imposed debt target.

2021 Debt Repayments to Annual Tax Levy			
Debt Carrying Cost	2021 Tax Levy	2021 Town Debt Limit	Council Imposed Debt Limit
\$5,199,335	\$56,039,500	9.3%	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 2021, this indicator remains in the moderate risk category at 5.8%.

Flexibility Indicator #5	Range	Actuals							
		2021	Level of Challenge	2020	Level of Challenge	2019	Level of Challenge	2018	Level of Challenge
Debt Servicing Cost as a % of Total Revenues (Less Donated TCAs)	Low: < 5% Mod: 5% to 10% High: > 10%	5.8%	Mod	6.1%	Mod	6.4%	Mod	6.1%	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 \$37.4M, and consists of the following balances:

Restricted deferred revenues of \$10.6M include unrecognized Canada Community Building Fund revenues of \$6.4M which is \$2.0M higher than the prior year’s balance due to an additional funding allocation received in Q3 of 2021. It also includes funds which are held by the Town for the on-going maintenance of assumed sub-divisions, and deferred government grants.

2021 DEFERRED REVENUE		
	\$000's	%
Restricted Deferred Revenue	10,639	28%
Development Charges	5,785	15%
Parkland Cash In Lieu	8,781	23%
Growth Stabilization Fund	3,687	10%
Building Stabilization Fund	5,242	14%
General Deferred Revenue	3,260	9%
	<u>\$37,393</u>	<u>100%</u>

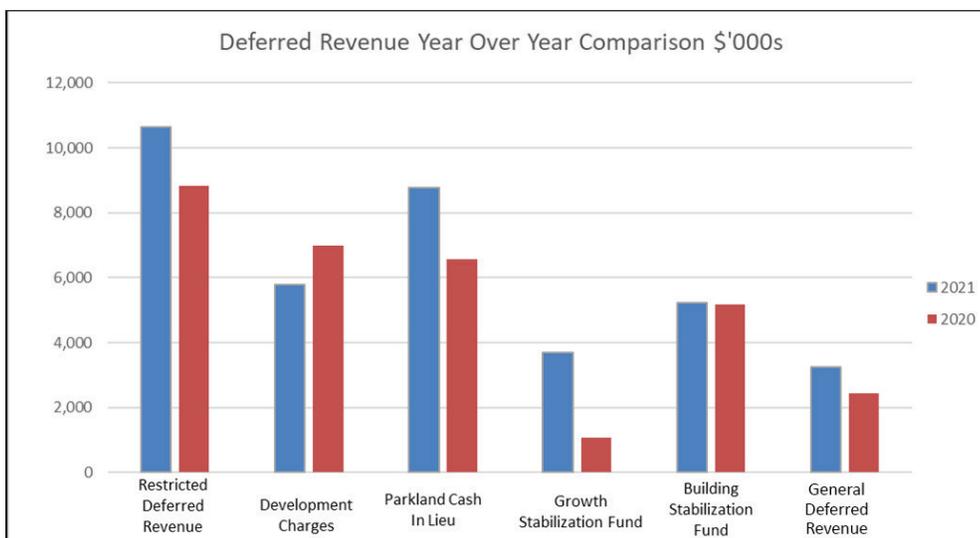
Development charges (DC) contribute significantly to the deferred revenue balance. Positive balances in the transportation, storm water management and administration services funds total \$5.8M at the end of 2021. In addition to the positive balance of the DC funds, the Town also has a number of DC funds where there has been the need to interim fund a \$21.7M shortfall in DC recoveries from Town reserves.

The Parkland Cash in Lieu fund is also included within deferred revenues and totals \$8.8M at the end of 2021. The increase in 2021 is due to collections of \$2.1M with no offsetting in-year spending financed through the cash in lieu fund. The purpose of this fund is to finance the acquisition of land for parks or recreational purposes, and the development or redevelopment of land, parks and recreational facilities.

In 2021 the Town created a new Growth Stabilization fund to defer revenues related to fees received for development applications and agreements. These fees are intended to fund the staff time related to the processing of the development applications and agreements. Due to the long term nature of the new developments and the fact that related staff time could span multiple years, the fees are deferred until the costs are incurred. At the end of 2021, there is a total of \$3.7M in this fund.

The Town also has a Building Stabilization fund within the deferred revenue line which amounted to \$5.2M at the end of 2021. 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.

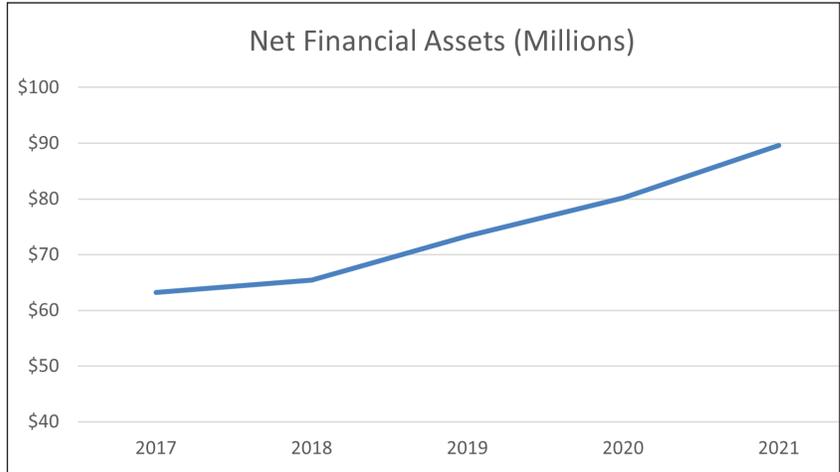
In addition to the restricted and obligatory funds outlined above, the deferred revenue line also includes \$3.3M of general deferred revenues such as the Ontario Community Infrastructure Fund (OCIF) and Regional revenues related to the fire station on Maple Avenue.



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 \$89.6M which has increased by \$9.5M since 2020. 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 two installments 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 2017 in the Town’s net financial assets value:

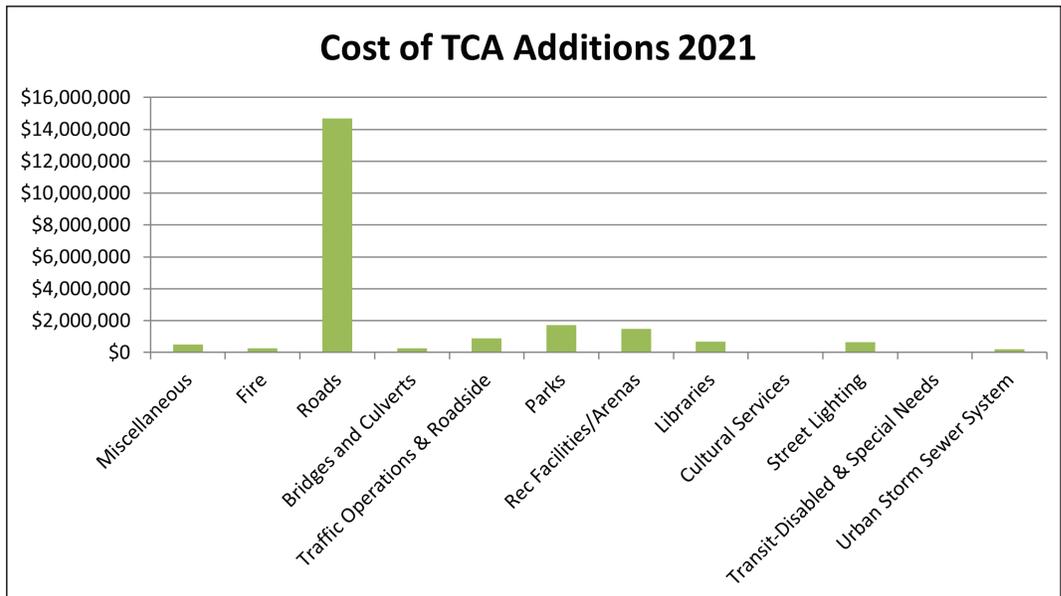


## NON-FINANCIAL ASSETS

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.

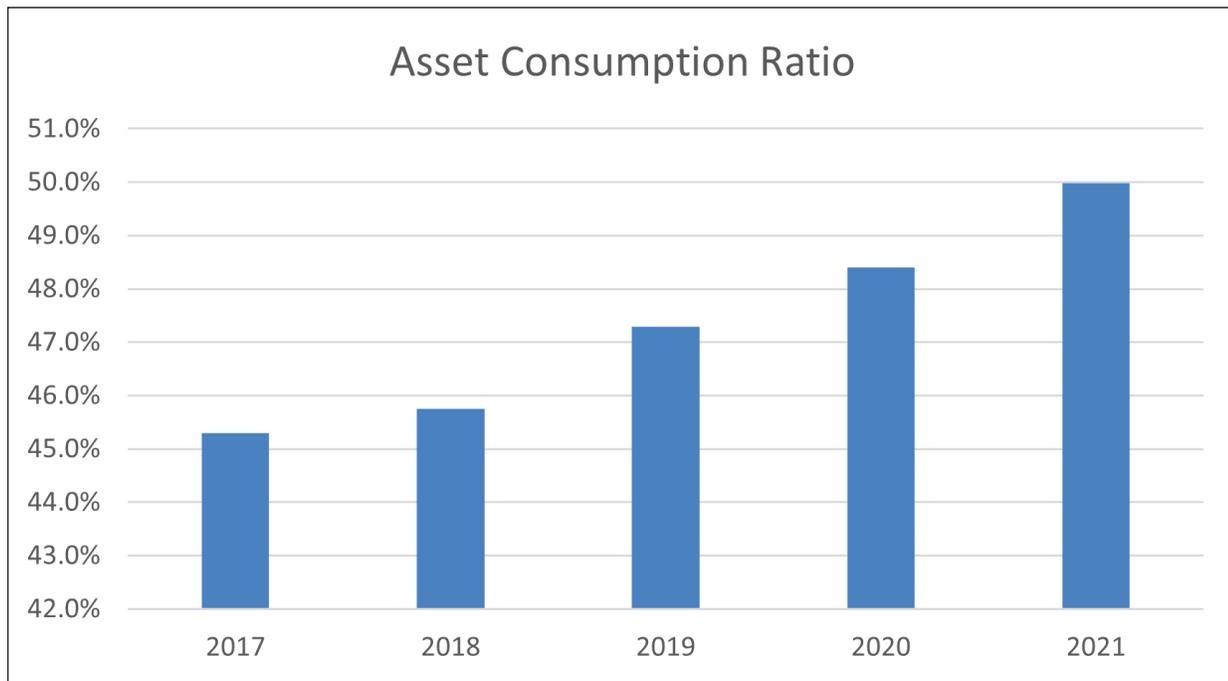
In 2021, the Town added over \$21.4M in tangible capital assets including \$6M for upgrading road infrastructure through the regular pavement management program. An additional \$4.9M was spent to upgrade and rehabilitate bridges, with the most significant investment made on work for new parapet walls, concrete sidewalks and on-road bike facilities on the Main St North bridge and the Mountainview over CN bridge.

Other notable investments in tangible capital assets were \$1.9M to improve various community parks and trails, including the Trafalgar Sports Off Leash Park, Gellert Community Centre, Cedarvale Park and the Hungry Hollow trail which connects West Branch Drive to Cedarvale Park. The following graph shows the distribution by cost and asset group of the 2021 tangible capital assets:



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 2021, the Town's asset consumption ratio had increased to 50.0%.

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 2021 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:



## 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 \$44.1M (reserves of \$65.7M less DC interfund loans of \$21.6M) at the end of 2021. This represents a minimal increase of \$1.1M in the past 12 months and can be attributed in part to the receipt of the second hydro promissory note installment.

Most notably the accumulated surplus shows a net recovery in the Town's equity in Halton Hills Community Energy of \$2.1M over the prior year's results which was driven by a number of factors: the repayment of \$2.8M to the Town related to a promissory note, and the receipt of dividends totalling \$1.7M which were offset by higher earnings from hydro in the amount of \$6.6M.

The Town's unexpended capital financing, which represents the backlog in the capital program, increased by \$1.9M over the prior year. This increase is consistent with the Town's approach to the deferral of capital programming during the earlier stages of the pandemic and labour and supply chain issues caused delays in completing some capital work.

## 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

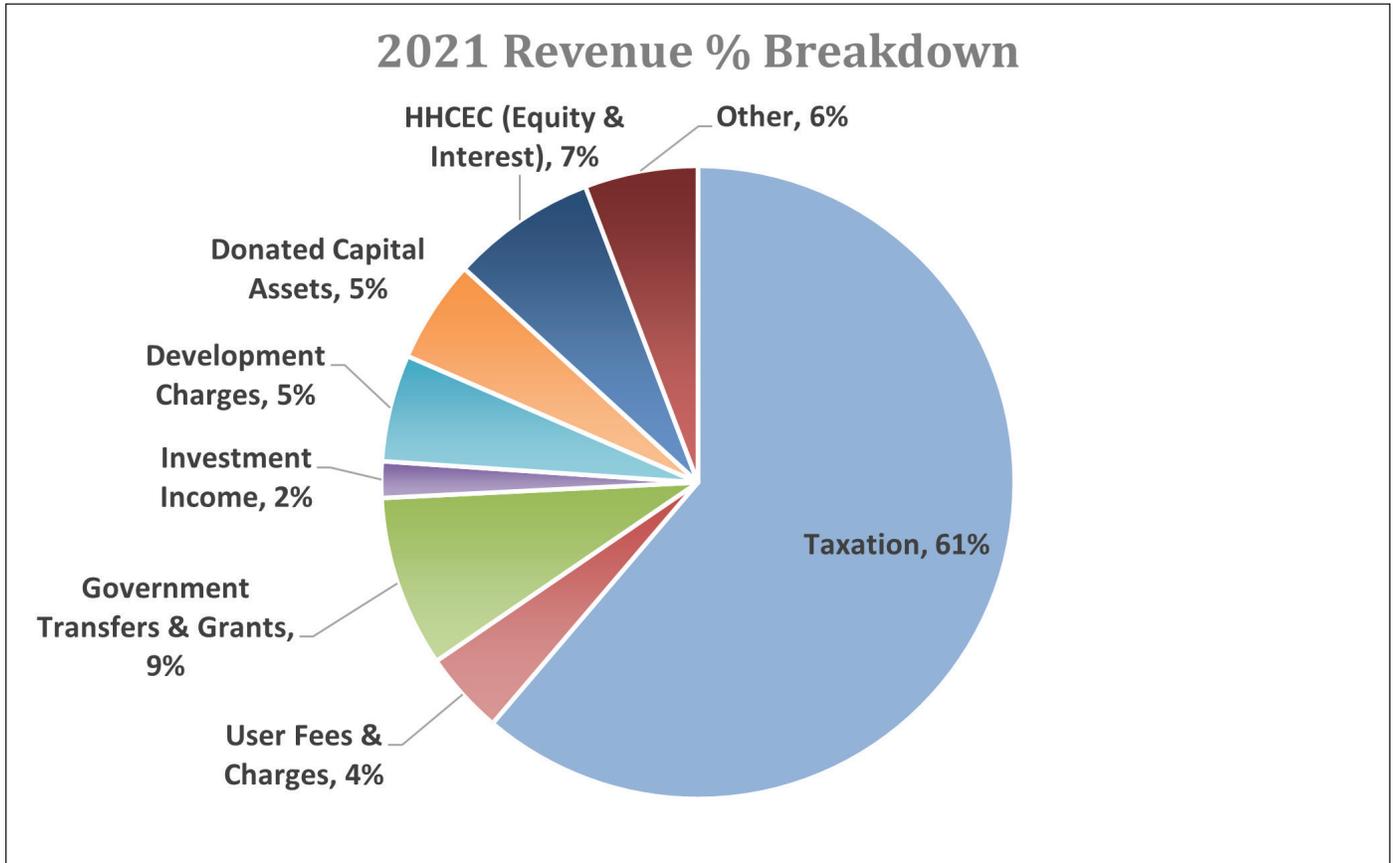
The Town compiles its annual operating and capital budgets in accordance with the Municipal Act. For the purposes of Financial Statement preparation in accordance with the Public Sector Accounting Board (PSAB) requirements, there are differences between the reported numbers. In order to ensure comparability 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:

<b>Operating Budget Deficit</b>	<b>\$ (103,095)</b>
Transfer unused contract carry forward to general surplus	<u>(275,500)</u>
<b>Adjusted Operating Budget Deficit</b>	<b>\$ (378,595)</b>
Remove funding from surplus (prior year general surplus)	14,695
Increase deficit by reversal of non-PSAB eligible expenditures	
<i>Debt principal repayment</i>	4,710,426
<i>Net transfers to/(from) reserves</i>	8,283,723
Add other revenues (external to operating budget)	
<i>Non reserve revenues that fund the capital budget</i>	12,069,239
<i>Assumed assets</i>	5,020,035
<i>Investment income allocated directly to reserves</i>	447,102
<i>Miscellaneous recoveries allocated to reserves</i>	188,247
<i>Gain on disposal of assets</i>	122,145
Add other expenses (external to operating budget)	
<i>Contaminated sites</i>	(20,523)
<i>Increase liability for post closure landfill</i>	(136,605)
<i>Amortization</i>	(17,651,298)
<i>Capital expenses not considered Tangible Capital Assets</i>	(4,105,530)
<i>Post employment benefits</i>	(180,593)
<i>Recovery from Kiwanis user groups</i>	(32,296)
Consolidate net income /(loss) of other entities	
<i>BIAs</i>	(19,058)
<i>HHCEC</i>	4,925,364
<b>PSAB Annual Surplus</b>	<b><u>\$13,256,478</u></b>
<i>(Reported in the Financial Statements)</i>	

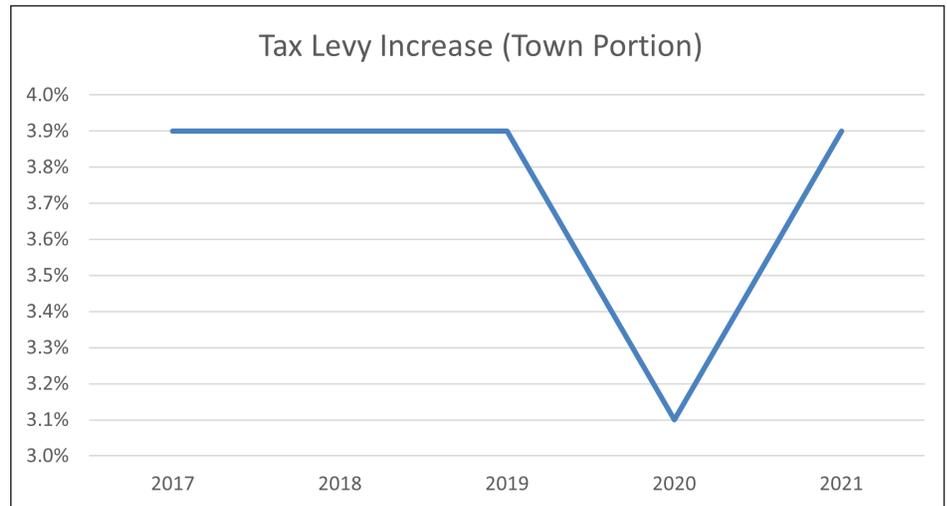
## REVENUES

Revenues have increased by \$8.3M since 2020 driven mainly by the annual taxation increase and the change in equity income from HHCEC. The following chart illustrates the percentage breakdown of all 2021 revenues:



### Taxation

Council approved a 3.9% general levy tax increase (Town portion) for 2021. 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. A 3.1% levy increase in 2020 was the lowest levy increase for the Town in 19 years. It was achievable as a result of positive assessment growth and savings realized through efficiencies.



## User Fees and Charges

Revenues from user fees increased by \$442K in 2021 showing a small recovery over 2020 which was heavily impacted by COVID-19 closures and restrictions. The following table provides a breakdown of the various fees included in the reported user fee revenue line:

<b>Comparison Of User Fees Year Over Year</b>			
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>Difference</u></b>
Activan	\$92,254	\$120,935	(\$28,681)
Aquafit/Lifesaving	54,782	17,122	37,660
Arena Floor Rental	33,683	20,885	12,798
Business Licenses	116,094	96,165	19,929
Cemetery Fees	292,607	292,535	72
Facility Rentals	207,056	258,882	(51,826)
General Admission	75,323	69,659	5,664
General Registration	329,068	196,022	133,046
Ice Rental	958,911	970,016	(11,105)
Memberships	(307)	19,031	(19,338)
Park Rental	255,365	148,095	107,270
Planning Fees	1,086,065	889,733	196,332
Tax Certificates & Information	283,294	167,469	115,825
Miscellaneous User Fees	249,527	324,907	(75,380)
	<u>\$4,033,722</u>	<u>\$3,591,456</u>	<u>\$442,266</u>

## Development Charges

In 2021, \$5.2M of Development Charges were recognized as revenue, which is consistent with 2020 (\$5.2M). 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 2021, government transfers totaled \$8.3M (9% of revenues).

In 2021, the Town received COVID-19 pandemic relief funding from the Federal/Provincial Safe Restart grants. \$57,401 was received to offset transit pressures, however due to significant savings, this grant was not required. A further \$1,417,525 was received to offset general municipal operations related to COVID-19, of which \$1,039,205 was recognized as revenue in 2021.

The Canada Community Building Funds (formerly, federal gas tax) recognized as revenue was \$1.9M, which is modestly higher than the funding reported in the prior year (\$1.7M). In 2021 the Town continued to be impacted by the pandemic which in turn affected the timing of expenditure outlays for large construction projects. Funds received under the Canada Community Building Fund agreement are deferred and recognized as revenue when qualifying capital projects are completed. Upon completion of the construction works, funding is transferred to the capital project to cover the costs incurred.

Provincial funding recognized as revenue remained consistent with prior year levels at \$5.1M. Grants received from the provincial government included \$1.9M for Ontario Connecting Links to assist with road construction and repair costs, \$811K from the Ontario Community Infrastructure Fund (OCIF) which were used for capital asset construction, \$1.0M as Safe Restart funding, and \$571K in dedicated gas tax funding.

Transfers from other municipalities decreased by \$308K mainly due to the timing of the Region of Halton's capital program.

## 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 2021 such as roads, sidewalks, storm water management infrastructure and streetlights, which resulted in the addition of over \$5.0M to the Town's capital asset inventory. The following tables provide details of the 2021 asset assumptions:

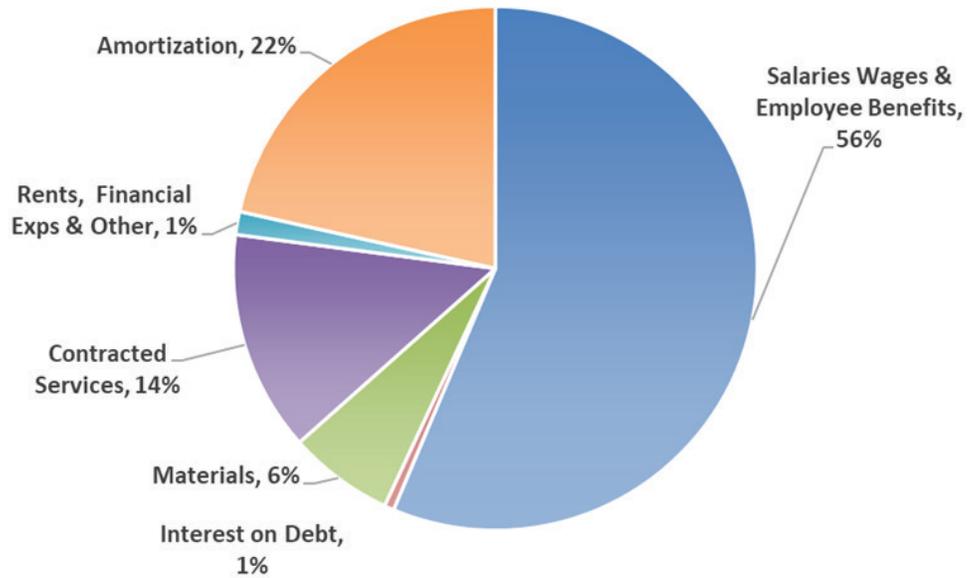
<b>Contributed Assets</b>	<b>2021</b>	<b>2020</b>
Paved Roads & Sidewalks	\$ 4,487,757	\$ 1,839,043
Street Lighting	216,278	160,000
Storm Water Management	316,000	1,269,668
Other	-	187,200
	<u>\$ 5,020,035</u>	<u>\$ 3,455,911</u>

<b>2021</b>		
<b>Type of Assumption</b>	<b>Developer</b>	<b>\$</b>
Subdivision 20M-1156	Fernbrook Ph3	5,020,035
		<u>\$5,020,035</u>

## EXPENSES

Expenses have increased by \$5.2M over the prior year, as the Town moves into a recovery phase stemming from the COVID-19 pandemic and resumes operations. The following table shows the percentage split of total expenses:

2021 Expenses % Breakdown



### Salaries, Wages & Employee Benefits

Labour costs increased by 8.7% as operations continued to adapt and normalize during 2021. Cost mitigation measures including temporary staff layoffs continued in 2021, however many staff were redeployed to other areas and new programming. The implementation of the Specialized Transit Plan resulted in 8.6 full time equivalent temporary positions being converted to permanent full time or part time status and 2.3 new full time equivalent positions being added. A cost of living increase for non-union positions as well as contract increases for unionized positions increased salaries and wages in 2021.

### 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 2021, the amortization expense marginally increased by \$39K.

### Materials

Material costs were consistent with 2020 levels with a 0.5% increase. The closure of facilities and changes to programs continued to require reduced need for materials. As staff worked from home in an on-line environment there was a further reduction in materials consumption.

### Contracted Services

Contracted services increased by 14.8% to \$11.2M in 2021. The increase is mainly related to capital works that had been put on hold during 2020. Increasing insurance costs and legal costs also contributed to higher contracted services during 2021.

## ANNUAL SURPLUS

An annual surplus of \$13.2M is being reported for 2021, which increases the Town's accumulated surplus to \$422.8M

## 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 \$9.5M in net financial assets.

## CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows shows how the Town used its cash in 2021. By adjusting the annual surplus for items that do not result in a cash transaction and accounting for the changes in working capital since the prior year, the result is a net increase in cash of \$32.4M from operations. Of the total \$43.9M available in cash, \$21.0M was used to buy new capital assets and repay debt and loans. Additional monies of \$1.7M were received in the form of dividends from Halton Hills Community Energy Corporation, \$3.2M was received from the promissory note repayment (\$2.8M plus interest of \$450K) from HHCEC, and \$195K was received in cash proceeds from the disposal of fixed assets. With a positive cash balance on hand, a transfer of \$12M was made to the investment portfolio held and managed by the Region of Halton. The following table shows the movements of the Town's cash inflows and outflows throughout 2021:

<b>Cash at beginning of year</b>		<b>\$11,526,200</b>
Annual Surplus	\$13,256,478	
Adjust for all non-cash transactions	\$6,256,692	
Remove impact of non-cash working capital	<u>\$12,872,042</u>	
	<u>\$32,385,212</u>	\$43,911,412
<b>How was this cash used?</b>		
Purchase of new Capital Assets	(\$16,364,224)	
Repayment of Debt and Other Loans	<u>(\$4,714,158)</u>	
	<u>(\$21,078,382)</u>	\$22,833,030
<b>New cash coming in the door....</b>		
Cash from Fixed Assets	\$194,685	
Promissory Note repayment from HHCEC	\$2,800,000	
Dividends from HHCEC	<u>\$1,691,949</u>	
	<u>\$4,686,634</u>	\$27,519,664
<b>New Investments with the Region</b>		
Cash Investment	(\$12,000,000)	
Interest earned on investments	<u>(\$2,196,546)</u>	
	<u>(\$14,196,546)</u>	
<b>Cash at end of year</b>		<b>\$13,323,118</b>

## 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 2021 in a strong financial position.



Moya Leighton CPA, CGA, MBA  
Town Treasurer and Director of Finance  
September 6, 2022

## 2021 AND BEYOND

### **COVID-19 Pandemic**

The COVID-19 pandemic continued to have a significant impact across the Town of Halton Hills during 2021. 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 2022 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.

### **2022 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 2022 municipal tax levy increase is 4.57% (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 and a new insurance special levy of \$337K to help fund the rising cost of liability insurance.

## 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 in the process in order to provide 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  
September 6, 2022

# 2021 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, 2021
- 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, 2021, 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  
September 8, 2022

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

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 13,323,118	\$ 11,526,200
Short-term investments (Note 2)	101,670,670	87,474,125
Taxes receivable (Note 3)	5,132,506	6,903,045
Accounts receivable	2,977,327	3,019,315
Long-term receivables (Note 4)	1,374,228	1,412,304
Note Receivable from HHCEC (Note 5a)	10,200,000	13,000,000
Investment in HHCEC (Note 5d)	32,767,906	27,842,542
Inventory for resale	12,959	10,994
	<b>167,458,714</b>	<b>151,188,525</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	9,370,931	7,703,646
Other current liabilities	10,118,114	6,941,125
Deferred revenue (Note 8)	37,393,315	31,081,443
Employee benefits obligation (Note 9)	3,799,065	3,591,306
Liability for contaminated sites (Note 10)	430,976	410,453
Liability for post closure solid waste landfill (Note 11)	260,409	123,804
Long-term liabilities (Note 12)	16,451,551	21,165,709
	<b>77,824,361</b>	<b>71,017,486</b>
<b>Net financial assets</b>	<b>89,634,353</b>	<b>80,171,039</b>
<b>Non-financial assets</b>		
Tangible capital assets - net (Note 13)	331,941,625	328,281,204
Prepaid expenses and internal inventory	1,258,159	1,125,416
	<b>333,199,784</b>	<b>329,406,620</b>
<b>Accumulated surplus (Note 14)</b>	<b>\$ 422,834,137</b>	<b>\$ 409,577,659</b>
Contingent liabilities (Note 15)		
Lease commitments (Note 16)		
Impact of COVID-19 (Note 25)		

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, 2021, with comparative information for 2020

	Budget (Note 21)	2021	2020
<b>Annual surplus</b>	\$ 7,357,676	\$ 13,256,478	\$ 10,100,740
Acquisition of tangible capital assets	(19,027,000)	(21,384,259)	(21,220,398)
Amortization of tangible capital assets	17,497,600	17,651,298	17,612,409
Gain on disposal of tangible capital assets	-	(122,145)	(3,068,910)
Proceeds on sale of tangible capital assets	-	194,685	3,236,038
Change in prepaid expenses and inventory	-	(132,743)	180,301
Change in net financial assets	5,828,276	9,463,314	6,840,180
<b>Net financial assets, beginning of year</b>	80,171,039	80,171,039	73,330,859
<b>Net financial assets, end of year</b>	\$ 85,999,315	\$ 89,634,353	\$ 80,171,039

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, 2021, with comparative information for 2020

	Budget (Note 21)	2021	2020
<b>Revenues</b>			
Taxation	\$ 58,432,920	\$ 58,363,870	\$ 56,001,995
User fees and charges	10,104,486	4,033,722	3,591,456
Government transfers			
Federal (Note 17)	2,430,700	2,061,535	1,791,596
Provincial (Note 17)	4,223,560	5,106,337	5,078,922
Other municipalities	728,300	1,180,464	2,376,900
Investment income	1,155,000	1,768,687	2,076,930
Development charges (Note 8)	6,183,000	5,210,748	5,226,869
Donated tangible capital assets (Note 13a)	1,500,000	5,020,035	3,455,911
Donations	500	208,268	255,360
Interest from HHCEC (Note 5)	477,900	449,080	567,962
Equity income/ (loss) from HHCEC (Note 5)	2,692,000	6,617,313	(1,467,179)
Other	2,106,023	5,304,187	8,052,707
	90,034,389	95,324,246	87,009,429
<b>Expenses</b>			
General government	13,733,800	14,636,176	12,797,154
Protection services	14,257,455	14,641,289	13,562,500
Transportation services	23,892,080	23,791,176	23,648,170
Environmental services	2,100,000	2,247,153	2,045,593
Health services	392,602	368,276	357,591
Social and family services	891,333	815,840	745,421
Recreation and cultural services	22,297,200	20,412,024	19,533,516
Planning and development	5,112,243	5,155,834	4,218,744
	82,676,713	82,067,768	76,908,689
<b>Annual Surplus</b>	7,357,676	13,256,478	10,100,740
<b>Accumulated surplus, beginning of year</b>	409,577,659	409,577,659	399,476,919
<b>Accumulated surplus, end of year (Note 14)</b>	\$416,935,335	\$422,834,137	\$ 409,577,659

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, 2021, with comparative information for 2020

	2021	2020
<b>Operating Activities</b>		
Annual Surplus	\$ 13,256,478	\$ 10,100,740
Items not affecting cash:		
Gain on disposal of tangible capital assets	(122,145)	(3,068,910)
Amortization of tangible capital assets	17,651,298	17,612,409
Donated tangible capital assets	(5,020,035)	(3,455,911)
Change in employee benefit obligation	207,759	149,809
Change in liability for contaminated sites	20,523	2,853
Change in liability for post closure solid waste landfill	136,605	(6,317)
Equity loss from HHCEC	(6,617,313)	1,467,179
Changes in non-cash working capital:		
Taxes receivable	1,770,539	(1,620,379)
Accounts receivable	41,988	(457,178)
Long-term receivables	38,076	25,622
Prepaid expenses and inventory	(132,743)	180,301
Accounts payable and accrued liabilities	1,667,285	218,969
Other current liabilities	3,176,989	(658,988)
Deferred revenue	6,311,873	(551,976)
Inventory	(1,965)	4,788
<b>Net change in cash from operations</b>	<b>32,385,212</b>	<b>19,943,011</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(16,364,224)	(17,764,487)
Proceeds on sale of tangible capital assets	194,685	3,236,038
<b>Net change in cash from capital activities</b>	<b>(16,169,539)</b>	<b>(14,528,449)</b>
<b>Investing Activities</b>		
(Acquisition) redemption of investments	(11,396,545)	3,493,504
Dividends from HHCEC	1,691,949	692,000
<b>Net change in cash from investing activities</b>	<b>(9,704,596)</b>	<b>4,185,504</b>
<b>Financing Activities</b>		
Long-term debt issued	-	1,900,000
Long-term debt repaid	(4,714,158)	(4,431,034)
<b>Net change in cash from financing activities</b>	<b>(4,714,158)</b>	<b>(2,531,034)</b>
<b>Net change in cash activities</b>	<b>1,796,919</b>	<b>7,069,032</b>
Cash, beginning of year	11,526,200	4,457,168
<b>Cash, end of year</b>	<b>\$ 13,323,118</b>	<b>\$ 11,526,200</b>

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, 2021

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## 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, 2021

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**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:

<b>ASSETS</b>	<b>USEFUL LIFE (YEARS)</b>
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, 2021

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**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, 2021

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**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, 2021

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**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 4.

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

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**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. 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 \$101,670,670 (2020 - \$87,474,125) invested in the fund as at December 31, 2021. The market value of the investment is \$102,064,590 (2020 - \$90,697,545). During 2021, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.46%.

**3. Taxes Receivable**

Included in taxes receivable of \$5,132,506 (2020 - \$6,903,045) as reported on the Consolidated Statement of Financial Position as at December 31, 2021, are taxes owing from 6 (2020 – 5) properties in the amount of \$243,556 (2020 - \$147,070), which have been placed under tax registration under the authority of the Municipal Tax Sales Act of 1990. It is the policy of council to take all authorized measures to control the escalation of defaulted tax payments.

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

**4. Long-term Receivables**

	<u>2021</u>	<u>2020</u>
Halton Hills Gymnastic Centre Loan	\$ 161,442	\$ 161,442
Acton Town Hall	199,955	199,955
Georgetown Soccer Club	773,504	790,396
Halton Hills Minor Football Association	210,454	225,859
Other long-term receivables	28,873	34,652
	<u>\$ 1,374,228</u>	<u>\$ 1,412,304</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 1.22% (2020 – 1.70%). The loan amount is not to exceed \$324,000 and matures March 31, 2026. All loan payments for 2021 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 2026 to cover for the 2021 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 1.21% (2020 – 1.76%). The loan matures on December 3, 2030. The principal portion of the loan repayment was deferred for 2021 due to the impact of the COVID-19 pandemic. The term of the loan has been extended to 2030 to cover for the 2021 deferral.

Georgetown Soccer Club Loan

The loan is repayable annually in the amount of \$102,600 and matures in 2032. It carries an effective interest rate of 6.5%. All payments for 2021 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 2032 to cover for the 2021 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 2021 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 2021 deferral.

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
 Year ended December 31, 2021

**5. 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, 2021 to December 31, 2021 (2020 - 4.12%). Interest received during the year with respect to the promissory note is \$449,080 (2020 - \$567,962). 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	
2022	\$ 2,800,000
2023	2,800,000
2024	2,800,000
2025	1,800,000
<b>Total</b>	<b><u>\$ 10,200,000</u></b>

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 (2020 – 1.57%). Quarterly interest and principal repayments are scheduled up to January 1, 2029 with an outstanding balance of \$213,771 as at December 31, 2021 (2020 - \$241,399).

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

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**5. 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 \$481,844 as at December 31, 2021 (2020 - \$815,635).

**(d) Investment in government business enterprise**

The investment balance in HHCEC at December 31, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
Investment in HHCEC at January 1, 2021	\$ 27,842,542	\$ 30,001,721
Equity change in earnings	6,617,313	(1,467,179)
Dividends on common shares	(1,691,949)	(692,000)
<b>Investment in HHCEC at December 31, 2021</b>	<b>\$ 32,767,906</b>	<b>\$ 27,842,542</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

**5. 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, 2021 and 2020:

<b>Financial Position</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current	\$ 16,058,278	\$ 17,219,573
Capital	114,754,184	110,902,250
Other	15,518,787	14,312,467
<b>Total Assets</b>	<b>\$ 146,331,249</b>	<b>\$ 142,434,290</b>
<b>Liabilities</b>		
Current	\$ 25,358,712	\$ 22,090,711
Promissory note payable to Town of Halton Hills	10,200,000	13,000,000
Other	78,004,631	79,501,037
<b>Total Liabilities</b>	<b>\$ 113,563,343</b>	<b>\$ 114,591,748</b>
<b>Equity</b>		
Share capital	\$ 16,161,663	\$ 16,161,663
Retained earnings	16,928,848	12,003,484
Accumulated other comprehensive loss	(322,605)	(322,605)
<b>Total equity</b>	<b>\$ 32,767,906</b>	<b>\$ 27,842,542</b>
<b>Total liabilities and equity and regulatory balances</b>	<b>\$ 146,331,249</b>	<b>\$ 142,434,290</b>
<b>Financial Activities</b>		
Revenue	\$ 81,330,487	\$ 89,826,734
Expenses	77,946,591	91,645,289
Net movement in regulatory balances	(3,233,417)	(449,634)
<b>Net income &amp; net movement in regulatory balances</b>	<b>\$ 6,617,313</b>	<b>\$ (1,368,921)</b>
Other comprehensive loss	-	(98,258)
<b>Total comprehensive income/(loss)</b>	<b>\$ 6,617,313</b>	<b>\$ (1,467,179)</b>
Equity income/(loss) from HHCEC	\$ 6,617,313	\$ (1,467,179)
Retained earnings, beginning of year	\$ 12,003,484	\$ 14,064,405
Net income & net movement in regulatory balances	6,617,313	(1,368,921)
Dividends on common shares	(1,691,949)	(692,000)
Retained earnings, end of year	\$ 16,928,848	\$ 12,003,484
Accumulated other comprehensive income/(loss), beginning of year	\$ (322,605)	\$ (224,347)
Other comprehensive loss	-	(98,258)
Accumulated other comprehensive income/(loss), end of year	\$ (322,605)	\$ (322,605)
<b>Town of Halton Hills' investment in HHCEC represented by:</b>		
Promissory note receivable	\$ 10,200,000	\$ 13,000,000
Investment in shares of HHCEC	16,161,663	16,161,663
Accumulated other comprehensive loss	(322,605)	(322,605)
HHCEC retained earnings	16,928,848	12,003,484
Investment in HHCEC	\$ 32,767,906	\$ 27,842,542
<b>Total investment in HHCEC</b>	<b>\$ 42,967,906</b>	<b>\$ 40,842,542</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

**5. 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, 2021:

	<u>2021</u>	<u>2020</u>
<b><u>Transactions</u></b>		
<b>Revenue</b>		
Property taxes	<b>144,262</b>	165,015
Interest on promissory notes	<b>449,080</b>	567,962
<b>Expenses</b>		
Energy purchases (at commercial rates)	<b>1,069,310</b>	844,541
Distribution expenses	<b>301,591</b>	259,844
Street light maintenance and other	<b>919,484</b>	796,838
<b>Dividends Received</b>	<b>1,691,951</b>	692,000
<b>Amounts due to the Town</b>		
Promissory note	<b>10,200,000</b>	13,000,000
<b>Amounts due to related party</b>		
Accounts payable and accrued liabilities	<b>648,142</b>	390,962
Loan payable to SWE* (Geothermal)	<b>213,771</b>	241,399
Loan payable to SWE (LED Parking Lot & Streetlights)	<b>481,844</b>	815,635
*SWE - SouthWestern Energy Inc		

**6. 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 2021 or 2020.

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

## 7. 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>2021</u>	<u>2020</u>
Trade Accounts Payable	\$ 7,535,464	\$ 6,117,025
Payables to Other Governments	1,602,163	1,078,931
Accrued Liabilities	233,304	507,690
	<u>\$9,370,931</u>	<u>\$7,703,646</u>

## 8. 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-20</u>	<u>Receipts</u>	<u>Revenue</u> <u>Recognized</u>	<u>Balance at</u> <u>31-Dec-21</u>
Development charges	\$ 6,985,870	\$ 4,009,457	\$ (5,210,748)	\$ 5,784,579
Parkland	6,576,062	2,222,593	(17,858)	8,780,797
Building Code Act, 1992	5,186,685	972,162	(916,543)	5,242,304
Gas tax - Federal	4,473,714	3,904,092	(1,939,407)	6,438,399
Deferred Government Grants	908,659	937,534	(1,286,517)	559,676
Growth Stabilization	1,061,799	2,625,327	-	3,687,126
Transportation Maintenance	3,011,529	300,900	(116,820)	3,195,609
Gateway Feature	179,625	3,720	-	183,345
Private Traffic Signal Maintenance	256,288	5,309	-	261,597
Total Deferred Revenue - Obligatory	28,640,231	14,981,094	(9,487,893)	34,133,432
Other	2,441,212	15,413,606	(14,594,935)	3,259,883
	<u>\$ 31,081,443</u>	<u>\$ 30,394,700</u>	<u>\$ (24,082,828)</u>	<u>\$ 37,393,315</u>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

**8. Deferred Revenue (Continued)**

The balance reported for Development Charges funds at December 31, 2021 has been fully committed to be spent on active capital projects approved by Council as part of the budget process.

<b>Development Charges Fund</b>	<b>Fund Balance at Dec 31, 2021</b>	<b>Loans from Town Reserves</b>	<b>Net Balance on Development Charges</b>
Transportation Services	\$ 5,313,874	\$ (469,921)	\$ 4,843,953
Storm Water Management Services	-	(590,257)	(590,257)
Municipal Parking Services	-	(274,354)	(274,354)
Fire Protection Services	-	(1,301,480)	(1,301,480)
Recreation and Parks Services	-	(17,249,249)	(17,249,249)
Library Services	-	(1,119,562)	(1,119,562)
Administration Services	451,934	(572,530)	(120,596)
Transit Services	18,771	-	18,771
	<u>\$ 5,784,579</u>	<u>\$ (21,577,353)</u>	<u>\$ (15,792,774)</u>

**9. Employee Benefits Obligation**

Summary of employee benefits obligation is provided below:

<b>Future payments required for:</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Liability for WSIB (a)	\$ 1,516,336	\$ 1,476,403
Vacation pay liability (b)	186,650	159,484
Retirement benefits (c)	2,096,079	1,955,419
	<u>\$ 3,799,065</u>	<u>\$ 3,591,306</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 \$1,516,336 (2020 - \$1,476,403) as at December 31, 2021. A reserve in the amount of \$870,820 (2020 - \$795,820) 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, 2021

**9. 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:

<b>WSIB Liability</b>	<b>2021</b>	<b>2020</b>
Accrued benefit obligation (ABO) at January 1	\$ 1,520,393	\$ 1,480,692
Service cost	123,005	119,600
Interest cost	56,661	55,235
Less expected benefit payments	<u>(141,861)</u>	<u>(135,134)</u>
Expected ABO at December 31	<u>1,558,198</u>	<u>1,520,393</u>
Actual ABO at December 31	1,558,198	1,520,393
Unamortized actuarial loss	<u>(41,862)</u>	<u>(43,990)</u>
Liability for Employee benefits obligation at December 31	<u>\$ 1,516,336</u>	<u>\$ 1,476,403</u>
Included in current service cost is amortization of the actuarial loss in the amount of \$2,128 (2020 - gain of \$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, 2021 represents the vacation earned but not yet taken.

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**9. 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 \$2,096,079 (2020 - \$1,955,419) 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: 6.0837% for 2021, reducing by 0.333% per year to 3.75% per year in 2028

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

<b>Retirement Benefit Liability</b>	<b>2021</b>	<b>2020</b>
Accrued benefit obligation (ABO) at January 1	<b>\$ 2,327,261</b>	\$ 2,241,211
Service cost	<b>137,752</b>	129,857
Interest cost	<b>93,128</b>	89,578
Benefit payments	<b>(135,888)</b>	(133,385)
Expected ABO at December 31	<b>2,422,253</b>	2,327,261
ABO at December 31	<b>2,422,253</b>	2,327,261
Unamortized actuarial loss	<b>(326,174)</b>	(371,842)
Accrued benefit obligation at December 31	<b>\$ 2,096,079</b>	\$ 1,955,419
<p>Included in current service cost is amortization of the actuarial loss in the amount of \$45,668 (2020 - \$53,265)</p>		

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
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### 10. Liability for contaminated sites

The Town estimated a liability of \$430,976 as at December 31, 2021 (2020 - \$410,453) 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 \$447,353 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.

### 11. 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 \$260,409 (2020 - \$123,804) is the present value of future cash flows associated with the closure and post-closure costs of \$6,510 annually, discounted using an average long-term borrowing rate of 5% net of an annual inflation rate of 5.0%. The total undiscounted liability is \$882,965. The estimated length of time required for post-closure care is estimated to be 40 years on a rolling basis.

### 12. Long-term Liabilities

(a)

<b>Total long-term liabilities incurred by the Town at the end of the year.</b>	<u>2021</u>	<u>2020</u>
Debentures payable to Region of Halton	\$ 15,755,936	\$ 20,108,675
LT Debt SWE (LED Streetlights & Parking lot) (Note 6c)	481,844	815,635
LT Debt SWE (Geothermal) (Note 6b)	213,771	241,399
	<u>\$ 16,451,551</u>	<u>\$ 21,165,709</u>

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**12. Long-term Liabilities (Continued)**

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

2022	\$	4,286,716
2023		2,822,534
2024		2,431,301
2025		1,059,772
2026		1,080,645
2027-2032		4,770,583
	\$	<u>16,451,551</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 \$488,909 (2020 - \$597,066). The long-term liabilities bear interest at rates ranging from 0.65% to 3.95%.

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**13. Tangible Capital Assets**

Cost	Balance Dec 31, 2020	Additions	Disposals	Balance Dec 31, 2021
<b>General</b>				
Land	40,878,295	13,076	-	40,891,371
Land improvements	46,442,010	1,867,529	111,908	48,197,631
Buildings	94,572,327	625,687	733,245	94,464,769
Equipment	20,870,666	1,221,116	1,276,846	20,814,936
Vehicles	6,034,281	-	312,014	5,722,267
Leasehold improvements	396,309	-	-	396,309
<b>Infrastructure</b>				
Land	4,475,259	197,338	-	4,672,597
Land improvements	4,088,583	382,104	-	4,470,687
Buildings	9,016,729	-	86,524	8,930,205
Linear assets	372,609,133	16,118,138	50,749	388,676,522
Equipment	10,271,149	423,453	78,809	10,615,793
Vehicles	10,575,703	380,709	522,100	10,434,312
<b>Construction in progress</b>				
Work in progress	8,299,332	7,092,530	6,937,421	8,454,441
<b>Total Cost</b>	<b>628,529,776</b>	<b>28,321,680</b>	<b>10,109,616</b>	<b>646,741,840</b>
<b>Accumulated Amortization</b>				
<b>General</b>				
Land improvements	21,453,736	1,567,163	111,908	22,908,991
Buildings	42,052,476	2,769,485	694,008	44,127,953
Equipment	10,949,309	1,713,257	1,276,367	11,386,199
Vehicles	3,423,106	331,967	310,433	3,444,640
Leasehold improvements	232,460	13,363	-	245,823
<b>Infrastructure</b>				
Land improvements	1,555,198	171,590	-	1,726,788
Buildings	2,727,398	359,431	70,294	3,016,535
Linear assets	205,346,494	9,538,047	35,736	214,848,805
Equipment	6,418,962	495,060	78,809	6,835,213
Vehicles	6,089,433	691,935	522,100	6,259,268
<b>Accumulated Amortization</b>	<b>300,248,572</b>	<b>17,651,298</b>	<b>3,099,655</b>	<b>314,800,215</b>
<b>Net Book Value</b>				
<b>General</b>				
Land	40,878,295	13,076	-	40,891,371
Land improvements	24,988,274	300,366	-	25,288,640
Buildings	52,519,851	(2,143,798)	39,237	50,336,816
Equipment	9,921,357	(492,141)	479	9,428,737
Vehicles	2,611,175	(331,967)	1,581	2,277,627
Leasehold improvements	163,849	(13,363)	-	150,486
<b>Infrastructure</b>				
Land	4,475,259	197,338	-	4,672,597
Land improvements	2,533,385	210,514	-	2,743,899
Buildings	6,289,331	(359,431)	16,230	5,913,670
Linear assets	167,262,639	6,580,091	15,013	173,827,717
Equipment	3,852,187	(71,607)	-	3,780,580
Vehicles	4,486,270	(311,226)	-	4,175,044
<b>Construction in progress</b>				
Work in progress	8,299,332	7,092,530	6,937,421	8,454,441
<b>Net Book Value - 2021</b>	<b>328,281,204</b>	<b>10,670,382</b>	<b>7,009,961</b>	<b>331,941,625</b>
<b>Net Book Value - 2020</b>	<b>324,840,343</b>	<b>9,884,157</b>	<b>6,443,296</b>	<b>328,281,204</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

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**13. Tangible Capital Assets (Continued)**

**(a) Contributed or Donated Capital Assets**

The Town received \$5,020,035 (2020 - \$3,455,911) in contributed capital assets.

<u>Contributed Assets</u>	<u>2021</u>	<u>2020</u>
Paved Roads & Sidewalks	\$ 4,487,757	\$ 2,026,243
Street Lighting	216,278	160,000
Urban Storm Sewers	316,000	1,269,668
	<u>\$ 5,020,035</u>	<u>\$ 3,455,911</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 (2020 - \$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**  
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**14. Accumulated Surplus**

	<u>2021</u>	<u>2020</u>
<b>General surplus/deficit</b>		
-General Surplus (Contract employee costs)	\$ 275,500	\$ 260,805
-General Surplus (Asset Disposal Proceeds)	579,958	385,274
-Unexpended capital financing	22,548,144	20,698,056
	<b>23,403,602</b>	21,344,135
<b>Equity in tangible capital assets</b>		
-Net tangible capital assets	323,487,184	319,981,872
-Construction in progress	8,454,441	8,299,332
-Debt issued (net of Region recoveries) (Note 13)	(16,422,677)	(21,133,104)
	<b>315,518,948</b>	307,148,100
Equity in HHCEC	42,967,906	40,842,542
Unfunded employee benefits	(2,539,985)	(2,434,392)
Unfunded liability for contaminated sites	(430,976)	(410,453)
Unfunded liability for postclosure care of solid waste landfill sites	(260,409)	(123,804)
Business Improvement Area	172,487	201,369
Recovery from Kiwanis user groups	718,158	750,454
<b>Reserve funds set aside for specific purposes by Council</b>		
- Operating	16,429,440	14,886,560
- Capital	26,844,736	27,362,530
Total Reserves	<b>43,274,176</b>	42,249,090
Reserve funds set aside for specific purposes related to discretionary funds		
-for John Elliott Award	10,230	10,618
Total Discretionary Reserve Funds	<b>10,230</b>	10,618
	<b>\$ 422,834,137</b>	\$ 409,577,659

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
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**15. 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.

**16. 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:

2022	\$	295,675
2023		302,711
2024		238,462
2025		35,915
2026		14,193
Thereafter		939,018
	\$	<u>1,825,974</u>

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**17. Government Transfers**

<u>Federal</u>	<u>2021</u>	<u>2020</u>
Federal Gas Tax	\$ 1,939,407	\$ 1,729,345
Other grants	122,128	62,251
	<u>\$ 2,061,535</u>	<u>\$ 1,791,596</u>
<u>Provincial</u>		
Dedicated Gas Tax	\$ 571,275	\$ 577,421
Ministry of Health and Long Term Care	265,327	176,293
Ontario Community Infrastructure Fund	811,848	1,275,483
Safe-Restart Agreement Funding	1,039,205	1,310,989
Ontario Connecting Links	1,892,513	1,481,394
Other grants	526,169	257,342
	<u>\$ 5,106,337</u>	<u>\$ 5,078,922</u>

**18. 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 Town, 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.

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**18. 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.

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**18. 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 2021 and 2020.

2021	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2021
<b>Revenue:</b>									
Taxation for municipal purposes	\$ 9,695,084	\$ 10,064,748	\$ 16,866,107	\$ 1,482,450	\$ 277,149	\$ 629,218	\$ 15,740,235	\$ 3,608,879	\$ 58,363,870
User fees and charges	321,840	116,094	601,789	-	316,058	36,983	1,974,697	666,261	4,033,722
Government of Canada grants	5,987	-	1,939,407	-	-	-	30,378	85,763	2,061,535
Province of Ontario grants	1,287,601	19,600	3,299,015	80,000	-	219,982	187,341	12,798	5,106,337
Other municipalities	217,984	33,293	929,187	-	-	-	-	-	1,180,464
Investment income	1,768,687	-	-	-	-	-	-	-	1,768,687
Development charges	817,796	125,072	2,328,137	-	-	-	1,939,743	-	5,210,748
Donations	145,000	-	4,803,757	216,278	-	-	63,268	-	5,228,303
Gain/(Loss) on disposal	77,177	-	73,831	-	-	-	(28,863)	-	122,145
Other	9,048,741	2,399,156	358,989	-	3,191	80,736	203,778	153,844	12,248,435
<b>Total revenue</b>	<b>23,385,897</b>	<b>12,757,963</b>	<b>31,200,219</b>	<b>1,778,728</b>	<b>596,398</b>	<b>966,919</b>	<b>20,110,577</b>	<b>4,527,545</b>	<b>95,324,246</b>
<b>Expenses:</b>									
Salaries, wages & employee benefits	9,166,319	11,344,024	9,088,243	683,908	143,939	466,601	12,137,250	3,219,563	46,249,847
Interest on long-term debt	488,909	-	-	-	-	-	-	-	488,909
Purchased goods	311,506	341,588	2,552,083	3,456	14,165	88,251	1,791,280	228,280	5,330,609
Purchased services	4,501,617	1,387,122	2,233,781	56,459	19,488	9,994	1,423,073	1,548,211	11,179,745
Financial expenses	697,905	-	-	-	-	251,970	57,485	9,648	1,017,008
Transfers to others	(1,189,608)	708,651	(296,052)	15,374	95,972	(1,352)	683,614	133,753	150,352
	<b>13,976,648</b>	<b>13,781,385</b>	<b>13,578,055</b>	<b>759,197</b>	<b>273,564</b>	<b>815,464</b>	<b>16,092,702</b>	<b>5,139,455</b>	<b>64,416,470</b>
Amortization	659,528	859,904	10,213,121	1,487,956	94,712	376	4,319,322	16,379	17,651,298
<b>Total expenses</b>	<b>14,636,176</b>	<b>14,641,289</b>	<b>23,791,176</b>	<b>2,247,153</b>	<b>368,276</b>	<b>815,840</b>	<b>20,412,024</b>	<b>5,155,834</b>	<b>82,067,768</b>
<b>Annual surplus/(deficit)</b>	<b>\$ 8,749,721</b>	<b>\$ (1,883,326)</b>	<b>\$ 7,409,043</b>	<b>\$ (468,425)</b>	<b>\$ 228,122</b>	<b>\$ 151,079</b>	<b>\$ (301,447)</b>	<b>\$ (628,289)</b>	<b>\$ 13,256,478</b>

2020	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2020
<b>Revenue:</b>									
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
<b>Total revenue</b>	<b>13,691,279</b>	<b>9,087,883</b>	<b>32,614,563</b>	<b>3,761,616</b>	<b>670,447</b>	<b>815,846</b>	<b>23,263,203</b>	<b>3,104,592</b>	<b>87,009,429</b>
<b>Expenses:</b>									
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
	<b>12,090,925</b>	<b>12,753,774</b>	<b>13,434,198</b>	<b>623,361</b>	<b>264,082</b>	<b>744,933</b>	<b>15,182,926</b>	<b>4,202,081</b>	<b>59,296,280</b>
Amortization	706,227	808,728	10,213,972	1,422,232	93,510	487	4,350,591	16,662	17,612,409
<b>Total expenses</b>	<b>12,797,152</b>	<b>13,562,502</b>	<b>23,648,170</b>	<b>2,045,593</b>	<b>357,592</b>	<b>745,420</b>	<b>19,533,517</b>	<b>4,218,743</b>	<b>76,908,689</b>
<b>Annual surplus/(deficit)</b>	<b>\$ 894,127</b>	<b>\$ (4,474,619)</b>	<b>\$ 8,966,393</b>	<b>\$ 1,716,023</b>	<b>\$ 312,855</b>	<b>\$ 70,426</b>	<b>\$ 3,729,686</b>	<b>\$ (1,114,151)</b>	<b>\$ 10,100,740</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

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**19. Trust Funds**

Trust funds administered by the Town amounting to \$3,118,850 (2020 - \$3,021,475) are not included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

**20. Pension Agreements**

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, which as of December 31, 2021, was on behalf of 403 members of its staff (2020– 401). 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 \$61,600 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 \$61,600 and at a rate of 15.8% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2021 was \$3,228,1800 (2020- \$3,240,540) 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 \$3.1 billion as of December 31, 2021 (2020 – deficit of \$3.2 billion).

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

**21. Budget data**

The budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budget approved by Council on December 14, 2020. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

<b>Revenue:</b>	<b>Budget 2021</b>
Operating Budget	\$ 81,382,319
Capital Budget	22,109,700
BIAs	416,770
<b>Add:</b>	
Donated Tangible Capital Assets	1,500,000
Equity Income on Investments	1,000,000
<b>Less:</b>	
Contribution from Reserves (Operating)	(2,476,500)
Contribution from Reserves (Capital)	(10,384,700)
Other transfers	(3,513,200)
<b>Total Revenue</b>	<b>90,034,389</b>
<b>Expenses:</b>	
Operating budget	81,382,319
Capital budget	22,109,700
BIAs	416,770
<b>Add:</b>	
Amortization	17,497,600
<b>Less:</b>	
Debt principal repayments	(4,697,500)
Acquisition of Tangible Capital Assets	(19,027,000)
Transfers to Reserves	(11,491,976)
Other transfers	(3,513,200)
<b>Total Expenses</b>	<b>82,676,713</b>
<b>Annual Surplus</b>	<b>\$ 7,357,676</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2021

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## **22. 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 2021 there were no material transactions between the Town and its key management personnel.

Transactions between the Town and HHCEC for fiscal year 2021 are itemized in Note 5 to the consolidated financial statements. Debt liabilities and promissory note receivable with HHCEC are also described in Note 6.

## **23. Contingent Assets**

The Town does not have any contingent assets for the fiscal year ending December 31, 2021 (2020 - \$nil).

## **24. 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 \$11.8M, and incoming rental agreement for Town-owned property of \$22,800 per year.

## **25. 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, 2021

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**25. 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 and 2021, 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, 2021, COVID-19 related operating budget losses of \$1,039,205 (2020 - \$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.

# 2021 FINANCIAL STATEMENTS

## Trust Funds OF THE CORPORATION OF THE TOWN OF HALTON HILLS





KPMG LLP  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Tel 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 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, 2021
- 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, 2021, 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  
September 8, 2022

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

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 929,702	\$ 900,712
Investments (Note 2)	2,189,148	2,120,763
<b>Net financial assets, accumulated surplus</b>	<b>\$ 3,118,850</b>	<b>\$ 3,021,475</b>

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, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 97,375	\$ 276,207
Net financial assets, beginning of year	3,021,475	2,745,268
<b>Net financial assets, end of year</b>	<b>\$ 3,118,850</b>	<b>\$ 3,021,475</b>

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, 2021, with comparative information for 2020

	2021	2020
<b>Revenue</b>		
Cemetery maintenance	\$ 65,846	\$ 67,275
Acquisition of Hillcrest Cemetery (Note 3)	-	168,369
Interest	51,311	65,392
	<b>117,157</b>	<b>301,036</b>
<b>Expenses</b>		
Transfer to Town of Halton Hills	18,322	23,344
Transfer to Georgetown Hospital	403	424
Limehouse Presbyterian Cemetery	1,057	1,061
	<b>19,782</b>	<b>24,829</b>
<b>Annual surplus</b>	<b>97,375</b>	<b>276,207</b>
Accumulated surplus, beginning of year	3,021,475	2,745,268
<b>Accumulated surplus, end of year</b>	<b>\$ 3,118,850</b>	<b>\$ 3,021,475</b>
<b>Composition of Accumulated surplus</b>		
Fairview Cemetery	\$ 661,758	\$ 634,268
Greenwood Cemetery	1,460,695	1,419,976
Hornby Presbyterian Cemetery	886	877
Limehouse Presbyterian Cemetery	40,248	39,726
Union Presbyterian Cemetery	4,710	4,615
Hillcrest Cemetery	935,558	906,920
Georgetown Hospital Foundation	14,995	15,093
<b>Total trust funds</b>	<b>\$ 3,118,850</b>	<b>\$ 3,021,475</b>

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, 2021, with comparative information for 2020

	2021	2020
<b>Operating activities</b>		
Annual surplus	\$ 97,375	\$ 276,207
<b>Financing activities</b>		
Acquisition of investments	(68,385)	(76,295)
<b>Net change in cash</b>	<b>28,990</b>	199,912
Cash, beginning of year	900,712	700,800
<b>Cash, end of year</b>	<b>\$ 929,702</b>	<b>\$ 900,712</b>

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, 2021

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**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 \$2,189,148 (2020 - \$2,120,763) invested in the fund as at December 31, 2021. The market value of the amount invested is \$2,197,630 (2020 - \$2,198,913) at December 31, 2021. During 2021, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.46% (2020 - 3.09%).

**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.

In 2021, no cash transfer was received from investments made previously by the Hillcrest Cemetery board (2020 - \$42,000). There was no distribution of the bequest estate in 2021 (2020 - \$126,369).

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Trust Funds**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**3. Hillcrest Cemetery Trust Fund (continued)**

The following revenue and expenses have been recognized in 2020 and 2021 relating to the Cemetery:

	2021	2020
<b>Revenue</b>		
Cemetery maintenance	\$ 21,400	\$ 28,461
Acquisition of Hillcrest Cemetery	-	168,369
Interest	7,238	9,290
<b>Total Revenue recognized</b>	<b>28,638</b>	206,120
<b>Expenses</b>		
Transfer to Town of Halton Hills	-	-
<b>Total Expenses recognized</b>	<b>-</b>	-
	<b>\$ 28,638</b>	<b>\$ 206,120</b>

**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.

# 2021 FINANCIAL STATEMENTS

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

### HALTON HILLS PUBLIC LIBRARY

Imagination | Innovation | Opportunity





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

## 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, 2021
- 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, 2021, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, 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.

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  
September 8, 2022

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

As at December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Accounts receivable	\$ 450	\$ -
Due from the Town of Halton Hills (Note 8)	779,249	616,761
	<b>779,699</b>	<b>616,761</b>
<b>Financial liabilities</b>		
Accrued liabilities	8,263	-
Deferred revenue	26,754	-
Due to Town of Halton Hills- loan for unfunded DC (Note 8)	1,119,562	1,048,790
Long-term liabilities (Note 2)	4,355,597	4,764,148
	<b>5,510,176</b>	<b>5,812,938</b>
<b>Net debt</b>	<b>(4,730,477)</b>	<b>(5,196,177)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	12,336,235	12,645,293
Impact of COVID-19 (Note 9)	-	-
<b>Accumulated surplus (Note 5)</b>	<b>\$ 7,605,758</b>	<b>\$ 7,449,116</b>

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, 2021, with comparative information for 2020

	Budget (Note 6)	2021	2020
<b>Annual Surplus / (Deficit)</b>	\$ (91,200)	\$ <b>156,642</b>	\$ (311,507)
Acquisition of tangible capital assets	(530,400)	<b>(670,515)</b>	(548,990)
Amortization of tangible capital assets	1,066,000	<b>979,573</b>	1,096,412
Change in net debt	444,400	<b>465,700</b>	235,915
Net debt, beginning of year	(5,196,177)	<b>(5,196,177)</b>	(5,432,092)
<b>Net debt, end of year</b>	<b>\$ (4,751,777)</b>	<b>\$ (4,730,477)</b>	<b>\$ (5,196,177)</b>

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, 2021, with comparative information for 2020

	Budget (Note 6)	2021	2020
<b>Revenue</b>			
Town of Halton Hills	\$ 4,524,600	\$ 4,420,562	\$ 3,828,698
Government of Canada grants (Note 4)	-	27,384	2,646
Province of Ontario grants (Note 4)	61,300	138,273	131,825
Halton Hills contribution - Development charges	263,200	223,763	216,510
Fines, rentals and other	60,600	38,548	42,794
	4,909,700	4,848,530	4,222,473
<b>Expenses</b>			
Salaries, wages and benefits	3,644,450	3,394,230	3,155,311
Materials and supplies	23,400	60,655	69,672
Programming	8,800	7,330	5,726
Repairs and maintenance	10,900	17,463	8,057
Telephone	4,850	5,575	4,790
Advertising	3,700	4,109	2,228
Printing and photocopying	21,500	20,438	12,852
Audit	5,500	4,764	4,666
Contracted services	96,800	90,478	82,463
Equipment costs	2,500	2,500	2,500
General	112,500	104,773	89,303
Amortization	1,066,000	979,573	1,096,412
	5,000,900	4,691,888	4,533,980
<b>Annual Surplus / (Deficit)</b>	(91,200)	156,642	(311,507)
<b>Accumulated surplus, beginning of year</b>	7,449,116	7,449,116	7,760,623
<b>Accumulated surplus, end of year</b>	\$ 7,357,916	\$ 7,605,758	\$ 7,449,116

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, 2021, with comparative information for 2020

	2021	2020
<b>Operating activities</b>		
Annual Surplus / (Deficit)	\$ 156,642	\$ (311,507)
Item not affecting cash:		
Amortization of tangible capital assets	979,573	1,096,412
Changes in non-cash working capital:		
Accounts receivable	(450)	-
Due to/from Town of Halton Hills	(162,488)	9,965
Accrued liabilities	8,263	-
Deferred revenue	26,754	-
Due to Town of Halton Hills - unfunded DC	70,772	155,153
<b>Net change in cash from operations</b>	<b>1,079,066</b>	<b>950,023</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(670,515)	(548,990)
<b>Net change in cash from capital activities</b>	<b>(670,515)</b>	<b>(548,990)</b>
<b>Financing activities</b>		
Long-term debt repaid	(408,551)	(401,033)
<b>Net change in cash from financing activities</b>	<b>(408,551)</b>	<b>(401,033)</b>
<b>Net change in cash</b>		
Cash, beginning of year	-	-
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2021

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## 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, 2021

**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:

<b>ASSET</b>	<b>USEFUL LIFE (YEARS)</b>
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. Long-term Liabilities**

(a)

	<u>2021</u>	<u>2020</u>
Total long-term liabilities incurred by the Library	<b>\$4,355,597</b>	\$ 4,764,148

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Halton Hills Library Board**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**2. Long-term Liabilities (cont'd)**

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

2022	\$ 365,914
2023	373,269
2024	380,732
2025	388,454
2026	396,232
2027-2032	<u>2,450,996</u>
	<b><u>\$ 4,355,597</u></b>

- (c) Interest expense on net long-term liabilities amounted to \$92,485 (2020 - \$101,244). The long-term liabilities bear interest at rates ranging from 2.0% to 3.2%.

**3. Tangible Capital Assets**

Cost	Balance December 31, 2020	Additions	Disposals	Balance December 31, 2021
Land	\$ 78,836	\$ -	\$ -	\$ 78,836
Buildings	17,392,486	-	-	17,392,486
Equipment	3,381,718	561,534	(497,685)	3,445,567
Work in progress	1,954	108,981	-	110,935
<b>Total Cost</b>	<b>20,854,994</b>	<b>670,515</b>	<b>(497,685)</b>	<b>21,027,824</b>
<b>Accumulated Amortization</b>				
Buildings	6,383,581	558,875	-	6,942,456
Equipment	1,826,120	420,698	(497,685)	1,749,133
<b>Accumulated Amortization</b>	<b>8,209,701</b>	<b>979,573</b>	<b>(497,685)</b>	<b>8,691,589</b>
<b>Net Book Value</b>				
Land	78,836	-	-	78,836
Buildings	11,008,905	(558,875)	-	10,450,030
Equipment	1,555,598	140,836	-	1,696,434
Work in progress	1,954	108,981	-	110,935
<b>Net Book Value - 2021</b>	<b>\$12,645,293</b>	<b>\$(309,058)</b>	<b>\$ -</b>	<b>\$12,336,235</b>
<b>Net Book Value - 2020</b>	<b>\$13,192,715</b>	<b>\$(547,422)</b>	<b>\$ -</b>	<b>\$12,645,293</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Halton Hills Library Board**  
**Notes to Financial Statements**  
Year ended December 31, 2021

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### 3. Tangible Capital Assets (cont'd)

(i) Contributed Capital Assets

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

### 4. Government Transfers

The government transfers reported in the Statement of Operations are:

	<u>2021</u>	<u>2020</u>
<b>Federal</b>		
Canada Summer Jobs grant	\$ 20,388	\$ 2,646
New Horizons for Seniors grant	6,996	-
	<u>\$ 27,384</u>	<u>\$ 2,646</u>
<b>Provincial</b>		
Per Capita	\$ 67,050	\$ 67,050
Other grants	47,482	1,632
Safe Restart Agreement Funding	23,741	63,143
	<u>\$ 138,273</u>	<u>\$ 131,825</u>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Halton Hills Library Board**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**5. Accumulated Surplus**

	<u>2021</u>	<u>2020</u>
General Operating Surplus	\$ 325,894	\$ 39,636
Unexpended Capital financing	<u>106,408</u>	<u>212,681</u>
	<u>432,302</u>	<u>252,317</u>
Equity in tangible capital assets		
Net tangible capital assets	12,336,235	12,645,293
Due to Town for unfunded DCs	(1,119,562)	(1,048,790)
Debt recoverable	<u>(4,355,597)</u>	<u>(4,764,148)</u>
	<u>6,861,076</u>	<u>6,832,355</u>
Library Capital Reserve	<u>312,380</u>	<u>364,444</u>
Total Reserves	<u>312,380</u>	<u>364,444</u>
	<u>\$ 7,605,758</u>	<u>\$ 7,449,116</u>

**THE CORPORATION OF THE TOWN OF HALTON HILLS**  
**Halton Hills Library Board**  
**Notes to Financial Statements**  
Year ended December 31, 2021

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## 6. Budget

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council on December 14, 2020. 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.

	<b>Budget 2021</b>
<b>Revenue:</b>	
Operating Budget	\$ 3,851,200
Capital Budget	530,400
<b>Add:</b>	
Interfund transfers	502,700
Other transfers	25,400
<b>Total Revenue</b>	<b>4,909,700</b>
<b>Expenses:</b>	
Operating budget	4,379,300
Capital budget	530,400
<b>Add:</b>	
Amortization	1,066,000
<b>Less:</b>	
Acquisition of tangible capital assets	(530,400)
Debenture	(408,600)
Interfund transfers	(35,800)
<b>Total Expenses</b>	<b>5,000,900</b>
<b>Annual Deficit</b>	<b>\$ (91,200)</b>

**THE CORPORATION OF THE TOWN OF HALTON HILLS****Halton Hills Library Board****Notes to Financial Statements**Year ended December 31, 2021

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**7. Development Charges**

The Town of Halton Hills manages a development charge obligatory reserve fund for the Library. At the end of 2021 there were no funds available 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.

**8. Related Party Transactions**

The Town of Halton Hills manages all accounts receivable and payable on behalf of the Library. All transactions are made and posted using the Town's bank account held with Scotiabank and investment accounts held with the Region of Halton. The Due from the Town balance represents the net amount receivable of \$779,249 by the Library from the Town of Halton Hills at December 31, 2021 (2020 - \$616,761).

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, 2021 is \$1,119,562 (2020 - \$1,048,790), and it is to be repaid annually over 10 years, at an effective interest rate of 2.7%. The loan repayment is contingent on future Development Charges collected by the Library.

**9. 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, 2021**

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## **9. Impact of COVID-19 (cont'd)**

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 and 2021, 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, 2021, COVID-19 related operating budget losses of \$23,741 (2020 - \$63,143) were realized, but the Provincial/Federal Safe Restart Funding made available to the Library is currently sufficient to address this shortfall. 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.

## **10. 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.

Financial Statements of  
**ACTON BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2021



Downtown  
**ACTON**

It's Worth the Drive!





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Canada  
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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, 2021
- 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, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, 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 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.

The image shows the handwritten signature of KPMG LLP in black ink. The letters are bold and slanted, with a horizontal line underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

June 13, 2022

## ACTON BUSINESS IMPROVEMENT AREA

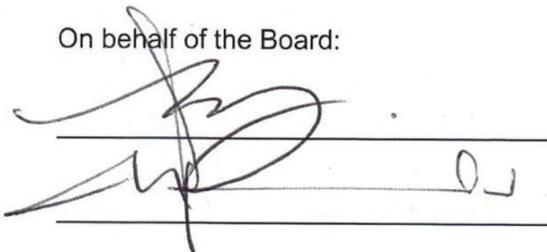
### Statement of Financial Position

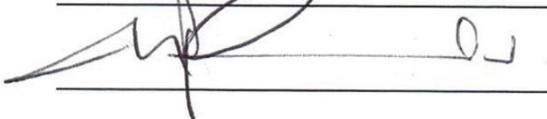
December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 6,612	\$ 37,505
Accounts receivable (note 3)	32,416	13,470
	<u>39,028</u>	<u>50,975</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 3)	441	12,945
	<u>38,587</u>	<u>38,030</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 2)	63,374	55,767
Prepaid expenses	130	-
	<u>63,504</u>	<u>55,767</u>
Accumulated surplus	\$ 102,091	\$ 93,797

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, 2021, with comparative information for 2020

	Budget (note 4)	2021	2020
<b>Revenue:</b>			
Town of Halton Hills (note 3)	\$ 96,970	\$ 96,970	\$ 96,970
Leathertown festival	28,500	–	3,928
Farmer's market	2,500	5,140	3,714
Facade improvement grant (note 3)	5,000	566	1,000
Summer student grant	4,000	8,264	6,999
Infrastructure grant (note 3)	12,000	21,618	–
Sponsorship program	500	–	–
Other revenue	4,000	–	–
	153,470	132,558	112,611
<b>Expenses:</b>			
Salaries and wages	50,900	52,203	48,690
Advertising and promotion	8,200	3,113	3,443
Repairs and maintenance	30,070	20,057	19,673
Rent	7,500	8,308	8,308
General expenses	9,900	5,905	5,389
Facade Improvement expenses	10,000	1,500	2,000
Event entertainment	19,500	–	–
Amortization	–	2,219	1,925
Insurance	1,200	1,000	1,000
Professional fees	4,200	4,607	4,437
Miscellaneous	–	2,980	3,249
Bad debt expense	–	754	–
Infrastructure	12,000	21,618	–
	153,470	124,264	98,114
Annual surplus	–	8,294	14,497
Accumulated surplus, beginning of year	93,797	93,797	79,300
Accumulated surplus, end of year	\$ 93,737	\$ 102,091	\$ 93,797

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, 2021, with comparative information for 2020

	Budget (note 4)	2021	2020
Annual surplus	\$ –	\$ 8,294	\$ 14,497
Purchase of tangible capital assets	–	(9,826)	(3,158)
Amortization of tangible capital assets	–	2,219	1,925
Prepaid expenses	–	(130)	435
Change in net financial assets	–	557	13,699
Net financial assets, beginning of year	38,030	38,030	24,331
Net financial assets, end of year	\$ 38,030	\$ 38,587	\$ 38,030

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

## ACTON BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 8,294	\$ 14,497
Item not involving cash:		
Amortization of capital assets	2,219	1,925
Change in non-cash operating working capital:		
Accounts receivable	(18,945)	(10,116)
Prepaid expenses	(130)	435
Accounts payable and accrued liabilities	(12,505)	(2,563)
Net change in cash from operating activities	(21,067)	4,178
Capital activities:		
Purchase of tangible capital assets	(9,826)	(3,158)
Net change in cash	(30,893)	1,020
Cash, beginning of year	37,505	36,485
Cash, end of year	\$ 6,612	\$ 37,505

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

# ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

---

## 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, 2021

## 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%
Container	Declining-balance	20%
Benches	Declining-balance	20%

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, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 51,470	\$ –	\$ –	\$ 51,470
Street signs	4,761	–	–	4,761
Trash receptacles	8,296	4,612	8,296	4,612
Computer equipment	3,241	–	–	3,241
Container	3,158	–	–	3,158
Benches	–	5,214	–	5,214
	\$ 70,926	\$ 9,826	\$ 8,296	\$ 72,456

## ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 2. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2020	Amortization expense	Disposals	Balance at December 31, 2021
Land	\$ –	\$ –	\$ –	\$ –
Street signs	4,364	317	–	4,681
Trash receptacles	8,296	231	8,296	231
Computer equipment	2,183	582	–	2,765
Container	316	568	–	884
Benches	–	521	–	521
	<b>\$ 15,159</b>	<b>\$ 2,219</b>	<b>\$ 8,296</b>	<b>\$ 9,082</b>

Net book value	Balance at December 31, 2020	Balance at December 31, 2021
Land	\$ 51,470	\$ 51,470
Street signs	397	80
Trash receptacles	–	4,381
Computer equipment	1,058	476
Container	2,842	2,274
Benches	–	4,693
	<b>\$ 55,767</b>	<b>\$ 63,374</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil during the year ended December 31, 2021 (2020 - \$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, 2021

### 3. Related party transactions:

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

Revenue:

	2021	2020
Member levy collected on behalf of the Business Improvement Area	\$ 96,970	\$ 96,970

The Town of Halton Hills has also contributed \$nil (2020 - \$nil) from municipal assistance program and \$566 (2020 - \$1,000) from façade improvement program.

At the end of the year, the Business Improvement Area had a payable of \$nil (2020 - \$4,500) to the Town of Halton Hills related to operating expenses outstanding as of December 31 and accounts receivable of \$24,151 (2020 - \$3,968) including \$21,618 related to an infrastructure grant and façade improvement grants of which \$2,533 which remains outstanding at December 31, 2021.

### 4. Budget:

The budget data is based on the approved 2021 budget approved by the Board on October 19, 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.

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

Year ended December 31, 2021





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Canada  
Tel 905-523-8200  
Fax 905-523-2222

## INDEPENDENT AUDITORS' REPORT

To the Members of Georgetown Central Business Improvement Area

### ***Opinion***

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

- the statement of financial position as at December 31, 2021
- 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, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, 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.



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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.



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- 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', with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
June 13, 2022

## GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 120,889	\$ 167,322
Accounts receivable (note 3)	34,384	23,444
	<u>155,273</u>	<u>190,766</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 3)	23,888	28,830
Net financial assets	<u>131,385</u>	<u>161,936</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	66,888	81,052
Prepaid expenses	2,385	1,403
	<u>69,273</u>	<u>82,455</u>
Lease commitments (note 5)		
Accumulated surplus	<u>\$ 200,658</u>	<u>\$ 244,391</u>

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, 2021, with comparative information for 2020

	Budget (Note 4)	2021	2020
<b>Revenue:</b>			
Town of Halton Hills (note 3)	\$ 159,050	\$ 161,296	\$ 212,811
Farmer's market	27,000	32,778	24,657
Sponsorship program	2,500	1,100	1,950
Other events	8,750	14,430	—
Facade improvement grant (note 3)	5,000	339	1,000
Student grant	8,000	—	7,840
	210,300	209,943	248,258
<b>Expenses:</b>			
Salaries and wages	125,090	121,943	128,424
Repairs and maintenance	58,450	54,292	61,319
Advertising and promotion	35,000	26,695	15,947
Office and general	11,860	11,804	13,688
Facade improvement expenses	10,000	339	2,000
Rent	16,000	17,104	15,643
Amortization of tangible capital assets	—	14,162	14,737
Insurance	1,000	1,000	1,000
Professional fees	4,000	4,921	4,246
Memberships	1,900	1,416	2,471
Loss on sale of asset	—	—	506
	263,300	253,676	259,981
Annual surplus (deficit)	(53,000)	(43,733)	(11,723)
Accumulated surplus, beginning of year	246,114	244,391	256,114
Accumulated surplus, end of year	\$ 193,114	\$ 200,658	\$ 244,391

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, 2021, with comparative information for 2020

	Budget (note 4)	2021	2020
Annual surplus (deficit)	\$ —	\$ (43,733)	\$ (11,723)
Loss on disposal of tangible capital assets	—	-	506
Amortization of tangible capital assets	—	14,162	14,737
Change in prepaid expenses	—	(982)	36
Change in net financial assets	—	(30,551)	3,556
Net financial assets, beginning of year	161,936	161,936	158,380
Net financial assets, end of year	\$ —	\$ 131,385	\$ 161,936

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

## GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (43,733)	\$ (11,723)
Item not involving cash:		
Amortization of tangible capital assets	14,162	14,737
Loss on disposal of tangible capital assets	–	506
Change in non-cash operating working capital:		
Accounts receivable	(10,938)	(12,725)
Prepaid expenses and deposits	(982)	36
Accounts payable and accrued liabilities	(4,942)	10,419
Net change in cash from operating activities	(46,433)	1,250
Capital activities:		
Purchase of tangible capital assets	–	–
Net change in cash	(46,433)	1,250
Cash, beginning of year	167,322	166,072
Cash, end of year	\$ 120,889	\$ 167,322

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, 2021

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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, 2021

### 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, 2021

### 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Kiosk	\$ —	\$ —	\$ —	\$ —
Trash receptacles and benches	18,143	—	—	18,143
Leasehold improvements	13,023	—	—	13,023
Signage and sculpture	125,614	—	—	125,614
Office furniture	9,503	—	—	9,503
Computer equipment	2,970	—	—	2,970
	\$ 169,253	\$ —	\$ —	\$ 169,253

Accumulated amortization	Balance at December 31, 2020	Amortization expense	Disposals	Balance at December 31, 2021
Kiosk	\$ —	\$ —	\$ —	\$ —
Trash receptacles and benches	8,345	1,814	—	10,159
Leasehold improvements	6,513	2,605	—	9,118
Signage and sculpture	66,950	8,375	—	75,325
Office furniture	3,861	1,128	—	4,989
Computer equipment	2,534	240	—	2,774
	\$ 88,203	\$ 14,162	\$ —	\$ 102,365

	Net book value December 31, 2020	Net book value December 31, 2021
Kiosk	\$ —	\$ —
Trash receptacles and benches	9,798	7,982
Leasehold improvements	6,512	3,907
Signage and art sculpture	58,664	50,289
Office furniture	5,642	4,514
Computer equipment	436	196
	\$ 81,052	\$ 66,888

## GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Related party transactions:

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

Revenue:

	2021	2020
Member levy collected on behalf of the Business Improvement Area	\$ 160,546	\$212,061

The Town of Halton Hills has also contributed \$750 (2020 - \$750) from municipal assistance program and \$339 (2020 - \$1,000) from façade improvement program. At the end of the year, the Business Improvement Area had a payable of \$7,059 (2020 - \$6,176) to the Town of Halton Hills related to operating expenses and a receivable of \$5,339 (2020 - \$6,750) for the façade improvement grant.

### 4. Budget:

The budget data presented in these financial statements is based upon the 2021 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:

2022	\$	17,410
2023		17,932
2024		1,498
	\$	36,840

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

Year ended December 31, 2021





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

## INDEPENDENT AUDITORS' REPORT

To the 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, 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2021, 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.



### ***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'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 5, 2022

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

## Consolidated Statement of Financial Position

Year ended December 31, 2021, with comparative information for 2020

	Note	2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Accounts receivable	4	\$ 8,309,823	\$ 7,026,070
Unbilled revenue		6,068,383	8,040,040
Income tax receivable		53,616	176,801
Materials and supplies	5	728,193	1,002,325
Current portion of note receivable	8	375,281	361,419
Prepaid expenses		522,982	612,918
<b>Total current assets</b>		<b>16,058,278</b>	<b>17,219,573</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	114,754,184	110,902,250
Note receivable	8	320,334	695,614
Deferred charges		223,781	223,781
Deferred income taxes	9	5,005,999	4,873,052
Goodwill		295,604	295,604
<b>Total non-current assets</b>		<b>120,599,902</b>	<b>116,990,301</b>
<b>Total assets</b>		<b>138,658,180</b>	<b>134,209,874</b>
Regulatory balances	10	9,673,069	8,224,416
<b>Total assets and regulatory balances</b>		<b>\$ 146,331,249</b>	<b>\$ 142,434,290</b>

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

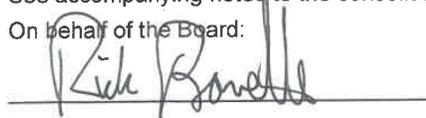
## Consolidated Statement of Financial Position

Year ended December 31, 2021, with comparative information for 2020

	Note	2021	2020
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness		\$ 5,426,658	\$ 7,288,389
Accounts payable and accrued liabilities	11	15,723,630	10,822,675
Current portion of bank term loans	12	3,288,599	3,296,330
Customer deposits		622,998	630,927
Current portion of lease liability	7	32,956	52,390
Current portion of note payable	19	2,800,000	2,800,000
Income taxes payable		263,871	–
<b>Total current liabilities</b>		<b>28,158,712</b>	<b>24,890,711</b>
<b>Non-current liabilities</b>			
Bank term loans	12	56,115,277	54,792,792
Note payable	19	7,400,000	10,200,000
Employee future benefits	13	1,179,693	1,162,880
Lease liability	7	19,975	52,932
Deferred revenue		6,457,732	5,357,133
Derivative liability	20	1,467,930	5,485,809
Deferred income taxes	9	10,459,063	8,559,766
<b>Total non-current liabilities</b>		<b>83,099,670</b>	<b>85,611,312</b>
<b>Total liabilities</b>		<b>111,258,382</b>	<b>110,502,023</b>
<b>Equity</b>			
Share capital	14	16,161,663	16,161,663
Retained earnings		16,928,848	12,003,484
Accumulated other comprehensive loss		(322,605)	(322,605)
<b>Total equity</b>		<b>32,767,906</b>	<b>27,842,542</b>
<b>Total liabilities and equity</b>		<b>144,026,288</b>	<b>138,344,565</b>
Regulatory balances	10	2,304,961	4,089,725
Contingencies	18		
COVID-19	21		
<b>Total liabilities, equity and regulatory balances</b>		<b>\$ 146,331,249</b>	<b>\$ 142,434,290</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

## HALTON HILLS COMMUNITY ENERGY CORPORATION

### Consolidated Statement of Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	Note	2021	2020
<b>Revenue</b>			
Distribution revenue		\$ 14,064,765	\$ 12,819,987
Other income	16	4,656,044	4,442,527
		18,720,809	17,262,514
Sale of electricity		62,609,678	72,564,220
<b>Total revenue</b>	15	<b>81,330,487</b>	<b>89,826,734</b>
<b>Operating expenses</b>			
Employee salaries and benefits	17	5,623,920	5,336,704
Material costs		299,793	214,441
Contract services		734,083	1,279,182
Property costs		1,253,507	1,247,609
Other costs		895,121	692,088
Communication costs		509,731	459,113
Depreciation		3,856,558	3,693,743
		13,172,713	12,922,880
Cost of power purchased		64,086,528	73,189,793
<b>Total expenses</b>		<b>77,259,241</b>	<b>86,112,673</b>
<b>Income from operating activities</b>		<b>4,071,246</b>	<b>3,714,061</b>
Loss on disposal of property, plant and equipment		(2,514)	–
Finance income		46,785	70,361
Finance costs			
Interest		(2,514,934)	(2,896,512)
Fair value adjustment on derivative liability	20	4,017,879	(3,211,640)
<b>Total finance costs</b>		<b>1,502,945</b>	<b>(6,108,152)</b>
<b>Income (loss) before income taxes</b>		<b>5,618,462</b>	<b>(2,323,730)</b>
Income tax (expense) recovery	9	(2,234,566)	505,175
<b>Net income (loss)</b>		<b>3,383,896</b>	<b>(1,818,555)</b>
<b>Net movement in regulatory balances, net of tax</b>			
Net movement in regulatory balances	10	2,229,673	417,093
Income tax	10	1,003,744	32,541
		<b>3,233,417</b>	<b>449,634</b>
<b>Net income (loss) and net movement in regulatory balances</b>		<b>\$ 6,617,313</b>	<b>(1,368,921)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefits, net of tax	9	–	(98,258)
<b>Other comprehensive loss for the year</b>		<b>–</b>	<b>(98,258)</b>
<b>Total comprehensive income (loss) for the year</b>		<b>\$ 6,617,313</b>	<b>(1,467,179)</b>

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

## Consolidated Statement of Changes in Equity

Year ended December 31, 2021, with comparative information for 2020

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
<b>Balance at January 1, 2020</b>	\$ 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)
<b>Balance at December 31, 2020</b>	\$ 16,161,663	\$ 12,003,484	\$ (322,605)	\$ 27,842,542
<b>Balance at January 1, 2021</b>	\$ 16,161,663	\$ 12,003,484	\$ (322,605)	\$ 27,842,542
Net income and net movement in regulatory balances	–	6,617,313	–	6,617,313
Dividends	–	(1,691,949)	–	(1,691,949)
<b>Balance at December 31, 2021</b>	\$ 16,161,663	\$ 16,928,848	\$ (322,605)	\$ 32,767,906

See accompanying notes to the consolidated financial statements.

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

## Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
<b>Operating activities</b>		
Net income (loss) and net movement in regulatory balances	\$ 6,617,313	\$ (1,467,179)
Adjustments for:		
Depreciation	4,092,853	3,921,221
Gain on sale of property, plant and equipment	(183,622)	–
Amortization of deferred revenue	(379,270)	(350,838)
Employee future benefits	16,813	145,714
Net finance costs	2,468,149	2,826,151
Income tax expense (recovery)	2,234,566	(540,601)
Fair value adjustment on derivative liability	(4,017,879)	3,211,640
Change in non-cash operating working capital:		
Accounts receivable	(1,283,753)	2,066,443
Unbilled revenue	1,971,657	(813,405)
Materials and supplies	274,132	149,270
Prepaid expenses	89,936	39,653
Accounts payable and accrued liabilities	4,227,980	(1,906,161)
Customer deposits	(7,929)	(38,653)
Capital contributions	1,479,869	680,016
Regulatory balances	(3,233,417)	(449,634)
Income tax paid	(99,990)	(51,947)
Income tax received	18,830	112,178
Interest paid	(2,514,934)	(2,896,512)
Interest received	46,785	70,361
<b>Net cash from operating activities</b>	<b>11,818,089</b>	<b>4,707,717</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(8,062,940)	(6,443,342)
Proceeds on disposal of property, plant and equipment	301,775	–
Proceeds from note receivable	361,418	347,966
<b>Net cash used by investing activities</b>	<b>(7,399,747)</b>	<b>(6,095,376)</b>
<b>Financing activities</b>		
Dividends paid	(1,018,974)	(941,987)
Issuance of bank term loans	33,877,000	7,352,370
Repayment of bank term loans	(32,562,246)	(1,454,186)
Principal repayments of lease liabilities	(52,391)	(67,392)
Repayment of note payable	(2,800,000)	(3,141,970)
<b>Net cash from (used by) financing activities</b>	<b>(2,556,611)</b>	<b>1,746,835</b>
Change in bank indebtedness	1,861,731	359,176
Bank indebtedness, beginning of year	(7,288,389)	(7,647,565)
<b>Bank indebtedness, end of year</b>	<b>\$ (5,426,658)</b>	<b>\$ (7,288,389)</b>

See accompanying notes to the consolidated financial statements.

# HALTON HILLS COMMUNITY ENERGY CORPORATION

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 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, 2021.

### 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 5<sup>th</sup>, 2022.

#### (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, 2021

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### 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, 2021

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### 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 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. On April 16, 2020 the OEB issued its Decision and Order approving electricity distribution rates and other charges for effective May 1, 2020.

The Corporation filed a COS application on August 27, 2020 for rates effective May 1, 2021. On March 18, 2021 the OEB issued its Decision and Order approving electricity distribution rates and other charges for effective May 1, 2021.

## HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 2. Basis of presentation (continued):

(e) Rate regulation (continued):

(i) *Distribution revenue:*

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 wholly owned 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, 2021

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### 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, 2021

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### 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, 2021

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### 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, 2021

### 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, 2021

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### 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 prorata 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, 2021

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### 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, 2021

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### 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, 2021

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### 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 ("OEFC"). 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, 2021

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### 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) 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, 2021

**4. Accounts receivable:**

	2021	2020
Service revenue	\$ 5,485,806	\$ 4,872,806
Recoverable work	1,462,322	1,170,809
Other	987,204	919,764
Town of Halton Hills	648,142	292,560
Less: allowance for expected credit losses	(273,651)	(229,869)
	<b>\$ 8,309,823</b>	<b>\$ 7,026,070</b>

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 \$818,598 (2020 - \$774,336) to capital assets during the year.

The amount of inventory consumed by the Corporation and recognized as an expense during 2021 was \$299,793 (2020 - \$214,441). No amount of inventory has been written down due to obsolescence (2020 - \$nil).

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

**6. Property, plant and equipment:**

	January 1, 2021	Additions/ Depreciation	Disposals/ Retirements	Transfers	December 31, 2021
<i>Cost</i>					
Distributions system	\$ 103,658,971	\$ 5,489,102	\$ –	\$ –	\$ 109,148,073
Plant	12,862,672	72,771	–	–	12,935,443
Fleet	3,778,532	297,088	(229,324)	–	3,846,296
Other equipment	3,308,576	382,169	(67,483)	–	3,623,262
Computer equipment and software	1,944,095	169,521	–	–	2,113,616
General office	262,189	93,453	–	–	355,642
Store equipment	4,732	–	–	–	4,732
Construction in process	4,861,501	1,558,836	–	–	6,420,337
	130,681,268	8,062,940	(296,807)	–	138,447,401
<i>Accumulated Depreciation</i>					
Distributions system	13,183,918	3,148,906	–	–	16,332,824
Plant	1,919,813	215,428	–	–	2,135,241
Fleet	1,793,350	353,279	(111,172)	–	2,035,457
Other equipment	1,235,778	207,005	(67,482)	–	1,375,301
Computer equipment and software	1,387,874	154,962	–	–	1,542,836
General office	253,553	13,273	–	–	266,826
Store equipment	4,732	–	–	–	4,732
Construction in process	–	–	–	–	–
	19,779,018	4,092,853	(178,654)	–	23,693,217
Carrying amount	\$ 110,902,250	\$ 3,970,087	\$ (118,153)	\$ –	\$ 114,754,184
<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

Interest capitalized in property, plant and equipment for 2021 was \$nil (2020 - \$nil).

Included in fleet are right-of-use assets of \$158,797 (2020 - \$206,592) as further described in note 7.

At December 31, 2021, property, plant and equipment with a carry value of \$114,754,184 (2020 - \$110,902,250) are subject to a general security agreement.

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

**7. Lease liabilities:**

Right-of-use asset	2021	2020
Opening balance	\$ 206,592	\$ 189,307
Renewal/Additions	–	77,900
Depreciation	(47,795)	(60,615)
	\$ 158,797	\$ 206,592

Lease liabilities	2021	2020
Opening balance	\$ 105,322	\$ 94,814
Renewal/Additions	–	77,900
Interest expense	2,235	2,214
Interest repayments	(2,235)	(2,214)
Repayments	(52,391)	(67,392)
	\$ 52,931	\$ 105,322

Lease liabilities	2021	2020
Current	\$ 32,956	\$ 52,390
Non-current	19,975	52,932
	\$ 52,931	\$ 105,322

Maturity analysis of lease liabilities	2021	2020
Less than one year	\$ 33,835	\$ 54,625
One to five years	20,179	54,013
Total undiscounted lease liabilities	\$ 54,041	\$ 108,638

**8. Note receivable:**

The note receivable from the Town of Halton Hills in the issued amount of \$241,398 bears interest of 1.568% (2020 - 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% (2020 – 3.95%) and matures on May 1, 2023.

	2021	2020
Total note receivable	\$ 695,615	\$ 1,057,033
Less: current portion	375,281	361,419
	\$ 320,334	\$ 695,614

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

**9. Income tax expense:**

## Current tax expense

	2021	2020
Current year	\$ 169,068	\$ –
Adjustment for prior years	299,097	42,064
	\$ 468,165	\$ 42,064

## Deferred tax expense (recovery)

	2021	2020
Origination and reversal of temporary differences	\$ 1,766,401	\$ (547,239)
Tax adjustment included in other comprehensive income	–	(35,426)
	\$ 1,766,401	\$ (540,601)

## Reconciliation of effective tax rate

	2021	2020
Income (loss) before taxes	\$ 7,848,135	\$ (1,906,637)
Canada and Ontario statutory income tax rates	26.50%	26.50%
Expected tax provision on income at statutory rates	2,079,756	(505,259)
Increase (decrease) in income taxes resulting from:		
Permanent differences	(5,250)	348
Non-deductible expenses	–	19
Adjustment for prior years	149,881	(283)
Other	10,179	–
Income tax expense (recovery)	\$ 2,234,566	\$ (505,175)

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

**9. Income tax expense (continued):**

Significant components of the Corporation's deferred tax balances:

	2021	2020
Deferred tax assets (liabilities):		
Property, plant and equipment	\$(10,459,063)	\$ (8,359,371)
Post-employment benefits	312,619	308,164
Deferred revenue	1,655,389	1,363,969
Lease liabilities	–	27,909
Non-capital losses	1,998,251	1,206,463
Investment tax credit	–	(2,946)
Other	72,517	(197,449)
Corporate minimum tax	578,221	512,808
Fair value adjustment on derivative liability	389,002	1,453,739
	<b>\$ (5,453,064)</b>	<b>\$ (3,686,714)</b>

## HALTON HILLS COMMUNITY ENERGY CORPORATION

### Notes to Consolidated Financial Statements

Year ended December 31, 2021

#### 10. Regulatory balances:

Reconciliation of the carrying amount for each regulatory account

Regulatory deferral account debit balances	January 1, 2021	Additions/ disposals	Recovery/ reversal	December 31, 2021	Remaining recovery/ reversal years
COVID recovery	\$ 162,637	\$ (4,758)	\$ (157,879)	\$ –	1-3 yrs
RCVA retail services	34,498	13,024	(47,522)	–	1-3 yrs
RCVA service transaction request	550	114	(664)	–	1-3 yrs
Low voltage variance	812,703	268,423	2,645	1,083,771	1-3 yrs
LRAM variance account	465,600	37,946	(345,194)	158,352	3-5 yrs
Smart meter capital & recovery	99,349	62	(99,411)	–	1-3 yrs
RSVA wholesale market services	–	384,874	(276,560)	108,314	1-3 yrs
RSVA network services	557,355	392,438	(222,547)	727,246	1-3 yrs
RCVA connection services	256,126	(30,917)	(76,826)	148,383	1-3 yrs
Global adjustment	–	(33,802)	641,463	607,661	1-3 yrs
Deferred income taxes	5,835,598	1,003,744	–	6,839,342	*
	\$ 8,224,416	\$ 2,031,148	\$ (582,495)	\$ 9,673,069	

Regulatory deferral account debit balances	January 1, 2020	Additions/ Disposals	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	

\*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, 2021

**10. Regulatory balances (continued):**

<b>Regulatory deferral account credit balances</b>	January 1, 2021	Additions/ Disposals	Recovery/ reversal	December 31, 2021	Remaining recovery/ reversal years
Other Regulatory Assets	\$ (103,208)	\$ 986,976	\$ (883,768)	\$ –	3-5 yrs
Low voltage variance	–	–	–	–	1 -3 yrs
Smart metering entity charge	(32,710)	(13,302)	29,745	(16,267)	1 -3 yrs
RSVA wholesale market services	(505,443)	384,874	120,569	–	1 -3 yrs
RSVA power	(1,201,561)	311,294	(536,394)	(1,426,661)	1 -3 yrs
Global adjustment	(2,214,701)	(33,802)	2,248,503	–	1 -3 yrs
Disposition and refund regulatory balance	(32,102)	75,180	(905,111)	(862,033)	1 -3 yrs
	\$ (4,089,725)	\$ 1,711,220	\$ 73,544	\$ (2,304,961)	

<b>Regulatory deferral account credit balances</b>	January 1, 2020	Additions/ Disposals	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)	

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. For the period January 1, 2021 to December 31, 2021 the rate was 0.57% (2.18% - January 2020 to June 2020; 0.57% - July 2020 to December 2020).

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

**11. Accounts payable and accrued liabilities:**

	2021	2020
Accounts payable – energy purchases	\$ 10,741,829	\$ 7,743,296
Payroll payable	502,305	535,262
Other	4,479,495	2,544,117
	<b>\$ 15,723,630</b>	<b>\$ 10,822,675</b>

**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 (2020 - \$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 \$5,575,000 (2020 - \$7,225,000) 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 (2020 - \$1,754,315) from a financial institution.

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

**12. Credit facilities (continued):**

## c) Term loans:

	2020	2020
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
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
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
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
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
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
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.	22,059,396	22,499,427
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
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
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, 2021

**12. Credit facilities (continued):**

## c) Term loans (continued):

	2021	2020
xii. Term Loan Fixed term loan bearing interest at rate 2.621% due May 25, 2051 repayable monthly in the amounts of \$124,756 principal and interest.	30,676,233	–
xiii. Capital Term Loan 13: Fixed rate term loan due August 10, 2031 bearing interest at 2.45% repayable monthly in the amounts of \$17,445	2,753,007	–
xiv. 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
xv. 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.	998,222	1,067,463
xvi. 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.	804,120	854,132
xvii. 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.	2,112,898	2,295,307
	<b>\$ 59,403,876</b>	<b>\$ 58,089,122</b>

The Corporation has entered into an interest rate swap agreement to pay a fixed rate of interest of 4.095%, exclusive of bank transaction fees, in lieu of prime rate on its capital transformer station loan to effectively reduce interest rate risk associated with the floating rate debt. 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.

The Corporation executed a second interest rate swap transaction on April 29, 2020 in the amount of \$31,077,000 at fixed interest rate of 2.621%. The loan was funded on May 25, 2021 and has an amortization term of 30 years. This swap transaction is to refinance existing term loans that matured in May 2021. Payments are made monthly on the 25th of each month commencing on June 25, 2021 up to and including the Termination Date of May 24, 2051.

## HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 12. Credit facilities (continued):

#### c) Term loans (continued):

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

2022	\$	1,605,510
2023		1,645,303
2024		1,686,192
2025		1,728,706
2026		1,772,404
2025 – 2051		50,965,761
		59,403,876
Less: current portion		3,288,599
Long-term portion of loan	\$	56,115,277

Under the provisions of the term loan agreements, the Corporation is required to comply with certain financial covenants. As at December 31, 2021, 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 and debt service coverage ratio of Halton Hills Hydro Inc.

### 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 2021, the Corporation made employer contributions of \$490,287 to OMERS (2020 - \$504,192), of which \$265,325 (2020 - \$292,554) has been capitalized as part of PP&E and the remaining amount of \$224,962 (2020 - \$211,638) has been recognized in profit or loss. The Corporation estimates that a contribution of \$627,674 to OMERS will be made during the next fiscal year.

As at December 31, 2021, OMERS had approximately 525,981 members, of whom 57 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2021, which reported that the plan was 97% (2020 - 97%) funded, with an unfunded liability of \$3.1 billion (2020 - \$3.2 billion). This unfunded liability is likely to result in future payments by participating employers and members.

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

**13. Employee future benefits (continued):**

## (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, 2021 were based on results and assumptions determined by actuarial valuation as at December 31, 2019.

Reconciliation of the obligation	2021	2020
Defined benefit obligation, beginning of year	\$ 1,162,880	\$ 1,017,166
Included in profit or loss		
Current service cost	37,449	40,056
Interest cost	36,297	35,674
Actuarial loss	–	131,561
	1,236,626	1,244,457
Benefits paid	(56,933)	(61,577)
Defined benefit obligation, end of year	\$ 1,179,693	\$ 1,162,880

Actuarial assumptions	2021	2020
General inflation	2.00%	2.00%
Discount (interest) rate	3.20%	3.20%
Salary levels	3.00%	3.00%
Medical costs	4.70%	4.20%
Dental costs	4.90%	4.50%

**14. Share capital:**

	2021	2020
Authorized:		
Unlimited number of common shares		
Issued:		
2,000 common shares	\$ 16,161,663	\$ 16,161,663

## Dividends

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

The Corporation declared aggregate dividends in the year on common shares of \$846 per share (2020 - \$346), which amounted to total dividends declared in the year of \$1,691,949 (2020 - \$692,000).

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

**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.

	2021	2020
Revenue from contracts with customers	\$ 76,674,443	\$ 85,384,207
Other revenue:		
CDM programs	252,974	521,396
Other	4,403,070	3,921,131
	<u>\$ 81,330,487</u>	<u>\$ 89,826,734</u>

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

	2021	2020
Residential	\$ 37,061,501	\$ 41,234,401
Commercial	39,076,855	43,550,670
Other	536,087	599,136
	<u>\$ 76,674,443</u>	<u>\$ 85,384,207</u>

**16. Other income:**

	2021	2020
Rendering of services	\$ 4,024,699	\$ 3,570,293
Amortization of deferred revenue	378,371	350,838
Government grants under CDM programs	252,974	521,396
	<u>\$ 4,656,044</u>	<u>\$ 4,442,527</u>

**17. Employee salaries and benefits:**

	2021	2020
Salaries, wages and benefits	\$ 5,217,013	\$ 4,993,858
CPP and EI remittances	144,000	127,586
Contributions to OMERS	246,094	203,231
Post-employment benefit plans	16,813	12,029
	<u>\$ 5,623,920</u>	<u>\$ 5,336,704</u>

## HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 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.

#### Contingent Liability

The Corporation has become aware of an industry matter with respect to fixed distribution rates and as a result the Corporation has a contingent liability associated with fixed distribution rates determined and billed in current and prior years which is subject to regulatory review by the OEB. The 2021 impact is estimated at approximately \$150,000 and this has been recognized in these financial statements. The amount of any liabilities prior to 2021 requiring refund is not determinable as of the date of these financial statements as the number of years requiring refund is not known.

#### 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, 2021, no assessments have been made.

### 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.

## HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 19. Related party transactions (continued):

#### (b) Transactions with parent (the Town)

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

	2021	2020
<b>Transactions:</b>		
Revenue		
Street light maintenance & other	\$ 919,484	\$ 796,838
Distribution revenue	301,591	259,844
Sale of electricity	1,069,310	844,541
Finance income on the loans receivable	29,724	39,425
Expenses		
Property taxes	144,262	165,015
Interest	449,080	567,962
Dividends	1,691,951	692,000
<b>Balances:</b>		
Amounts due from:		
Accounts receivable	648,142	292,560
Loan receivable, bearing interest at 1.568% per Annum with quarterly interest and principal Repayments up to August 30, 2029	231,770	241,398
Loan receivable bearing interest at 3.95% per annum	481,844	815,635

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, 2021

**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 2021, the prescribed rate was 4.12% (2020 - 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:

2022	\$ 2,800,000
2023	2,800,000
2024	2,800,000
2025	1,800,000
	10,200,000
Less: current portion	2,800,000
Long-term portion of note payable	\$ 7,400,000

The Corporation incurred interest expense in respect of the note payable of \$449,080 (2020 - \$567,962).

## (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:

	2021	2020
Salaries, directors fees, bonuses and short term benefits	\$ 2,340,593	\$ 2,398,391
Employee future benefits	5,172	4,423
	\$ 2,345,765	\$ 2,402,814

## HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 20. Financial instruments and risk management:

#### Fair value disclosure:

The carrying values of accounts receivable, unbilled revenue, income taxes receivable/payable 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, 2021 is \$8,916,787. 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, 2021 was 4.12% (2020 – 4.12%).

The fair value of the note receivable from the ultimate parent (Town) at December 31, 2021 is \$486,707. 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, 2021 was 3.95% (2020 – 3.95%).

#### 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% (2020 - 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, 2021 is \$273,651 (2020 - \$229,869). An impairment loss of \$70,000 (2020 - \$69,997) 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.

## HALTON HILLS COMMUNITY ENERGY CORPORATION

### Notes to Consolidated Financial Statements

Year ended December 31, 2021

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#### Financial risks (continued)

##### (a) Credit risk (continued)

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 increased its loss allowance for expected credit losses to adjust for the higher level of expected customer defaults on accounts receivable. 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 previous years. 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, 2021, approximately \$260,525 (2020 - \$255,626) is considered 90 days past due. The Corporation has over 23,272 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 through credit insurance. As at December 31, 2021 the Corporation holds security deposits in the amount of \$622,998 (2020 - \$630,927).

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 \$5,286 (2020 - \$4,725) 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.

## HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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### 20. Financial instruments and risk management (continued):

#### Financial risks (continued)

##### (b) Market risk (continued)

The Corporation is exposed to interest rate risk on its variable interest rate loans. The Corporation has mitigated its risk through the use of interest rate swap agreements as further described in note 12(c).

The capital transformer station 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%. As at December 31, 2021, the interest rate swap is in a unfavourable position of \$2,675,862 (2020 – unfavourable position of \$5,485,809). Accordingly, the Corporation has recognized an unrealized fair value derivative gain of \$2,809,947 during the year (2020 – loss of \$3,211,640).

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 2.621%. The loan was funded on May 25, 2021 and has an amortization term of 30 years. This swap transaction is to refinance existing term loans that matured in May 2021. As at December 31, 2021, the interest rate swap is in a favourable position of \$1,207,932. The Corporation has recognized an unrealized fair value derivative gain of \$1,207,932 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 \$1,467,930 (2020 - \$5,485,809), which was in the favour of the financial institution. The Corporation entered into these interest rate swap transactions to fix the interest rate over the long-term and intends to hold these 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.

##### (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.

**HALTON HILLS COMMUNITY ENERGY CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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

## (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, bank term loans, and note payable. As at December 31, 2021, shareholder's equity amounts to \$32,767,906 (2020 - \$27,842,542), bank term loans amounts to \$59,403,876 (2020 - \$58,089,122) and note payable amounts to \$10,200,000 (2020 - \$13,000,000).

**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, 2021, COVID-19 has not had a significant financial impact on the Corporation as further described in note 20(a). The outcome and timeframe to a recovery from the current pandemic is undeterminable, however the impact on the Corporation is not expected to be significant in 2022.

# FIVE YEAR STATISTICS

2017 - 2021



5 Year Statistics	2021	2020	2019	2018	2017
<b>Consolidated Statement of Financial Position</b>					
Financial assets					
Cash	\$13,323,118	\$11,526,200	\$4,457,168	\$4,338,742	\$ 6,162,358
Short term investments	101,670,670	87,474,125	87,825,659	76,402,708	68,417,557
Taxes receivable	5,132,506	6,903,045	5,282,666	5,424,874	4,542,809
Accounts receivable	2,977,327	3,019,315	2,562,137	1,713,340	2,197,395
Long-term receivables	1,374,228	1,412,304	1,437,926	1,823,142	2,114,067
Note Receivable from HHCEC	10,200,000	13,000,000	16,141,970	16,141,970	16,141,970
Investment HHCEC	32,767,906	27,842,542	30,001,721	31,736,574	31,355,276
Inventory for resale	12,959	10,994	15,782	15,570	13,922
Non-financial assets	333,199,784	329,406,620	326,146,060	327,665,074	333,804,834
<b>Total Assets</b>	<b>\$ 500,658,498</b>	<b>\$ 480,595,145</b>	<b>\$ 473,871,089</b>	<b>\$ 465,261,994</b>	<b>\$ 464,750,188</b>
Financial liabilities					
Accounts payable and accrued liabilities	\$ 19,489,045	\$ 14,644,771	\$ 15,084,790	\$ 14,729,531	\$ 14,762,923
Deferred revenue	37,393,315	31,081,443	31,633,419	25,911,748	23,183,663
Employee benefits payable	3,799,065	3,591,306	3,441,497	3,148,700	3,031,984
Liability for contaminated sites	430,976	410,453	407,600	375,952	367,500
Liability for post closure solid waste landfill	260,409	123,804	130,121	140,902	121,643
Long term liabilities	16,451,551	21,165,709	23,696,743	23,925,060	27,981,565
<b>Total Liabilities</b>	<b>\$ 77,824,361</b>	<b>\$ 71,017,486</b>	<b>\$ 74,394,170</b>	<b>\$ 68,231,893</b>	<b>\$ 69,449,278</b>
<b>Accumulated Surplus</b>	<b>\$ 422,834,137</b>	<b>\$ 409,577,659</b>	<b>\$ 399,476,919</b>	<b>\$ 397,030,101</b>	<b>\$ 395,300,910</b>
<b>Consolidated Statement of Change in Net Financial Assets</b>					
Annual surplus	\$ 13,256,478	\$ 10,100,740	\$ 2,446,818	\$ 1,729,191	\$ 9,436,308
Acquisition of tangible capital assets	(21,384,259)	(21,220,398)	(16,223,879)	(12,482,561)	(15,756,631)
Amortization of tangible capital assets	17,651,298	17,612,409	17,497,188	17,922,371	18,350,776
(Gain)/loss on disposal of tangible capital assets	(122,145)	(3,068,910)	349,527	673,182	(59,073)
Proceeds on disposal of tangible capital assets	194,685	3,236,038	167,023	152,736	59,073
Change in inventory and prepaid expenses	(132,743)	180,301	(270,845)	(125,968)	(99,370)
<b>Change in net financial assets</b>	<b>\$ 9,463,314</b>	<b>\$ 6,840,180</b>	<b>\$ 3,965,832</b>	<b>\$ 7,868,951</b>	<b>\$ 11,931,083</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>\$ 80,171,039</b>	<b>\$ 73,330,859</b>	<b>\$ 69,365,027</b>	<b>\$ 61,496,076</b>	<b>\$ 49,564,993</b>
<b>Net Financial Assets, End of Year</b>	<b>\$ 89,634,353</b>	<b>\$ 80,171,039</b>	<b>\$ 73,330,859</b>	<b>\$ 69,365,027</b>	<b>\$ 61,496,076</b>

5 Year Statistics	2021	2020	2019	2018	2017	2016
<b>Consolidated Statement of Operations</b>						
<b>Revenue</b>						
Property taxes						
- General levy	\$ 56,039,500	\$ 53,557,300	\$ 50,689,500	\$ 47,322,000	\$ 45,152,000	\$ 42,843,800
- PIL & Supplementary taxes	2,324,370	2,444,695	2,924,076	2,971,503	2,117,959	2,327,525
User fees	4,033,722	3,591,456	7,412,618	7,433,145	6,985,311	7,097,627
Government transfers - Federal	122,128	62,251	8,734	131,024	20,925	21,607
- Federal gas tax	1,939,407	1,729,345	473,313	1,733,232	2,250,682	2,115,904
- Provincial	4,535,062	4,501,501	1,950,197	2,548,490	1,447,539	769,504
- Provincial gas tax	571,275	577,421	566,422	553,478	436,443	427,339
- Other Municipalities	1,180,464	2,376,900	1,401,503	619,449	1,818,695	3,726,173
Investment income*	1,768,687	2,076,930	2,176,220	1,920,591	1,783,034	1,624,816
Development Charges	5,210,748	5,226,869	2,526,926	2,900,123	7,332,786	(909,985)
Assets assumed from developers	5,020,035	3,455,911	4,065,621	297,489	1,874,482	2,932,685
Interest from HHCEC	449,080	567,962	665,049	665,049	665,049	710,432
Equity income from HHCEC	6,617,313	(1,467,179)	(42,902)	2,073,249	2,693,525	1,966,275
Other income	5,512,455	8,308,067	6,169,143	5,904,166	5,480,298	9,822,507
<b>Total Revenue</b>	<b>\$ 95,324,246</b>	<b>\$ 87,009,429</b>	<b>\$ 80,986,420</b>	<b>\$ 77,072,988</b>	<b>\$ 80,058,728</b>	<b>\$ 75,476,209</b>
<b>Expenses</b>						
Salaries, wages and benefits	\$ 46,249,847	\$ 42,566,655	\$ 42,383,370	\$ 39,770,233	\$ 37,221,219	\$ 34,751,361
Materials	5,330,610	5,303,603	6,465,418	5,897,132	5,811,487	6,342,359
Contracted services	11,179,745	9,734,901	10,183,018	9,017,745	7,518,782	6,642,142
Financial expenses	1,017,007	966,320	1,105,385	1,165,889	505,809	930,992
Government transfers	150,352	127,735	252,686	737,266	479,896	234,427
Interest on debentures	488,909	597,066	652,537	833,161	734,451	817,162
Amortization	17,651,298	17,612,409	17,497,188	17,922,371	18,350,776	17,438,543
<b>Total Expenses</b>	<b>\$ 82,067,768</b>	<b>\$ 76,908,689</b>	<b>\$ 78,539,602</b>	<b>\$ 75,343,797</b>	<b>\$ 70,622,420</b>	<b>\$ 67,156,986</b>
<b>Annual Surplus</b>	<b>\$ 13,256,478</b>	<b>\$ 10,100,740</b>	<b>\$ 2,446,818</b>	<b>\$ 1,729,191</b>	<b>\$ 9,436,308</b>	<b>\$ 8,319,223</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>\$ 409,577,659</b>	<b>\$ 399,476,919</b>	<b>\$ 397,030,101</b>	<b>\$ 395,300,910</b>	<b>\$ 385,864,602</b>	<b>\$ 377,545,379</b>
<b>Accumulated Surplus, End of Year</b>	<b>\$ 422,834,137</b>	<b>\$ 409,577,659</b>	<b>\$ 399,476,919</b>	<b>\$ 397,030,101</b>	<b>\$ 395,300,910</b>	<b>\$ 385,864,602</b>
<b>*Return on Investment</b>	<b>2.02%</b>	<b>2.63%</b>	<b>2.85%</b>	<b>2.76%</b>	<b>2.78%</b>	<b>2.97%</b>

5 Year Statistics	2021	2020	2019	2018	2017	2016
<b>Long Term Liabilities</b>						
Debentures	\$ 16,451,551	\$ 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
<b>Total Long Term Liabilities</b>	<b>\$ 16,451,551</b>	<b>\$ 21,165,709</b>	<b>\$ 23,696,743</b>	<b>\$ 23,925,060</b>	<b>\$ 27,981,565</b>	<b>\$ 32,263,082</b>
<b>Recoverable from (\$)</b>						
Tax levy/Reserves	\$ 3,768,612	\$ 5,676,787	\$ 7,174,450	\$ 8,074,128	\$ 8,004,300	\$ 9,353,493
Development charges	12,654,066	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	28,873	32,605	36,279	39,895	43,456	46,961
	<b>\$ 16,451,551</b>	<b>\$ 21,165,709</b>	<b>\$ 23,696,743</b>	<b>\$ 23,925,060</b>	<b>\$ 27,981,565</b>	<b>\$ 32,263,082</b>
<b>Recoverable from (%)</b>						
Tax levy/Reserves	22.9%	26.8%	30.3%	33.7%	28.6%	29.0%
Development charges	76.9%	73.0%	69.6%	62.7%	62.8%	62.3%
User fees	0.0%	0.0%	0.0%	3.4%	4.1%	3.7%
Hydro energy savings	0.0%	0.0%	0.0%	0.0%	4.4%	4.9%
Upper tier municipality	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Annual Debenture Costs (Net debt)</b>						
Principal	\$ 4,710,426	\$ 4,427,360	\$ 3,924,068	\$ 3,951,798	\$ 3,866,710	\$ 3,786,200
Interest	488,909	597,066	652,537	833,161	734,451	817,162
	<b>\$ 5,199,335</b>	<b>\$ 5,024,426</b>	<b>\$ 4,576,605</b>	<b>\$ 4,784,959</b>	<b>\$ 4,601,161</b>	<b>\$ 4,603,362</b>
<b>Funded from (\$)</b>						
Tax levy/Reserves	\$ 2,048,320	\$ 2,044,000	\$ 1,953,223	\$ 1,773,763	\$ 1,586,958	\$ 1,590,834
Development charges	3,151,015	2,980,426	2,623,382	3,011,196	3,014,203	3,012,528
	<b>\$ 5,199,335</b>	<b>\$ 5,024,426</b>	<b>\$ 4,576,605</b>	<b>\$ 4,784,959</b>	<b>\$ 4,601,161</b>	<b>\$ 4,603,362</b>
<b>Funded from (%)</b>						
Tax levy/Reserves	39.4%	40.7%	42.7%	37.1%	34.5%	34.6%
Development charges	60.6%	59.3%	57.3%	62.9%	65.5%	65.4%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Annual Repayment Limit*</b>	<b>\$ 12,789,509</b>	<b>\$ 11,534,735</b>	<b>\$ 11,045,350</b>	<b>\$ 10,634,102</b>	<b>\$ 10,057,145</b>	<b>\$ 10,469,093</b>
<b>Council Debenture Cap**</b>	<b>\$ 5,603,950</b>	<b>\$ 5,355,730</b>	<b>\$ 5,068,950</b>	<b>\$ 4,732,200</b>	<b>\$ 4,515,200</b>	<b>\$ 4,284,380</b>

\* 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	2021	2020	2019	2018	2017	2016
<b>Reserves, Reserve Funds</b>						
Reserves	\$ 44,144,996	\$ 43,044,910	\$ 55,473,764	\$ 50,191,667	\$ 44,189,171	\$ 38,969,150
Discretionary reserve funds	10,230	10,618	10,335	10,442	642,500	396,136
<b>Ending Reserve Balance</b>	<b>\$ 44,155,226</b>	<b>\$ 43,055,528</b>	<b>\$ 55,484,099</b>	<b>\$ 50,202,109</b>	<b>\$ 44,831,671</b>	<b>\$ 39,365,286</b>
<b>Obligatory Reserve Funds and Deferred Revenue</b>						
Development Charges	\$ 5,784,579	\$ 6,985,870	\$ 8,289,194	\$ 8,289,194	\$ 8,850,127	\$ 10,885,525
Parkland	8,780,797	6,576,062	5,940,227	4,943,282	4,748,219	4,373,238
Gas tax	6,438,399	4,473,714	4,219,585	884,069	699,176	1,093,418
Building permit	5,242,304	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	559,676	908,659	345,392	229,012	-	-
Growth Stabilization	3,687,126	1,061,799	-	-	-	-
Transportation Maintenance	3,195,609	3,011,529	2,931,375	2,927,866	-	-
Gateway Feature	183,345	179,625	174,844	169,947	-	-
Private Traffic Signal Maintenance	261,597	256,288	249,467	243,452	-	-
Other deferred revenue	3,259,883	2,441,212	4,579,678	2,971,238	3,268,681	3,265,614
<b>Ending Deferred Revenue Balance</b>	<b>\$ 37,393,315</b>	<b>\$ 31,081,443</b>	<b>\$ 31,633,419</b>	<b>\$ 25,911,748</b>	<b>\$ 23,183,663</b>	<b>\$ 23,836,658</b>
<b>Interfund Loans</b>						
Development charges	\$ 21,577,353	\$ 19,559,459	\$ 19,169,607	\$ 14,273,829	\$ 10,160,072	\$ 9,547,428
Reserves	(22,071,800)	(20,059,906)	(19,682,054)	(14,812,080)	(10,724,128)	(10,137,288)
Operating fund	494,447	500,447	512,447	538,251	564,056	589,860
<b>Net interfund Loans</b>	<b>\$ -</b>					
<b>Expenditure Analysis</b>						
Total consolidated expenditures per capita	\$1,304	\$1,257	\$1,284	\$1,232	\$1,204	\$1,159
Debt charge per capita	\$83	\$82	\$75	\$78	\$78	\$79
Debt charge per household	\$234	\$227	\$208	\$218	\$220	\$224
Interest on Debt charges as % of consolidated expenditures	0.6%	0.8%	0.8%	1.1%	1.0%	1.2%
<b>Revenue Analysis</b>						
Property taxes and user fees as a % of consolidated revenue	65.5%	68.5%	75.4%	74.9%	67.8%	69.3%
Total grants as a % of consolidated revenue	7.5%	7.9%	3.7%	6.4%	5.2%	4.4%
Debt charges as a % of consolidated revenue	5.5%	5.8%	5.7%	6.2%	5.7%	6.1%
<b>Staffing Analysis (as at December 31) <sup>(Note 1)</sup></b>						
Full time positions	341	347	333	321	272	271
Part time positions	445	373	402	399	437	434
Seasonal employees	26	31	40	35	43	38
<b>Tangible Capital Asset Cost</b>						
Assets, beginning of year	\$ 628,529,776	\$ 609,856,805	\$ 599,829,298	\$ 605,154,959	\$ 589,702,935	\$ 571,609,960
Additions	28,321,680	27,496,566	17,552,347	15,786,460	19,145,023	22,689,543
Disposals	(10,109,616)	(8,823,595)	(7,524,841)	(21,112,121)	(3,692,999)	(4,596,568)
<b>Assets, end of year</b>	<b>\$ 646,741,840</b>	<b>\$ 628,529,776</b>	<b>\$ 609,856,804</b>	<b>\$ 599,829,298</b>	<b>\$ 605,154,959</b>	<b>\$ 589,702,935</b>
<b>Tangible Capital Asset Amortization</b>						
Accumulated amortization, beginning of year	\$ 300,248,572	\$ 285,016,462	\$ 273,199,096	\$ 272,259,029	\$ 254,212,860	\$ 240,313,040
Annual amortization	17,651,298	17,612,409	17,497,188	17,922,371	18,350,775	17,438,543
Accumulated amortization on disposal	(3,099,655)	(2,380,299)	(5,679,823)	(16,982,304)	(304,606)	(3,538,723)
<b>Accumulated Amortization, end of year</b>	<b>\$ 314,800,215</b>	<b>\$ 300,248,572</b>	<b>\$ 285,016,461</b>	<b>\$ 273,199,096</b>	<b>\$ 272,259,029</b>	<b>\$ 254,212,860</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 331,941,625</b>	<b>\$ 328,281,204</b>	<b>\$ 324,840,343</b>	<b>\$ 326,630,202</b>	<b>\$ 332,895,930</b>	<b>\$ 335,490,075</b>
<b>Investment in HHCEC</b>						
Promissory note receivable	\$ 10,200,000	\$ 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	16,161,663
Retained earnings	16,606,243	11,680,879	13,840,058	15,574,911	15,193,613	14,192,039
<b>Investment in HHCEC, end of year</b>	<b>\$ 42,967,906</b>	<b>\$ 40,842,542</b>	<b>\$ 46,143,691</b>	<b>\$ 47,878,544</b>	<b>\$ 47,497,246</b>	<b>\$ 46,495,672</b>

5 Year Statistics	2021	2020	2019	2018	2017	2016
<b>Statistics</b>						
Population <sup>(Note 2)</sup>	62,951	61,161	61,161	61,161	58,672	57,922
Households <sup>(Note 3)</sup>	22,206	22,123	22,049	21,975	20,874	20,521
Residential permits issued	729	555	278	319	606	393
Non-residential permits issued	100	91	285	379	403	380
Total paved lane km	891	891	891	891	891	891
Total unpaved lane km	24	24	24	24	24	24
Trails total km	26	26	25	25	25	25
Indoor recreational facility space (m <sup>2</sup> )	30,510	30,510	30,510	30,510	30,510	30,510
Outdoor recreational facility space (m <sup>2</sup> )	14,545	14,545	14,545	14,545	14,545	14,545
<b>Taxable Assessment (\$'000s) (non-weighted)</b>						
Residential	\$ 12,018,419	\$ 11,896,199	\$ 11,128,884	\$ 10,321,749	\$ 9,685,056	\$ 9,032,765
Multi-Residential	112,017	114,443	112,332	110,234	104,857	120,028
Farm/Forests/Pipelines	451,018	453,931	432,936	404,343	364,855	350,634
Commercial & Industrial (C/I)	1,933,208	1,900,325	1,697,821	1,484,787	1,383,941	1,292,461
<b>Total Taxable Assessment (\$'000s)</b>	<b>\$ 14,514,662</b>	<b>\$ 14,364,898</b>	<b>\$ 13,371,973</b>	<b>\$ 12,321,113</b>	<b>\$ 11,538,710</b>	<b>\$ 10,795,888</b>
Annual assessment growth rate <sup>(Note 4)</sup>	0.7%	2.3%	2.8%	0.8%	1.4%	0.8%
Ratio of C/I to Total Taxable Assessment	13.3%	13.2%	12.7%	12.1%	12.0%	12.0%
<b>Annual Taxes on weighted CVA of \$100,000 (residential rate)</b>						
Town portion	\$380	\$351	\$359	\$364	\$370	\$374
Region portion	285	274	284	295	308	319
Education	153	153	161	170	179	188
<b>Total Annual Taxes on weighted CVA</b>	<b>\$818</b>	<b>\$779</b>	<b>\$804</b>	<b>\$829</b>	<b>\$857</b>	<b>\$881</b>

Note 1 - Staffing reported based on MMAH requirements

Note 2 - Population 2018 to 2021 Stats Can source, prior years Halton Region source

Note 3 - Households 2018 to 2021 MPAC source, prior years Halton Region source

Note 4 - Based on unweighted assessment value

**TOWN OF HALTON HILLS**

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