

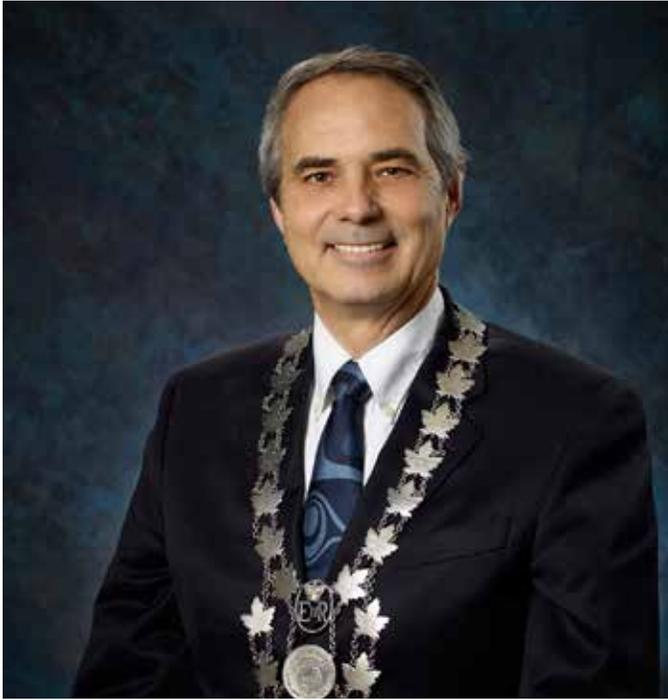
# 2014

## Annual Financial Report



The Regional Municipality of Halton, Ontario.  
For the year ended December 31, 2014.

# Message from Regional Chair Gary Carr



## How governing for the future keeps Halton a great place to live.

On behalf of Regional Council, I am pleased to present you with the 2014 Annual Financial Report. This annual publication highlights key financial results and provides insight into the sound financial planning principles that shape programs and services provided by Halton Region.

We are committed to fiscally-responsible, transparent financial practices that contribute to the high quality of life we enjoy in Halton. Residents consistently tell us how much they enjoy living in Halton Region, with 99 per cent rating our overall quality of life as high and 97 per cent rating their satisfaction with Regional services as high.

Our strong financial position and prudent budgetary practices has helped us achieve a AAA credit rating for the past 24 years. We have also been able to keep taxes low or at the rate of inflation, with a zero per cent average annual tax increase over the past eight years. In 2014, we achieved an unemployment rate of 4.4 per cent, well below the averages for the GTA and Ontario, and Halton's labour participation rate was 73.6 per cent, the highest average in the country. These are all impressive results that demonstrate the strength of Halton's financial position.

Governing for the future is a key strategic priority identified in Halton Region's 2015-2018 Strategic Action Plan. Halton's future success is dependent on its strong financial foundation and its commitment to invest in the state-of-good-repair of Regional assets and infrastructure. The results highlighted in the Annual Financial Report demonstrate the importance of the AAA credit rating and value for taxpayer dollars. With our AAA credit rating we are able to obtain the best possible capital market financing rates, minimizing the longer term costs of infrastructure capital. Strategic infrastructure and service investments are keys to ensuring a high quality of life for today and tomorrow.

Halton Region is a rapidly growing community, projected to grow to 780,000 people by 2031 in accordance with the provincial Places to Grow Act. Our Development Financing Plans and Allocation Programs have ensured the accommodation of residential growth, providing over \$2 billion in Water, Wastewater and Transportation capital infrastructure programs without any financial impact to existing taxpayers. We also have extended our landfill's life to 2044, saving \$15 million by delaying the nearly \$1 billion cost of a new landfill. These accomplishments showcase the importance of the Region's asset management practices and how they ensure we can efficiently and effectively meet service levels and maintain our assets in a state-of-good-repair.

Your quality of life and satisfaction with our services is very important to us. We are committed to being resident focused and providing you with the high quality services you have come to expect from Halton Region. In 2015, we look forward to building on our record of success. By preserving our strong financial position while building for future generations, we help keep Halton a great place to live, work, raise a family and retire.

To learn more about Halton Region, visit [halton.ca](http://halton.ca), dial 311 or connect with us on Twitter, Facebook or LinkedIn.

A handwritten signature in black ink that reads "Gary Carr". The signature is fluid and cursive, with the first letters of "G" and "C" being prominent.

*Gary Carr*  
*Regional Chair*

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## Access Halton/311

Dial 311 for direct access to information on Halton's programs and services through a customer service representative at Access Halton.

Visit [halton.ca/311](http://halton.ca/311) for a variety of online tools you can use to book metal or appliance collection, report an uncollected Blue Box and sign up for heat or cold alerts. You may also submit your inquiry by emailing [accesshalton@halton.ca](mailto:accesshalton@halton.ca). Your email will be responded to by the end of the next business day.

To receive timely notifications on a variety of Regional topics, sign up for email updates at [halton.ca/update](http://halton.ca/update).



# Halton Regional Council 2014-2018



**FRONT ROW:** Blair Lancaster, Burlington; Rick Goldring, Mayor, Burlington; Rick Bonnette, Mayor, Halton Hills; Gary Carr, Regional Chair; Gord Krantz, Mayor, Milton; Rob Burton, Mayor, Oakville; Cathy Duddeck, Oakville

**MIDDLE ROW:** Mike Cluett, Milton; Allan Elgar, Oakville; Sean O'Meara, Oakville; John Taylor, Burlington; Colin Best, Milton; Rick Craven, Burlington; Clark Somerville, Halton Hills; Marianne Meed Ward, Burlington

**BACK ROW:** Jane Fogal, Halton Hills; Dave Gittings, Oakville; Paul Sharman, Burlington; Jeff Knoll, Oakville; Tom Adams, Oakville; Jack Dennison, Burlington

Halton Regional Council acts as the decision-making body for Halton Region. The Regional Chair is the head of Regional Council, which is made up of 21 members including the Mayors of each Local Municipality who are all elected by Halton Region residents. Council agendas, meeting schedules and streaming video of council meetings are available online at [halton.ca/agendas](http://halton.ca/agendas). Council meetings are also broadcast on TV Cogeco with closed captioning. Check your local listings for broadcast dates and times.

# Recent Awards

## **Award of Environmental Excellence 2014**

Owls for Climate Change  
*Conservation Halton*

## **Canadian Award for Financial Reporting**

2013 Annual Financial Report  
*The Government Finance Officers Association*

## **Distinguished Budget Presentation Award**

2014 Budget and Business Plan  
*The Government Finance Officers Association*

## **Greater Toronto's Top Employers 2015**

Halton Region  
*Mediacorp Canada Inc.*

## **Innovation Award**

Employment Halton  
*Employment Ontario Leadership Awards*

## **Local Municipal Champion Award**

Housing Collaborative Initiative  
*Ontario Municipal Social Services Association*

## **Ontario BeSpatial Best Web GIS Challenge Award**

Halton Region's Allocation Map Viewer  
*Urban and Regional Information Systems Association*

## **Project of the Year Award (2014) (Civil Engineering Infrastructure)**

Halton Zone 3 Interconnecting Watermain  
*Ontario Society of Professional Engineers*

## **Project of the Year Award (2014) (Civil Large Project Category)**

North Oakville East Wastewater Pumping Station  
*Ontario Society of Professional Engineers*

## **2014 Apex Award - Publication Excellence**

Owls for Climate Change  
*Apex Awards for Publication Excellence*

## **2014 Gold Quill, Award of Excellence**

Owls for Climate Change  
*International Association of Business Communicators*

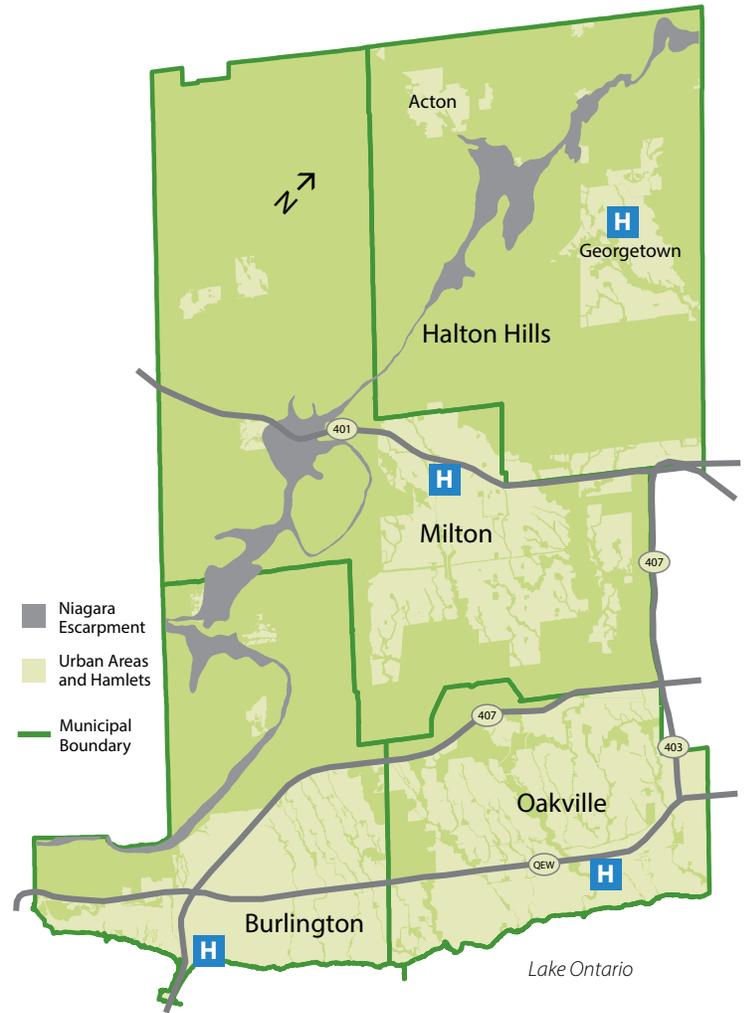


# Halton Region at a Glance

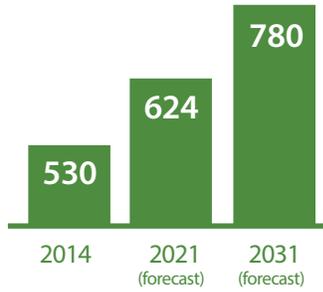
Halton Region includes the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville. Covering over 232,000 acres of land (969 km<sup>2</sup>), Halton features 25 km of frontage along Lake Ontario and the Niagara Escarpment, a UNESCO World Biosphere Reserve. Home to a population of approximately 530,924<sup>1</sup>, Halton Region is mandated to grow to 780,000 residents by the year 2031. For the past six years, Halton Region has had the lowest crime severity and violent crime severity indexes of any Canadian municipality with over 100,000 residents.

Halton combines the charm of small town life with the amenities, shopping and culinary delights of major urban centres. It offers ample access to nature, arts, culture, heritage, leisure, sporting activities and more – all year round.

For more information, dial 311 or visit [halton.ca](http://halton.ca).



**POPULATION GROWTH<sup>1</sup>**  
(thousands)



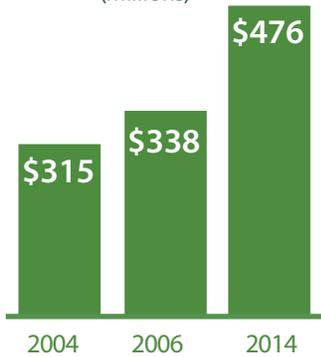
Halton Region is a growing community. To meet the requirements of the Provincial *Places to Grow Act*, Halton is expected to grow to 780,000 people by 2031<sup>1</sup>.

**AVERAGE HOUSEHOLD INCOME<sup>2</sup>**  
(thousands)



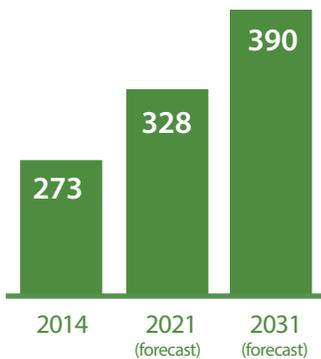
Halton Region residents enjoy a higher average household income than residents in the rest of the province. Residents are also well educated—74 per cent of adults have some level of post secondary education<sup>2</sup>.

**INDUSTRIAL AND COMMERCIAL DEVELOPMENT BUILDING PERMIT VALUE<sup>4</sup>**  
(millions)

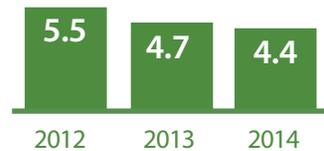


Since 2004, Halton Region's commercial and industrial sectors have seen annual average growth of 14 per cent and 25 per cent, respectively.

**EMPLOYMENT<sup>1</sup>**  
(thousands)



**UNEMPLOYMENT RATE<sup>5</sup>**  
(per cent)



In 2014, the unemployment rate in Halton averaged 4.4 per cent, the lowest rate in Ontario. In fact, Halton has been in a position of full employment (unemployment rate below six per cent) since 2012 and the unemployment rate continues to decline<sup>5</sup>.

**530,924**

2014 POPULATION<sup>1</sup>

**194,569**

NUMBER OF HOUSEHOLDS<sup>1</sup>

**13,193**

NUMBER OF BUSINESSES<sup>3</sup>

**4.4%**

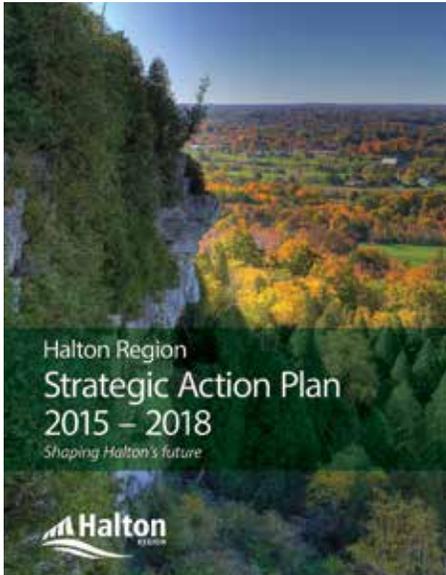
HALTON UNEMPLOYMENT RATE IN 2014<sup>5</sup>

**73.6%**

HALTON EMPLOYMENT PARTICIPATION RATE<sup>5</sup>

- 1 June 2011 Best Planning Estimates
- 2 Statistics Canada, National Household Survey 2011
- 3 Halton Region 2014 Employment Survey Results
- 4 Statistics Canada, Building Permits Survey
- 5 Statistics Canada, Labour Force Survey Estimates (custom tabulation, three-month moving average, unadjusted)

# The Halton Region Strategic Action Plan 2015 - 2018: **Shaping** Halton's Future



Halton Region is one of the fastest growing regions in the Province. Residents value the quality of life and services offered by the Region.

The Region's strategic planning framework recognizes the importance of long-term planning and priority-setting focused on achieving Halton's Vision. The *Strategic Action Plan 2015-2018* sets out the priorities for the four year term of Council. Supporting this plan are the strategies and service delivery plans for the Region's many program areas.



## Six priority areas were identified for the 2015-2018 Action Plan:



To learn more visit [halton.ca/actionplan](http://halton.ca/actionplan).

# Halton Region's Corporate Organization



## What we do

Halton Region's programs and services impact every part of your day. The Region treats and provides high quality drinking water, maintains the Regional roads you drive on and runs Regional child care centres for toddlers in our community. From the staff you encounter at a long-term care home, to the food safety inspection of your favourite restaurant or the collection of your Blue Box and GreenCart materials, Halton Region is here for you.

### Some of our programs and services include:

**Children's Services** – provides a wide range of support programs and services including child care centres and services for children with special needs.

**Economic Development** – promotes the Region as a location of choice for business, tourism and agritourism while offering a variety of programs, services and seminars to assist local entrepreneurs.

**Emergency Planning** – delivers a comprehensive emergency management program designed to ensure residents are safe and that Halton is a disaster-resilient community, ready to deal with any potential, imminent or actual emergency.

**Financial assistance** – provides a variety of supports including social assistance (Ontario Works), assisted and affordable housing (rent-geared-to-income) and subsidies for child care, dental care and public transit.

**Halton Region Museum** – promotes Halton's natural and cultural heritage.

**Paramedic Services** – provides emergency medical services 24 hours a day, seven days a week from 11 stations in Halton.

**Public Health Programs and Services** – promotes and protects health while preventing disease in the community.

**Regional Planning and Growth Management** – provides long-term planning and protection of our green spaces for generations to come through the Regional Official Plan.

**Regional Roads and Transportation** – provides a safe, well-managed transportation network that includes more than 1,000 kms of Regional roads, 229 Regional signalized intersections, 90 bridges, 122 major culvert structures and one multi-lane roundabout.

**Services for Seniors** – helps older adults live with independence, vitality and dignity through our adult day programs and long-term care homes.

**Waste Management** – ensures clean, sustainable communities by overseeing the collection and disposal of garbage and the diversion of recyclable materials through the Blue Box program and organic materials through the GreenCart program.

**Wastewater Treatment** – collects, filters and cleans wastewater while protecting the environment at seven Halton-owned and operated wastewater treatment plants.

**Water Purification** – delivers safe, high quality drinking water to our residents through 12 Halton-owned and operated water treatment plants.

To learn more about Halton's programs and services, dial 311 or visit [halton.ca](http://halton.ca).



# Treasurer's Report



*Mark Scinocca*  
*Commissioner of Finance and Regional Treasurer*

I am pleased to present the Consolidated Financial Statements for the Regional Municipality of Halton (Halton Region) for the year ended December 31, 2014. Management at Halton Region is responsible for the information contained in the annual financial report, which includes the Consolidated Financial Statements, Notes to the Financial Statements and other financial information. These financial statements and accompanying notes meet the accounting principles and disclosure requirements of Chartered Professional Accountants

of Canada guidelines included in the Public Sector Accounting and Auditing Standards Manual.

The purpose of the Treasurer's Report is to analyze and comment on the principal features of the 2014 audited financial statements and to highlight key financial results that occurred during the year. This report gives the reader an excellent opportunity to assess Halton Region's financial activities and available resources.

# Community Profile

Halton Region includes the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville. Halton Region is situated on the northern shore of Lake Ontario and lies within the industrial and commercial heartland of Ontario, Canada. Halton is within a 640 km radius of some of the largest population centres and markets in North America. Halton Region's location within the Greater Toronto Area, as well as its close proximity to the United States, translates into expanded business and professional employment opportunities for residents. Halton Region's infrastructure includes an integrated transportation network of roads and bridges, storm water management, water purification and distribution, wastewater collection and treatment, solid waste management collection, disposal and recycling, paramedic services, public health services, services for vulnerable residents (social housing, long-term care for seniors and child care facilities) and administration facilities for police and other service departments.

## Regional Economy Highlights

Halton Region has a robust economy with a strong labour market and a highly educated workforce which enjoys a higher average household income level compared to the rest of the country and the Province. The unemployment rate in Halton averaged 4.4 per cent in 2014, the lowest average in all of Ontario. In addition, Halton's labour force participation rate was an impressive 73.6 per cent representing the highest average in the country. The number of business locations reached 13,193 in 2014 representing a growth of nine per cent since 2011 and a strong majority of those businesses expect to see increased profits into 2015. Over the past four years, Halton Region's total construction values have seen an increase of 13.7 per cent, with the most significant increases in the commercial and industrial sectors translating to increased job opportunities for residents. These favourable trends continue to attract residents to Halton. After experiencing a decline in 2013, the residential permits issued in 2014 increased from 2,445 to 3,271. Housing sales and prices also continue to increase with the average home price in Halton Region reaching \$620,000 in 2014.

## Strategic Action Plan 2015-2018

On April 1, Halton Regional Council approved the Strategic Action Plan 2015-2018. The Strategic Action Plan 2015-2018 was developed in consultation with staff, Council, businesses and residents. Governing for the Future is one of the six key strategic priority areas of the plan and focuses on ensuring the Region continues to maintain a strong long-term financial

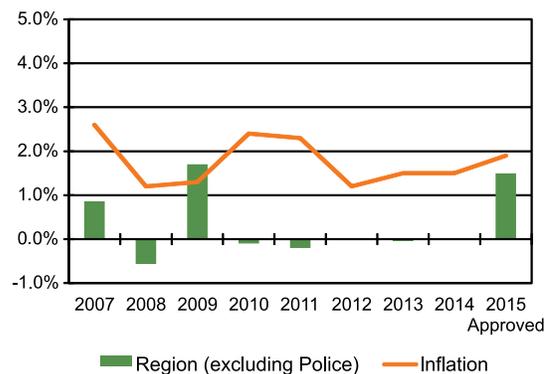
position and maintains Regional assets and infrastructure in a state-of-good-repair. Public accountability, transparency and engagement will also be of utmost importance.

Over the next four years, the Finance Department will continue to play a key role in achieving the priorities identified in the Strategic Action Plan 2015-2018. The key actions identified include maintaining a AAA credit rating, updating the Development Charge By-law and Financing Plan, maintaining the tax rate increases at or below the rate of inflation and receiving the Government Finance Officers Association (GFOA) Awards for Budgets and Financial Reporting. I am confident we will be successful in achieving all of these actions.

## Property Taxes

As highlighted in the chart below, over the past eight years Halton Region has been successful in maintaining or enhancing core services while keeping taxes low. The 2015 approved budget includes a 1.5 per cent increase in the tax levy consistent with the Council priority of maintaining tax rate increases at or below the rate of inflation. The 2015 budget continues to maintain service levels in the Region's core service areas and ensures the delivery of priorities identified by Regional Council. Regional programs continue to contain their costs and generate savings through operational and process reviews to maintain service levels and high resident satisfaction.

Region Tax Impact (excluding Police)  
2007 to 2015



## Key Challenges Facing Halton Region

### Projected Growth

Halton Region is a rapidly growing community. It is expected to grow from 520,000 people in 2011 to 780,000 people by 2031 as set out in the Halton Regional Official Plan, which conforms to the Provincial Growth Plan.

The Provincial Growth Plan has imposed significant infrastructure pressures and related financial challenges on the Region. Halton Regional Council remains committed to support the planned growth, while maintaining the priority objective to protect Halton Region's tax and rate payers from impacts related to financing growth and infrastructure, and to maintain Halton's strong financial position.

Halton Region's long-standing practice that an acceptable development financing plan must be approved by Council prior to growth proceeding is rooted in the Region's history. For more than 20 years, the Region has worked in partnership with the development community to enable development to proceed while ensuring Halton Region's tax and rate payers are protected from the impacts related to the financing of growth. This principle is upheld through the Region's Development Financing Plan which states that all growth related costs that can be recovered in accordance with the Development Charge By-law, will be recovered from development charges. Currently, Halton Region is implementing the 2012 Allocation Program and Financing Plan approved by Council which includes water, wastewater and transportation infrastructure at an estimated cost of \$1.4 billion, to be funded primarily by development charges and front end financing from the development community through the development of 14,000 residential units in Milton and Oakville.

## Climate Change

The impacts of climate change have been significant globally and within Halton Region. In the past two years alone, residents of Halton experienced two significant weather events: the ice storm in December 2013 and the Burlington flooding in 2014. Many residents were severely impacted by these events.

The effects of climate change are expected to increase the frequency of severe weather events. As a result, the Region recognizes that additional investments to improve emergency preparedness are required. Key customer service investments approved in the 2015 budget include \$5.5 million for emergency generators in warming and reception centres within Halton and \$100,000 for improvements to the 311 call centre capacity during peak call volumes. Severe weather events also put a strain on Regional infrastructure. A \$5 million provision has been included in the water and wastewater state-of-good-repair budget to help implement preventative measures for basement flooding based on the Region-wide Basement Flooding Mitigation Study. Climate change will also be considered when planning infrastructure investments.

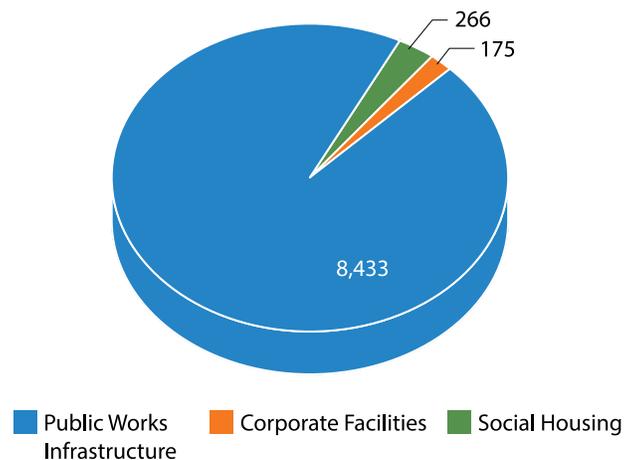
## Asset Management Plan

The Region updated the Corporate Asset Management Plan in 2014. The plan demonstrates sound stewardship of the Region's existing assets to support services at desired levels and to ensure financial sustainability. It also supports decision-making

for future investments regarding the construction, operation, maintenance, renewal, replacement, expansion and disposal of infrastructure assets while minimizing risk and cost to the Region and residents. Halton's asset management program has resulted in most infrastructure assets rated to be in good condition and meeting desired service levels.

Infrastructure assets have significant value and are the key resources used to provide services to the public and improve the quality of life for residents. Infrastructure assets contained within the Corporate Asset Management Plan include Public Works assets, Corporate Facilities and Social Housing. The net book value of the assets included in the 2014 plan was \$3.2 billion. The current replacement cost of these assets is estimated at \$8.9 billion with the largest component relating to water, wastewater and transportation.

Replacement Value of Assets Included in the Corporate Asset Management Plan (in \$ millions)



A key objective of the annual budget continues to be to invest appropriately in the state-of-good-repair to maintain the condition of the assets as infrastructure ages and expands due to growth. Halton Region is also currently working on the next phase of the Public Works Asset Management Roadmap Implementation Plan (2015-2018) to further enhance asset management practices.

## Financial Management

As stated above, maintaining Halton Region's strong long-term financial position is one of the priorities established by Halton Regional Council through the Strategic Action Plan 2015-2018. Continued diligence in managing debt levels and maintaining adequate reserves will be required to sustain Halton Region's strong financial position.

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

The Region utilizes reserves and debt in the financing of the state-of-good-repair capital program for existing infrastructure. The reserves are used to support the Region's pay-as-you-go approach for recurring lifecycle requirements. Debt financing is used for significant upgrade and rehabilitation initiatives to balance the operating impact of the investment and match revenue recovery from rate and tax payers with the benefit of the infrastructure. In order to provide sustainable investment for the Region's growing assets, the 2015 budget includes increasing operating contributions to reserves over the forecast period to move forward with pay-as-you-go financing for the state-of-good-repair program, while reducing reliance on debt.

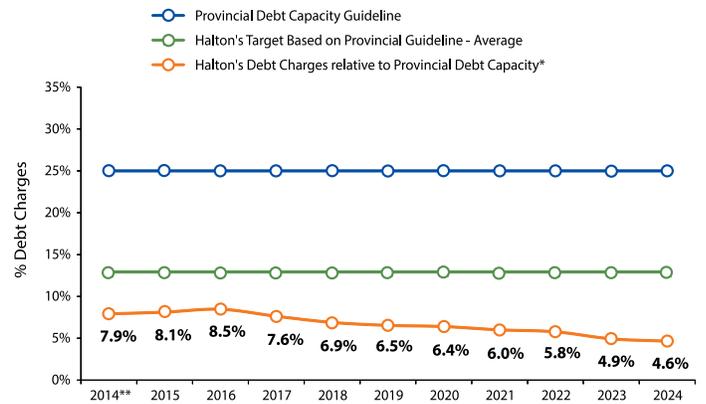
Halton Region relies on development charges to finance infrastructure required for growth. Development charges combined with Regional interim financing through reserves and debt are used to fund growth related projects consistent with the 2012 Development Financing Plan. Regional interim financing is provided for the non-residential employment capital cost share and will be recovered from future development charges, including any carrying costs for the financing. This plan ensures that the maximum amount of growth-related costs is recovered from development charges in accordance with the Development Charge By-law to ensure Halton's strong financial position is not compromised and tax and rate payers are protected from the impact of growth financing.

Halton Region's well-balanced funding strategy has been reflected in the key financial indicators as discussed below.

## Debt Capacity

The Province sets a debt capacity guideline for municipalities at 25 per cent of own revenues. Halton Region's own guideline (10 per cent of total operating expenditures) translates to approximately 13 per cent of own revenues. The following chart illustrates Halton Region's projected ratios as presented in the 2015 budget. Debt as a percentage of program costs will remain well below 10 per cent and the trend relative to the Provincial Guideline will decrease.

## Projected Debt Charge Position Relative to Provincial Guideline (2014 – 2024)



\* Debt Charges are projected based on inflated debt and include other long-term financial obligations (i.e. lease payments).  
 \*\* 2014 Debt Charges reflects the projected year end actual.

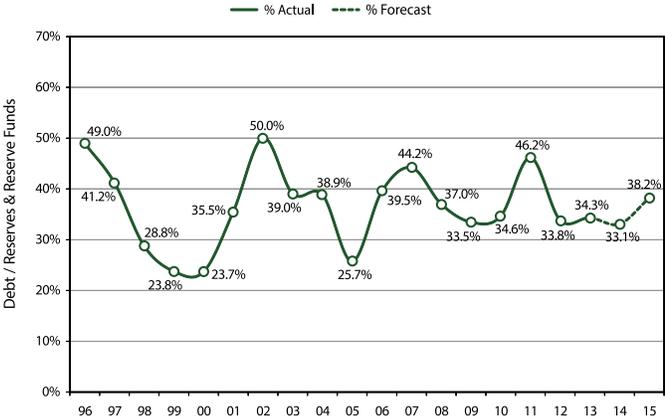
## Debt to Reserve Ratio

The Outstanding Debt to Reserves/Reserve Fund chart on the next page illustrates the impact of Halton Region's Financial Plan in terms of the debt to reserve ratio. The lower the ratio the more financial flexibility is available to respond to new requirements, and the more secure Halton Region's overall financial position. The 2015 ratio is expected to increase from 2014 due to a debt issuance associated with the construction of the new Halton Regional Police Headquarters facility.



# Operating Results Highlights

## Outstanding Debt to Reserves and Reserve Funds



As stated in the 2015 budget, operating contributions to reserves throughout the forecast period will increase. The increases will provide sustainable investment for the growing asset base and will allow the Region to move forward with pay-as-you-go financing for the state-of-good-repair program while reducing reliance on debt.

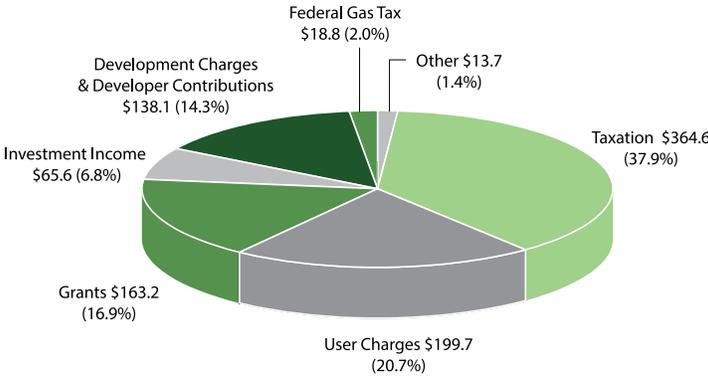
## Credit Ratings

Halton Region's AAA credit rating has been re-affirmed by credit rating agencies in 2014. Balanced debt and reserve policies along with strong liquidity, a well-diversified economic base and a history of strong budgetary performance are primary factors in Halton Region achieving an AAA credit rating from both Moody's Investors Service and Standard & Poor's. This is the highest credit rating available which allows the Region to issue debt at the lowest possible cost reducing the financial impact to tax and rate payers. Halton Region has maintained its AAA credit rating for the past 24 years which is a testament to the financial position, policies and practices of Halton Region.

The Consolidated Statement of Operations summarizes the revenue and expenses for 2014. The focus of this statement is Net Revenues which is the difference between revenues of \$963.7 million and operating expenses of \$704.2 million for the reporting period. Halton Region reported a Net Revenue of \$259.5 million in 2014 compared to \$212.4 million in 2013. Net Revenues are required to fund future capital replacement, finance current tangible capital asset acquisitions and fund debt principal repayments which are included in the annual budget.

Revenues as reported on the Consolidated Statement of Operations total \$963.7 million in 2014. The following provides a summary of the source of the revenue used to fund Halton Region's operations and capital investments.

## Halton Region 2014 Consolidated Revenues Total \$963.7 Million



# Regional Programs and Services

Expenses in the Consolidated Statement of Operations totalled \$704.2 million in 2014. The following provides a summary of services provided to the community for these expenses by program.

## \$141.3M



### Social Services

*Operations of \$141.3 million*

- Financial assistance to an average of 1,797 Halton Ontario Works caseloads per month
- Childcare fee assistance to 4,794 children
- Direct care and service to approximately 572 seniors at three Regionally operated long-term care homes
- Funding for 28 community projects and programs through the Halton Region Community Investment Fund using one-year and multi-year funds for a total of \$737,000

## \$170M



### Water and Wastewater

*Operations of \$170 million*

- Treatment of over 61 million cubic metres of water and over 84 million cubic metres of wastewater
- Operation of 12 water treatment plants (treatment provided prior to distribution) and seven wastewater treatment plants
- Maintenance and operation of 2,205 kilometres of water mains, 19 municipal wells, seven bulk water stations, 22 reservoirs and storage facilities, 14 booster stations, 1,861 kilometres of wastewater mains, one biosolids facility and 82 pumping stations

## \$48.5M



### Social Housing

*Operations of \$48.5 million*

- Oversight of 4,834 housing units of which 1,961 are directly operated by Halton Community Housing Corporation (HCHC) which is wholly owned by Halton Region
- Rental assistance directly from Halton Region for 732 units and 3,997 units through housing providers

## \$37.4M



### Solid Waste

*Operations of \$37.4 million*

- Collection and disposal of 90,460 tonnes of residential garbage and the diversion of 137,671 tonnes of residential Blue Box and organic materials, representing a 60 per cent residential diversion rate, including increased yard waste from the December 2013 ice storm

\$65.8M



## Health Services

*Operations of \$65.8 million*

- Ambulance Services through the deployment of 22 emergency vehicles and 202 paramedics
- 163,785 influenza vaccines delivered at Health Department clinics and through distribution to community partners
- 11,716 client appointments/clients served at oral health, mental health, sexual health, tobacco cessation and travel clinics
- 14,663 contacts with parents of children and youth receiving parenting information at groups, seminars and consultations
- 5,806 inspections of food premises completed
- 17,546 children screened for oral health in elementary schools

\$155.3M



## Protection to Persons and Property

*Police, Emergency Management and Conservation Authority*

*Operations of \$155.3 million*

- Police services through the deployment of 667 police officers
- Emergency services for the operation of 911 call centre which received 117,792 emergency calls
- Contributions to Conservation Halton which consists of eight parks, 969 sq. km of land with 25 km of Lake Ontario shoreline, Grand River Conservation Authority, and Credit Valley Conservation
- Response to 6,970 calls for assistance clearing trees and debris from the ice storm and 6,400 calls for assistance with flooding including door-to-door assessments

\$44.1M



## Transportation Services

*Operations of \$44.1 million*

- Maintenance of 1,048 paved lane kilometres (kilometres multiplied by the number of lanes), 75.9 per cent of which were rated as good to very good condition

\$41.8M



## Other Services

*General Government, Planning and Development, and Recreation and Cultural Services*

*Operations of \$41.8 million*

- In 2014, there were 172 staff reports approved by Council and 77 by-laws for a total of 249 documents
- For planning purposes, Halton has 30,162 hectares of land designated as development land
- The Halton Region Museum hosted 12,414 visitors

# Financial Statement to Budget Comparison

The purpose of the financial statements is to provide users with an understanding of the financial position and operating results of the Region over the fiscal period. The annual financial statements of Halton Region are prepared on a full accrual basis in accordance with Public Sector Accounting Standards (PSAB) prescribed by the Chartered Professional Accountants of Canada. These accounting standards require the Region to record revenue when it is earned and expenses when incurred regardless of when the cash is received or paid. Accrual accounting requires tangible capital assets, which provide services for longer than one year, to be recorded at cost in the financial statements when they are placed into service. Each year, the book value of these long-lived assets is reduced by recording amortization expense which represents the cost of services provided by the asset during the year. In addition, transfers to reserves and debt principal repayments are not recorded as expenses in the financial statements representing a significant difference from the Council approved operating budget.

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

Due to the differences in purpose and methodology, Halton Region must adjust the presentation of the budget figures from a cash basis to a PSAB accrual basis as part of the financial statement preparation and to provide transparency for budgetary performance. The details of the adjustments are included in Note 19 to the Financial Statements. The full accrual budget is also included in the Consolidated Statement of Operations and Consolidated Statement of Change in Net Financial Assets.

When comparing the adjusted operating PSAB accrual based budget to actual operating results, actual Net Revenues are higher than the budgeted amount by \$38 million which represents a 5 per cent variance based on the expected expenditures of \$720.7 million. The favourable variance was driven by higher than anticipated revenue of \$21.6 million as a result of additional Provincial subsidies, additional investment income due to one-time capital gains and additional gas tax revenue relating to the timing of projects. In addition, there were expenditure savings of \$16.5 million relating to the delay in issuing the Randle Reef grant due to project timing, a delay in road resurfacing projects and the implementation of red light cameras, lower than expected payments under the social housing programs, general expenditure savings and net premium benefit savings transferred to the benefit reserve to ensure the reserves are financially sustainable.

## Accountability and Transparency

### Financial Management and Control

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

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

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

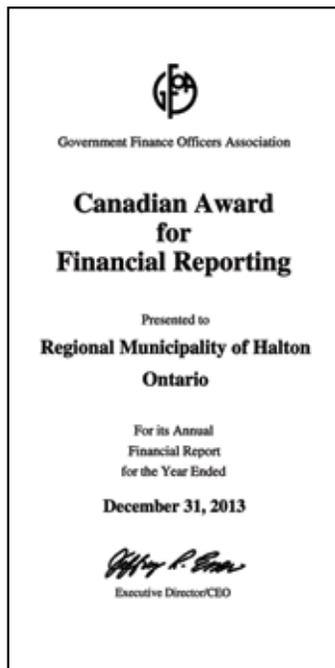
The *Municipal Act* requires Halton Region to engage independent auditors to express an opinion as to whether the financial statements present fairly the Region's financial position and operating results. In fulfilling this duty, the external auditors are provided full access to all Halton Region records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

The external auditors performed an audit of the statements in accordance with Generally Accepted Auditing Standards, and expressed an unqualified or “clean” opinion that the statements “present fairly, in all material respects” Halton Region’s financial position. The auditors are responsible for advising Halton Regional management and Council of any control or operational issues that may be identified during their audit procedures. The role of the Audit Sub-committee is to assist Regional Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process. The Audit Sub-committee also provides a high level of public accountability and assurance that municipal services are administered in an efficient, effective and economical manner.

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

## Awards for Financial Reporting and Budget Presentation

Our commitment to developing fiscally responsible budgets and presenting financial information to Halton Region taxpayers in a clear and easy to understand format was recognized by the Government Finance Officers Association of the United States and Canada (GFOA).



For the eighth consecutive year, Halton Region was awarded the Canadian Award for Financial Reporting (CanFR) for its annual financial report for the fiscal year ended December 31, 2013. In order to receive the award, a government unit must publish an easily readable and efficiently organized annual financial report including content that conforms to program standards. Such reports should go beyond the minimum requirements of Generally Accepted Accounting Principles and demonstrate an effort to clearly communicate the municipal government’s financial picture, address user needs and enhance user understanding of municipal financial reporting.

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

The GFOA of the United States and Canada also presented Halton Region with its Distinguished Budget Presentation Award for the 2014 Budget and Business Plan. This award reflects the commitment of Council, management and staff to meet the highest standards of governmental budgeting. This is the tenth time Halton Region has received the award and it represents a significant achievement.



## Conclusion

The maintenance of the Region’s strong financial position, while facing the challenges posed by growth and increased need for infrastructure investment, will remain a key priority now and into the future. Halton Region is committed to maintaining the highest standards in financial management and reporting through balanced financial policies, strong internal controls and accurate, timely and relevant financial reporting.

Mark Scinocca  
 Commissioner of Finance and Regional Treasurer  
 May 20, 2015



# Financial Statements

For the year ended December 31, 2014



# Management Report

The management of the Regional Municipality of Halton has prepared the accompanying financial statements and is responsible for their accuracy and integrity. These statements consolidate all operations for which Halton Region has legislative and financial responsibility, as well as the operations of the Halton Regional Police Service and Halton Community Housing Corporation.

The financial statements have been prepared by management in accordance with the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Professional Accountants of Canada. The adoption of these standards provides the reader of the financial statements a more complete view of Halton Region's assets and financial obligations. The reader is encouraged to review the summary of the significant accounting policies that are disclosed in Note 1 to the financial statements.

To meet its responsibility, management has developed and maintained a comprehensive system of financial and internal controls which includes an organizational structure that appropriately segregates authorization and recording functions, employs highly qualified professional staff, and is built on sound budget policies, all of which are subject to a continuing program of internal audit. These controls ensure that the assets of Halton Region are properly safeguarded and that the business transactions of Halton Region are carried out within the legislative authority of the Province of Ontario and within the policies authorized by Regional Council and that these transactions are completely and accurately reflected in Halton Region's financial statements and reports.

The Audit Sub-Committee of Regional Council reviews and approves the financial statements before such statements are submitted to the Administration and Finance Committee, Regional Council and published for the residents of Halton Region. As mandated by resolution of Council, the internal and external auditors have access to and regularly meet with, the Audit Sub-Committee to discuss their audits and the results of their examination.

The 2014 Financial Statements have been examined by Halton Region's external auditors, KPMG, Chartered Professional Accountants, and their report precedes the financial statements.

*Mark Scinocca*



*Commissioner of Finance and Regional Treasurer*

*Oakville, Canada*

*May 20, 2015*



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of  
The Regional Municipality of Halton

We have audited the accompanying consolidated financial statements of the Corporation of the Regional Municipality of Halton, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Regional Municipality of Halton as at December 31, 2014, and its consolidated results of operations, and 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

May 20, 2015  
Hamilton, Canada

## Consolidated Statement of Financial Position

as at December 31, 2014 (with comparative figures as at December 31, 2013)

(Dollars in Thousands)

	<b>2014</b>	<b>2013</b>
<b>FINANCIAL ASSETS</b>		
Cash and short term deposits	\$ 52,992	\$ 45,210
Accounts receivable:		
Water/wastewater	32,701	29,247
Ontario and Federal grants	17,550	18,973
Other receivable	19,936	30,180
Other current assets	152	183
Investments (Note 2)	1,684,779	1,558,900
Loans receivable (Note 7)	1,217	1,282
Recoverable gross long-term debt from:		
Local Municipalities (Note 5)	183,862	183,075
<b>Total financial assets</b>	<b>1,993,189</b>	<b>1,867,050</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	207,538	174,132
Gross long-term liabilities (Notes 5 and 6)	400,945	389,920
Sinking fund debentures (Note 5)	106,000	106,000
Deferred revenue (Note 10)	328,080	344,401
Landfill closure and post closure liabilities (Note 11)	9,247	10,459
Employee benefits payable (Note 12)	63,367	61,203
<b>Total liabilities</b>	<b>1,115,177</b>	<b>1,086,115</b>
<b>NET FINANCIAL ASSETS</b>	<b>878,012</b>	<b>780,935</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 3)	3,958,303	3,796,614
Prepaid expenses	1,759	1,144
Inventory	3,653	3,489
<b>Total non-financial assets</b>	<b>3,963,715</b>	<b>3,801,247</b>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<b>\$ 4,841,727</b>	<b>\$ 4,582,182</b>

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Operations

For the year ended December 31, 2014 (with comparative figures for the year ended December 31, 2013)

	(Dollars in Thousands)		
	<b>2014 Budget</b>	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>	(NOTE 19)		
Taxation	\$ 365,892	\$ 364,627	\$ 357,615
User charges	200,346	199,683	189,545
Grants	157,953	163,265	168,056
Investment income	53,413	65,580	68,371
Development charges and developer contributions	138,072	138,072	95,432
Federal gas tax	13,474	18,815	12,757
Other revenue	13,019	13,705	13,356
<b>Total revenues</b>	<b>942,169</b>	<b>963,747</b>	<b>905,132</b>
<b>EXPENSES</b>			
General government	39,737	28,556	31,674
Social services	143,854	141,310	139,783
Social housing	51,020	48,455	47,233
Water and wastewater services	171,984	170,047	172,339
Solid waste services	38,165	37,430	36,679
Protection to persons and property	150,682	155,253	147,508
Health services	64,580	65,798	64,158
Transportation services	47,150	44,097	40,647
Planning and development	10,869	10,571	9,923
Recreation and cultural services	2,627	2,685	2,778
<b>Total expenses</b>	<b>720,668</b>	<b>704,202</b>	<b>692,722</b>
<b>NET REVENUES</b>	<b>221,501</b>	<b>259,545</b>	<b>212,410</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>4,582,182</b>	<b>4,582,182</b>	<b>4,369,772</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 4,803,683</b>	<b>\$ 4,841,727</b>	<b>\$ 4,582,182</b>

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2014 (with comparative figures for the year ended December 31, 2013)

(Dollars in Thousands)

	<b>2014 Budget</b> (NOTE 19)	<b>2014</b>	<b>2013</b>
Net revenues	\$ 221,501	\$ 259,545	\$ 212,410
Acquisition of tangible capital assets	(263,709)	(263,709)	(231,559)
Amortization of tangible capital assets	95,515	95,515	92,240
Loss on disposal of tangible capital assets	6,047	6,047	5,804
Proceeds on disposal of tangible capital assets	458	458	409
Change in inventory and prepaid expenses	(779)	(779)	54
Change in net financial assets	59,033	97,077	79,358
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	780,935	780,935	701,577
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 839,968</b>	<b>\$ 878,012</b>	<b>\$ 780,935</b>

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

For the year ended December 31, 2014 (with comparative figures for the year ended December 31, 2013)

	(Dollars in Thousands)	
	2014	2013
Cash provided by (used in):		
<b>OPERATING ACTIVITIES</b>		
Net revenues	\$ 259,545	\$ 212,410
Items not involving cash:		
Amortization	95,515	92,240
Loss on disposal of tangible capital assets	6,047	5,804
Contributed tangible capital assets	(10,977)	(20,280)
Change in non-cash assets and liabilities:		
Accounts receivable	8,212	(2,737)
Accounts payable and accrued liabilities	33,406	(10,965)
Other current assets	31	(25)
Deferred revenue	(16,321)	(13,939)
Inventory and prepaid expenses	(779)	54
Employee benefits payable and other liabilities	952	3,025
Net change in cash from operating activities	375,631	265,587
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	458	409
Cash used to acquire tangible capital assets	(252,732)	(211,279)
Net change in cash from capital activities	(252,274)	(210,870)
<b>INVESTING ACTIVITIES</b>		
Loans receivable	65	(219)
Investments	(125,879)	(77,142)
Net change in cash from investing activities	(125,814)	(77,361)
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued and assumed	42,094	9,399
Long-term debt repaid	(28,940)	(27,074)
Mortgages payable and repayment	(2,915)	(2,799)
Net change in cash from financing activities	10,239	(20,474)
<b>NET CHANGE IN CASH</b>	7,782	(43,118)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	45,210	88,328
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 52,992</b>	<b>\$ 45,210</b>

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Consolidated Statements

The consolidated financial statements for the Regional Municipality of Halton (Halton Region) have been prepared in accordance with accounting principles prescribed for municipalities by the Province of Ontario, which are local government accounting standards issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). Significant accounting policies adopted by Halton Region are as follows:

### (b) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of Halton Region, and include the Halton Regional Police Service Board and the Halton Community Housing Corporation (HCHC). Inter-company transactions and balances between HCHC and Halton Region are eliminated.

The financial activities of the Royal Botanical Gardens and the Conservation Authorities are excluded from these financial statements except to the extent of Halton Region's contributions to these entities.

The Sinking Fund, established for the retirement of sinking fund debentures issued by Halton Region, is administered by Halton Region.

### (c) Basis of Accounting

#### i. Basis of Accounting

Halton follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

#### ii. Foreign Currency Translation

Gains and losses on foreign currency transactions are charged to operations when they are realized.

#### iii. Deferred Revenue

Deferred revenue represents revenues which have been collected but for which the related services have yet to be performed or eligible expenses incurred. Deferred revenue is comprised of general deferred revenue, development charges and gas tax funds. Government transfers, such as Federal gas tax funds are recognized when the transfer can be reasonably estimated, is authorized and has met eligibility criteria if required. Development charges and other externally restricted funds are recognized as revenue when the funds are spent for the purpose intended.

**iv. Amortization Methods**

The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives. Estimated useful lives for major categories of tangible capital assets are as follows:

General Capital:

Buildings and Building Improvements	10 to 95 years
Computer Hardware	3 to 7 years
Computer Software	5 to 10 years
Land	Not Amortized
Land Improvements	5 to 70 years
Leasehold Improvements	Based on lease term
Machinery and Equipment	5 to 60 years
Vehicles	3 to 10 years

Infrastructure:

Buildings and Building Improvements	5 to 60 years
Land	Not Amortized
Land Improvements	10 to 25 years
Linear	15 to 90 years
Machinery and Equipment	5 to 50 years

For vehicle and computer tangible capital assets, one half of a full year's amortization is charged in the year of acquisition and in the final year of useful life. Land tangible capital assets are not amortized. The Landfill site is amortized based on units of production (capacity used during the year). For all other tangible capital assets amortization is calculated on a straight-line basis and commences in the year following acquisition, with a full year's amortization charged in the final year of useful life. No amortization is calculated for assets not in service or under construction until they are available to be put into service.

**v. Contributed Assets**

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

**vi. Excluded Assets**

Intangible assets, works of art, historical treasures, crown lands, and natural resources have not been recorded and therefore are not recognized on the Consolidated Statement of Financial Position.

**vii. Interest on Debt to Construct Tangible Capital Assets**

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

**viii. Inventory**

Inventory is valued at the lower of cost and net realizable value.

**ix. Reserves and Reserve Funds**

Halton Region follows the practice of appropriating revenues and current operating surpluses into reserves and reserve funds that are retained for general and specific purposes. These reserves and reserve funds are established by Council resolution or by by-law and are available for future uses. Amounts are only expended in accordance with the terms and policies established by Council.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Balances appropriated in respect of items for which the reserves have been created are included in accumulated surplus and are reported in Note 13.

### x. Government Transfers

On January 1, 2013 the Region adopted Public Sector Accounting Standards PS 3410, Government Transfers. This standard was adopted on a prospective basis from the date of adoption.

Under PS 3410, government transfers received or receivable are recognized in revenue once the eligibility criteria, if any, are met unless they meet the definition of a liability. Government transfers paid are recognized as a liability and an expense when the transfer is authorized and all eligibility criteria have been met by the recipient.

As a result of the adoption of this new standard there were no adjustments to the financial statements.

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 meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Major categories of government transfers are reported in Note 16, Note 17 and Note 18.

### xi. Investments

Investments consist of bonds, money market bond funds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred and interest is recorded when received or receivable.

### xii. Use of Estimates

The preparation of financial statements, in conformity with PSAB, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### xiii. Loans Receivable

The loans receivable is valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability has been impaired. The loans receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned. Loans 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. Loans receivable is reported in Note 7.

### xiv. Cash and Cash Equivalents

Cash and cash equivalents include short term investments with a term to maturity of 90 days or less at acquisition.

### xv. Tax Revenue

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Total annual tax revenue recognized by major category is reported in Note 18.

**xvi. Pensions and Employee Benefits**

Halton Region accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits were discontinued in 1974. The remaining balance is adjusted for contract increases subject to payout when an employee leaves Halton Region.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to Halton Region's cost of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized gains/losses for event triggered liabilities, such as those determined as claims related to the Workers Safety and Insurance Board (WSIB), are recognized when determined.

Costs related to prior-period employee services arising from plan amendments are recognized in the period in which the plan is amended.

Where applicable, Halton Region has set aside reserves intended to fund these obligations, either in full or in part. These reserves were created under municipal by-law and do not meet the definition of a plan asset under *PS 3250 Retirement Benefits*. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

**2. INVESTMENTS**

Investments of \$1,684,779,341 (2013 - \$1,558,900,395) are carried at cost. The investments have a market value of \$1,781,148,390 (2013 - \$1,602,160,339) at the end of the year. The market value represents the realizable value of the investments if they were to be sold at December 31, 2014. Halton Region's investment policy as approved by Regional Council has an emphasis on the preservation and safety of capital while ensuring the liquidity of funds needed to meet Halton Region's obligations. Accordingly, only realized gains and losses are recognized in the financial statements.

**3. TANGIBLE CAPITAL ASSETS**

Tangible capital assets are recorded at cost on the Consolidated Statement of Financial Position. Halton Region has tangible capital assets with a net book value of \$425,736,646 (2013 - \$331,306,544) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2013 - \$nil). Roads and underground water and sewer systems in the amount of \$10,976,929 (2013 - \$20,280,293) were contributed to Halton Region and were recorded at their fair value at the time of contribution. Halton Region has no tangible capital assets recognized at a nominal value. As per Halton Region's policy, there was no interest capitalized during the year (2013 - \$nil). Halton Region owns various works of art and historical treasures that have not been included as tangible capital assets. These items are categorized as Museum Historical Artefacts or Museum Archival Materials.

The following charts summarize tangible capital asset balances by category for the years 2014 and 2013:

(Dollars in Thousands)										
Asset Type	Opening Balance		Disposals	Ending Balance		Opening Accumulated Amortization Balance		Ending Accumulated Amortization Balance		Ending Net Book Value
	1-Jan-14	Additions		31-Dec-14	1-Jan-14	Amortization	Disposals	31-Dec-14	31-Dec-14	
<b>General</b>										
Buildings and building improvements	\$222,595	\$2,172	\$144	\$224,623	\$72,188	\$7,130	\$130	\$79,188	\$145,435	
Computer hardware	20,119	2,245	2,248	20,116	14,650	2,271	2,247	14,674	5,442	
Computer software	16,156	1,351	-	17,507	9,663	1,800	-	11,463	6,044	
Land	146,403	59	200	146,262	-	-	-	-	146,262	
Land improvements	65,281	1,221	-	66,502	26,123	2,103	-	28,226	38,276	
Leasehold improvements	4,267	-	-	4,267	1,252	381	-	1,633	2,634	
Machinery and equipment	187,283	4,431	11,872	179,842	94,537	9,405	11,620	92,322	87,520	
Vehicles	25,138	5,167	4,479	25,826	15,135	3,217	3,871	14,481	11,345	
<b>Total General Capital</b>	<b>687,242</b>	<b>16,646</b>	<b>18,943</b>	<b>684,945</b>	<b>233,548</b>	<b>26,307</b>	<b>17,868</b>	<b>241,987</b>	<b>442,958</b>	
<b>Infrastructure</b>										
Buildings and building improvements	366,634	23,486	496	389,624	114,318	7,611	494	121,435	268,189	
Land	63,199	22,584	-	85,783	-	-	-	-	85,783	
Land improvements	86,399	5,039	18	91,420	46,123	2,631	2	48,752	42,668	
Linear	3,032,367	66,590	9,744	3,089,213	615,927	44,871	4,423	656,375	2,432,838	
Machinery and equipment	429,068	34,935	2,129	461,874	189,686	14,095	2,038	201,743	260,131	
<b>Total Infrastructure</b>	<b>3,977,667</b>	<b>152,634</b>	<b>12,387</b>	<b>4,117,914</b>	<b>966,054</b>	<b>69,208</b>	<b>6,957</b>	<b>1,028,305</b>	<b>3,089,609</b>	
<b>Assets Under Construction</b>	<b>331,307</b>	<b>94,429</b>	<b>-</b>	<b>425,736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>425,736</b>	
<b>Total Tangible Capital Assets</b>	<b>\$4,996,216</b>	<b>\$263,709</b>	<b>\$31,330</b>	<b>\$5,228,595</b>	<b>\$1,199,602</b>	<b>\$95,515</b>	<b>\$24,825</b>	<b>\$1,270,292</b>	<b>\$3,958,303</b>	

(Dollars in Thousands)

Asset Type	Opening Balance			Ending Balance			Opening Accumulated Amortization			Ending Accumulated Amortization		Ending Net Book Value
	1-Jan-13	Additions	Disposals	31-Dec-13	1-Jan-13	Amortization	Disposals	31-Dec-13	31-Dec-13			
<b>General</b>												
Buildings and building improvements	\$221,450	\$1,160	\$15	\$222,595	\$64,850	\$7,353	\$15	\$72,188	\$150,407			
Computer hardware	17,776	2,426	83	20,119	12,409	2,323	82	14,650	5,469			
Computer software	12,783	3,373	-	16,156	8,022	1,641	-	9,663	6,493			
Land	146,398	5	-	146,403	-	-	-	-	146,403			
Land improvements	62,596	2,685	-	65,281	24,374	1,749	-	26,123	39,158			
Leasehold improvements	3,440	827	-	4,267	952	300	-	1,252	3,015			
Machinery and equipment	182,994	5,734	1,445	187,283	86,490	9,293	1,246	94,537	92,746			
Vehicles	22,921	3,894	1,677	25,138	13,372	3,186	1,423	15,135	10,003			
<b>Total General Capital</b>	<b>670,358</b>	<b>20,104</b>	<b>3,220</b>	<b>687,242</b>	<b>210,469</b>	<b>25,845</b>	<b>2,766</b>	<b>233,548</b>	<b>453,694</b>			
<b>Infrastructure</b>												
Buildings and building improvements	356,931	9,729	26	366,634	106,839	7,496	17	114,318	252,316			
Land	62,389	810	-	63,199	-	-	-	-	63,199			
Land improvements	84,042	2,382	25	86,399	43,679	2,467	23	46,123	40,276			
Linear	2,893,620	148,844	10,097	3,032,367	577,678	42,608	4,358	615,927	2,416,440			
Machinery and equipment	412,105	17,292	329	429,068	176,182	13,824	320	189,686	239,382			
<b>Total Infrastructure</b>	<b>3,809,087</b>	<b>179,057</b>	<b>10,477</b>	<b>3,977,667</b>	<b>904,377</b>	<b>66,395</b>	<b>4,718</b>	<b>966,054</b>	<b>3,011,613</b>			
<b>Assets Under Construction</b>	<b>298,909</b>	<b>32,398</b>	<b>-</b>	<b>331,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331,307</b>			
<b>Total Tangible Capital Assets</b>	<b>\$4,778,354</b>	<b>\$231,559</b>	<b>\$13,697</b>	<b>\$4,996,216</b>	<b>\$1,114,846</b>	<b>\$92,240</b>	<b>\$7,484</b>	<b>\$1,199,602</b>	<b>\$3,796,614</b>			

#### 4. RESERVES AND RESERVE FUNDS FOR TANGIBLE CAPITAL ASSETS

The Consolidated Statement of Operations reports historical amortization costs for 2014 totalling \$95,515,037 (2013 - \$92,239,576). Reserve and reserve fund contributions totaling \$207,852,882 (2013 - \$241,660,013) and development charges proceeds totalling \$126,929,004 (2013 - \$60,543,316) have been made in 2014. These funds will be used to finance the replacement of existing tangible capital assets, capital acquisitions resulting from growth due to development and service enhancements, and the impact of inflation.

#### 5. LONG-TERM LIABILITIES

The use of long-term liabilities to finance capital expenses is governed by provincial legislation. Provincial legislation gives Halton Region exclusive authority to issue long-term debt for both Halton Region and Local Municipal purposes. The legislation also permits Halton Region to issue debt on behalf of the Halton District School Board and the Halton Catholic District School Board, at the request of these Boards. The responsibility for raising the amounts required to service these liabilities lies with the respective Local Municipalities, School Boards and Halton Region. The debentures are direct, joint and several obligations of Halton Region and all its Local Municipalities.

Halton Region has purchased \$4,851,067 (2013 - \$4,889,685) of its own debentures which have not been cancelled. This investment in own debentures is included in the investments on the Consolidated Statement of Financial Position. The gross outstanding principal amount from these debentures for 2014 is \$57,470,000 (2013 - \$65,245,000).

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

	(Dollars in Thousands)	
	2014	2013
Long-term liabilities incurred by Halton Region	<b>\$347,826</b>	\$333,886
Mortgages payable by HCHC	<b>53,119</b>	56,034
Sinking fund debentures	<b>106,000</b>	106,000
Total long-term liabilities incurred by Halton Region	<b>506,945</b>	495,920
Less recoverable from:		
Local Municipalities	<b>183,862</b>	183,075
<b>Net Long-Term Liabilities at Year End</b>	<b>\$323,083</b>	\$312,845

Long-term liabilities include Sinking Fund debentures issued in 2011 for the amount of \$106,000,000 of which Halton Region holds the entire share. As at December 31, 2014, contributions to and earnings of the Sinking Investment Fund are \$4,971,857 (2013 - \$3,246,238). Annual payments of \$1,595,452 to the Sinking Investment Fund will be made to finance the repayment of the debentures as they mature.

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

	(Dollars in Thousands)	
	2014	2013
Property taxes – general purpose	<b>\$9,616</b>	\$12,550
Water	<b>67,734</b>	61,950
Wastewater	<b>65,390</b>	47,316
Development charges	<b>127,224</b>	134,995
HCHC	<b>53,119</b>	56,034
<b>Net Long-Term Liabilities at Year End</b>	<b>\$323,083</b>	\$312,845

## 6. CHARGES FOR LONG-TERM LIABILITIES

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

	(Dollars in Thousands)	
	2014	2013
Gross principal repayment	<b>\$54,947</b>	\$50,322
Principal repayment - HCHC mortgages	<b>2,915</b>	2,799
Less amounts recovered	<b>26,007</b>	23,248
Net principal	<b>31,855</b>	29,873
Gross interest paid	<b>16,695</b>	17,305
Interest paid - HCHC mortgages	<b>2,262</b>	2,379
Less amount recovered	<b>6,997</b>	7,215
Net interest	<b>11,960</b>	12,469
<b>Total Net Principal and Interest</b>	<b>\$43,815</b>	\$42,342

The charges shown on the previous chart are recovered as follows:

(Dollars in Thousands)		
	2014	2013
Property taxes – general	<b>\$2,636</b>	\$2,248
Water and wastewater revenues	<b>24,046</b>	22,378
Development charges	<b>11,956</b>	12,538
HCHC mortgages	<b>5,177</b>	5,178
<b>Total</b>	<b>\$43,815</b>	\$42,342

Debentures bear interest at rates ranging from 1.0% to 4.9%. Mortgages of \$53,119,000 (2013 - \$56,033,651) on the properties of HCHC are secured by a first charge on the assets of HCHC with amortization periods ranging between 15 and 30 years and interest rates ranging between 2.442% and 5.94%.

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

(Dollars in Thousands)				
	Instalment Principal	Sinking Fund	HCHC Mortgages	Total
2015	\$30,420	\$1,849	\$14,155	\$46,424
2016	30,331	1,943	5,393	37,667
2017	23,494	2,041	10,786	36,321
2018	17,760	2,144	19,314	39,218
2019	15,232	2,252	278	17,762
2020	14,421	2,366	295	17,082
2021 - 2041	32,762	92,949	2,898	128,609
<b>Total</b>	<b>\$164,420</b>	<b>\$105,544</b>	<b>\$53,119</b>	<b>\$323,083</b>

## 7. LOANS RECEIVABLE

Halton Region has loans receivables in the amount of \$1,216,910 (2013 - \$1,282,051) from Conservation Halton. As per Council report CS-07-07, Halton Region has agreed to provide Conservation Halton with debt financing on an annual basis on projects that are significant in funding requirements and are capital in nature. Loans are repayable over a 10 year period at a variable interest rate based on Halton Region's investment rate. For 2014 the repayment amount is \$258,832 (2013 - \$245,553) based on an interest rate of 4.17% (2013 - 4.51%).

## 8. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- (a) Halton Region has outstanding contractual obligations of \$308,175,265 for capital works. Regional Council has authorized the required financing for these obligations.
- (b) Halton Region has entered into operating leases for various office premises and equipment requiring the following payments over the next five years:

2015 -	\$3,659,364
2016 -	3,374,450
2017 -	2,435,282
2018 -	2,376,672
2019 -	2,085,247

- (c) Halton Region has made provision for the use of \$649,976,691 in reserves, reserve funds, and deferred revenues to finance projects approved for construction in the Capital Budget.

## 9. CONTINGENT LIABILITIES

Certain legal claims against Halton Region are currently outstanding. The outcome and potential liability of these claims are yet to be determined and, therefore, no provision has been made in the financial statements.

## 10. DEFERRED REVENUE

Halton Region's deferred revenue is comprised of obligatory reserve funds and general deferred revenues. A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. Halton Region has obligatory development charge reserve funds in the amount of \$243,668,054 (2013 - \$241,536,215) and an obligatory reserve fund for the Federal Gas tax funds in the amount of \$11,899,119 (2013 - \$15,391,746). These reserve funds are considered obligatory as Provincial and Federal legislation restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected and when Halton Region has approved and incurred the expenses for the capital projects for which the development charges were raised. These funds have been set aside, as required by the *Development Charges Act*, to defray the cost of growth related capital projects associated with new development.

The Deferred Revenues, reported on the Consolidated Statement of Financial Position, are made up of the following:

(Dollars in Thousands)					
	General Deferred Revenue	Federal Gas Tax	Obligatory Reserve	2014	2013
Balance, beginning of year	\$-	\$15,391	\$241,537	<b>\$256,928</b>	\$268,712
Development charges collected	-	-	126,929	<b>126,929</b>	60,543
Interest earned	-	437	1,236	<b>1,673</b>	1,582
Federal funding collected	-	14,886	-	<b>14,886</b>	13,474
	-	30,714	369,702	<b>400,416</b>	344,311
General deferred revenue	-	-	-	<b>72,513</b>	87,473
Unspent capital financing	60,737	-	-	-	-
Permits	2,060	-	-	-	-
Developer accelerated (note 13)	6,970	-	-	-	-
Developer water meters	417	-	-	-	-
Other	2,329	-	-	-	-
Less:					
Contributions used in operations		18,815	126,034	<b>144,849</b>	87,383
<b>Balance, End of Year</b>	<b>\$72,513</b>	<b>\$11,899</b>	<b>\$243,668</b>	<b>\$328,080</b>	<b>\$344,401</b>

## 11. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

Halton Region owns and operates one open landfill site and it owns and monitors four closed landfill sites. The open site has a remaining capacity of 4,895,646 m<sup>3</sup> (2013 – 4,999,668 m<sup>3</sup>) for an estimated life expectancy of 28 years, assuming the waste diversion targets are met. The present value of the expected closure and post closure care costs of the open landfill site and the present value of expected monitoring and capital rehabilitation costs of the closed landfill sites have been reported as a liability on the Consolidated Statement of Financial Position. The liability was estimated using a discount factor of 5.0% net of inflation of 2.0%. Estimated expenses for closure and post-closure care are \$12,851,001 (2013 - \$14,032,925). The expenses remaining to be recognized are \$3,604,226 (2013 - \$3,573,600). The estimated length of time required for post-closure care is 40 years. A liability of \$9,246,775 (2013 - \$10,459,325) has been reported on the Consolidated Statement of Financial Position. Reserve funds totalling \$16,173,350 (2013 - \$15,386,539) have been established for this liability and are reported as a reserve fund in Note 13. Halton Region also monitors seven closed landfill sites owned by the Local Municipalities. Under agreements with the four Local Municipalities, Halton Region may recover the cost of capital rehabilitation that may be required and is not responsible for any third party claims that may result from these closed sites. The Local Municipalities bear the cost of monitoring the closed sites and therefore these costs have not been included in the landfill post closure liability.

## 12. EMPLOYEE BENEFITS PAYABLE

Halton Region provides certain employee benefits, which will require funding in future periods. These benefits include sick leave benefits, benefits under the *Workplace Safety and Insurance Board ("WSIB") Act*, life insurance, early retirement plan, travel benefit, extended health and dental benefits.

	(Dollars in Thousands)	
	2014	2013
Retiree benefits		
Halton Employees	<b>\$8,726</b>	\$7,973
Halton Regional Police	<b>25,682</b>	24,996
Future payments required to WSIB		
Halton Employees	<b>7,931</b>	7,648
Halton Regional Police	<b>3,219</b>	3,122
Long-term disability		
Halton Employees	<b>10,585</b>	10,717
Halton Regional Police	<b>3,253</b>	2,940
Vested sick leave entitlements		
Halton Regional Police	<b>57</b>	73
Vacation pay	<b>3,914</b>	3,734
<b>Total</b>	<b>\$63,367</b>	\$61,203

Halton Region has established reserve funds to mitigate the future impact of these obligations and this has been reported in Note 13. Reserves relating to these liabilities are as follows:

	(Dollars in Thousands)	
	2014	2013
Employee Benefits		
Halton Employees	\$10,562	\$8,633
Halton Regional Police	26,508	25,949
WSIB		
Halton Employees	6,142	5,098
Halton Regional Police	3,445	2,852
Long-Term Disability		
Halton Employees	6,637	5,752
Halton Regional Police	1,732	1,520
Sick Leave		
Halton Employees	-	-
Halton Regional Police	81	114
<b>Total</b>	<b>\$55,107</b>	<b>\$49,918</b>

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

	(Dollars in Thousands)	
	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	\$56,970	\$61,898
Current benefit cost	4,936	6,947
Interest	2,481	2,670
Benefits paid	(5,185)	(5,064)
Plan amendment	-	-
Actuarial loss/(gain)	7,716	(9,481)
Balance, end of year	66,918	56,970
Unamortized actuarial (loss)/gain	(3,551)*	4,233
Liability for benefits	63,367	61,203
<b>Amortization of actuarial loss/(gain)</b>	<b>(\$68)</b>	<b>\$888</b>

\*The unamortized actuarial (loss)/gain are amortized over the expected average remaining service life as listed below:

Employee benefits	(\$3,071,443)	7-14 years
WSIB	(147,545)	10 years
LTD	(332,380)	8-10 years

### Workplace Safety and Insurance Board (WSIB)

As a Schedule 2 employer, Halton Region has assumed the liability for any costs awarded under the *Workplace Safety and Insurance Board Act*. The liability was determined by an actuarial valuation undertaken as at December 31, 2014, using a discount rate of 4.25% which has been reported as a liability on the Consolidated Statement of Financial Position. Projected annual rate of increase in health care benefits provided by the WSIB is 6%.

**Retirement Benefits**

Halton Region's full time employees may be eligible for a retirement allowance, paid-up life insurance, an early retirement plan, extended health, dental, and travel benefit coverage upon retirement, up to the age of 75. The liability for these retirement benefits has been reported on the Consolidated Statement of Financial Position. Halton Region recognizes these retirement benefits in the period in which the employees rendered the services. The liability was determined by actuarial valuation as at December 31, 2014 using a discount rate of 4.75%. Medical costs were assumed to increase at the rate of 5.667% per year decreasing in 2020 to 4% per year. Dental costs were assumed to increase at the rate of 4% per year. Halton Region commissions actuarial reviews of the employee retirement benefits, LTD and WSIB obligations every three years. The last review measured the liabilities as at December 31, 2014.

**Extended Health, Dental and Long-Term Disabilities Benefit Plans**

Halton Region is self-insured for extended health, dental and long-term disability (LTD) employee benefit plans. The liability was determined by an actuarial valuation as at December 31, 2014 using a discount rate of 3.75% which has been reported as a liability on the Consolidated Statement of Operations.

**Sick Leave Benefit Plan**

Under a former sick leave benefit plan, some employees hired prior to January 1, 1974, are entitled to receive cash payments for unused sick leave upon termination of employment. In 2014, payments out of the vested sick leave plan amounted to \$36,520 (2013 - \$32,433) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$57,192 are anticipated to be paid out in 2015 and have been reported on the Consolidated Statement of Financial Position.

### 13. ACCUMULATED SURPLUS

Accumulated surplus consists of general surplus and reserves and reserve funds as follows:

	(Dollars in Thousands)		
	2014	2013	Difference
Unexpended capital financing	<b>\$479,380</b>	\$470,600	\$8,780
Reserves (detailed below)	<b>698,282</b>	613,773	84,508
Reserve funds (detailed below)	<b>103,932</b>	94,314	9,618
Sinking investment fund	<b>4,971</b>	3,246	1,726
Tangible capital assets	<b>3,958,303</b>	3,796,614	161,689
Developer financed assets	<b>(6,970)</b>	(11,360)	4,390
Other	<b>126</b>	104	22
Amounts to be recovered in future years:			
From reserves and reserve funds on hand	<b>(61,442)</b>	(65,305)	3,863
From future revenues	<b>(334,855)</b>	(319,804)	(15,051)
<b>Total Accumulated Surplus</b>	<b>\$4,841,727</b>	\$4,582,182	\$259,545
Reserves set aside by Council:			
Stabilization – rate	<b>\$22,800</b>	\$25,973	
Stabilization – tax	<b>59,268</b>	58,128	
Program Specific	<b>62,433</b>	50,932	
Equipment replacement – vehicle	<b>6,244</b>	5,030	
Equipment replacement – building	<b>21,956</b>	19,837	
Equipment replacement – equipment	<b>6,538</b>	5,755	
Capital – rate	<b>174,984</b>	151,813	
Capital – tax	<b>241,552</b>	227,459	
Capital – investment	<b>100,131</b>	64,656	
Other	<b>2,376</b>	4,190	
Subtotal reserves	<b>698,282</b>	613,773	
Reserve Funds set aside for specific purpose by Council:			
Landfill closure and post closure	<b>16,173</b>	15,387	
Workplace Safety and Insurance Board	<b>9,587</b>	7,950	
Self-insurance – general	<b>4,280</b>	3,965	
Self-insurance – employee benefits	<b>45,520</b>	41,968	
Other	<b>28,372</b>	25,044	
Subtotal reserve funds	<b>103,932</b>	94,314	
<b>Total Reserve and Reserve Funds</b>	<b>\$802,214</b>	\$708,087	

## 14. PENSION AGREEMENTS

Halton Region makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its entire permanent staff. This plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees. The amount of the retirement benefit is based on the length of service and rates of pay. As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS Primary Pension Plan concluded 2014 with \$72 billion in net assets, an increase of \$7 billion over 2013, an improvement in its funded ratio from 88.2% to 90.8%, generated a 10.0% return for the year, and a stronger balance sheet and cash flows to secure its long-term obligation to pay defined pension benefits to its more than 450,000 plan members. The OMERS pension plan had a deficit of \$7.1 billion as at December 31, 2014 (2013 - \$8.6 billion) based on the actuarial valuation of the pension benefit obligation.

Contributions made by employees and employers, together with OMERS' investment returns, fund pensions that employees receive. Employee and employer contribution rates remained unchanged in 2014, compared to a 0.9% increase in contribution rates in 2013. Increases in contributions may be required if actuarial surpluses are not available to offset the existing deficit and subsidize future contributions. Halton Region and its employees each contributed to OMERS in 2014 \$25,671,731 (2013 - \$23,708,563) for current service, and it is Halton Region's portion that is included as an expense on the Consolidated Statement of Operations. Contributions for employees with a normal retirement age of 65 were made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$52,500 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings. For uniformed police officers with a normal retirement age of 60, those rates were 9.2% and 15.8% respectively.

## 15. TRUST FUNDS

Trust Funds, in the amount of \$71,146 (2013 - \$77,930), of the residents of Allendale, Post Inn Village and Creek Way Village, which are administered by Halton Region, have not been included in the financial statements, and are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

## 16. GRANTS FROM THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES AND MINISTRY OF CHILDREN AND YOUTH SERVICES

Halton Region has one service contract with the Ministry of Community and Social Services and one with the Ministry of Children and Youth Services. One requirement of the contracts is the completion of the Transfer Payment Annual Reconciliation (TPAR) which shows a summary of all revenues and expenses and any resulting surpluses or deficits that relate to the contract. Surplus amounts, which can be used to offset a deficit, are reflected in the amounts repayable to the Ministry. The reported surplus/deficit reflects that of the Ministry assuming historic cost-sharing levels continued for all programs; however, in some cases Halton has contributed more than the legislated requirement to ensure services are delivered based on community need.

A review of these reports shows the following services to be in a surplus (deficit) position as at December 31, 2014:

(Dollars in Thousands)				
Detail Code	Service Name	Grant	Expenses	Surplus (deficit)
<b>Child Care Service Contracts</b>				
A476	Infant Development	\$686	\$1,108	\$(422)
9253	Spec Comm. Suppts – Child-Behaviour Intervention	237	351	(114)
<b>Total</b>		<b>\$923</b>	<b>\$1,459</b>	<b>\$(536)</b>

The surplus amounts that do not qualify for financial flexibility are reflected in liability accounts reported on the Consolidated Statement of Financial Position.

## 17. GRANTS FROM THE MINISTRY OF EDUCATION

Halton Region has a child care service contract with the Ministry of Education. A requirement of the service contract is the production of supplementary information by auspice which summarizes all revenues and expenditures relating to the service contract. A review of these revenues and expenditures, by auspice, are outlined below. Halton Region contributes more than the legislated requirement to ensure services are delivered based on community need.

(Dollars in Thousands)				
Revenues				
	Ministry of Education (Most Recent Amended Service Agreement)	%	Legislated Cost Share	2014 Total
<b>Core Service Delivery and Special Purpose Operating Allocations</b>				
1.1 Core services delivery (100% provincial)	\$8,293	0%	\$-	\$8,293
1.2 Core services delivery – Cost Shared Requirement 80/20	11,699	20%	2,925	14,624
1.3 Core service delivery – Cost Shared Requirement 50/50 - Admin	785	50%	785	1,570
2.1 Language	786	0%	-	786
2.2 Aboriginal	52	0%	-	52
2.3 Cost of living	952	0%	-	952
2.4 Rural/remote	42	0%	-	42
2.5 Full day kindergarten (FDK) transition	1,791	0%	-	1,791
2.6 Transformation	255	0%	-	255
2.7 Capacity Building	246	0%	-	246
2.8 Small Water Works	-	0%	-	-
2.9 Repairs and Maintenance	104	0%	-	104
2.10 Utilization Adjustment	5,595	0%	-	5,595
2.11 Capping Adjustment	(190)	0%	-	(190)
<b>3. Total Operating Allocations</b>	<b>30,410</b>		<b>3,710</b>	<b>34,120</b>
<b>Child Care Capital</b>			-	
4.1 Capital Retrofits	324	0%	-	324
<b>5. Total Child Care Allocation Before TWOMO R</b>	<b>30,734</b>		<b>3,710</b>	<b>34,444</b>
<b>TWOMO Reimbursement</b>				
6.1 Territory without municipal organization	-	0%	-	-
<b>7. Total Child Care Allocation</b>	<b>\$30,734</b>		<b>\$3,710</b>	<b>\$34,444</b>

(Dollars in Thousands)

	Non-Profit			Profit			Directly Operated		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
	Sch. 2.3, Col. 1	Sch. 2.3, Col. 2+3	Sch. 2.3, Col. 4	Sch. 2.3, Col. 5	Sch. 2.3, Col. 6+7	Sch. 2.3, Col. 8	Sch. 2.3, Col. 9	Sch. 2.3, Col. 10, 11 & 12	Sch. 2.3, Col. 13
<b>Core Service Delivery &amp; Special Purpose Grants</b>									
1.1 General operating	\$6,335	\$-	\$6,335	\$3,932	\$-	\$3,932	\$187	\$-	\$187
1.2 Regular fee subsidy	5,402	(85)	5,317	9,284	-	9,284	2,515	(741)	1,774
1.3 Extended day fee subsidy	887	-	887	47	-	47	-	-	-
1.4 Recreation fee subsidy	274	-	274	-	-	-	-	-	-
1.5 Ontario Works/LEAP formal	312	-	312	552	-	552	-	-	-
1.6 Ontario Works informal	-	-	-	-	-	-	-	-	-
1.7 Pay equity memorandum	257	-	257	-	-	-	-	-	-
1.8 Special needs resourcing	3,248	-	3,248	-	-	-	2,861	(4)	2,857
1.9 Administration	-	-	-	-	-	-	-	-	-
1.10 Repairs and maintenance	103	-	103	31	-	31	-	-	-
1.11 Play-based material	281	-	281	162	-	162	-	-	-
1.12 Capacity building	246	-	246	-	-	-	-	-	-
1.13 Transformation	255	-	255	-	-	-	-	-	-
1.14 Miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total Core Service Delivery</b>	<b>17,600</b>	<b>(85)</b>	<b>17,515</b>	<b>14,008</b>	<b>-</b>	<b>14,008</b>	<b>5,563</b>	<b>(745)</b>	<b>4,818</b>
<b>Capital</b>									
2.1 Retrofits	98	-	98	-	-	-	-	-	-
<b>Claims Based</b>									
3.1 Small Water Works	-	-	-	-	-	-	-	-	-
<b>TWOMO Reimbursement</b>									
3.2 Territory without Municipal Organization	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$17,698</b>	<b>(\$85)</b>	<b>\$17,613</b>	<b>\$14,008</b>	<b>\$-</b>	<b>\$14,008</b>	<b>\$5,563</b>	<b>(\$745)</b>	<b>\$4,818</b>

	Gross Expenditures	Other Offsetting Revenues	Adjusted Gross Expenditures	Total Expenditures 2014		
	Sch. 2.3, Col. 14	Sch. 2.3, Col. 15	Sch. 2.3, Col. 16	Gross Expenditures	*Offsetting Revenues	Adjusted Gross Expenditures
<b>Core Service Delivery &amp; Special Purpose Grants</b>						
1.1 General operating	\$-	\$-	\$-	\$10,454	\$-	\$10,454
1.2 Regular fee subsidy	-	-	-	17,201	(826)	16,375
1.3 Extended day fee subsidy	-	-	-	934	-	934
1.4 Recreation fee subsidy	-	-	-	274	-	274
1.5 Ontario Works formal	-	-	-	864	-	864
1.6 Ontario Works informal	21	-	21	21	-	21
1.7 Pay equity memorandum	-	-	-	257	-	257
1.8 Special needs resourcing	-	-	-	6,109	(4)	6,105
1.9 Administration	5,303	(30)	5,273	5,303	(30)	5,273
1.10 Repairs and maintenance	-	-	-	134	-	134
1.11 Play-based material	-	-	-	443	-	443
1.12 Capacity Building	-	-	-	246	-	246
1.13 Transformation	-	-	-	255	-	255
1.14 Miscellaneous	-	-	-	-	-	-
<b>Total Full Flexibility</b>	<b>5,324</b>	<b>(30)</b>	<b>5,294</b>	<b>42,495</b>	<b>(860)</b>	<b>41,635</b>
<b>Capital</b>						
2.1 Retrofits	-	-	-	98	-	98
<b>Claims Based</b>						
3.1 Small Water Works	-	-	-	-	-	-
<b>TWOMO Reimbursement</b>						
3.2 Territory without Municipal Organization	-	-	-	-	-	-
<b>Total</b>	<b>\$5,324</b>	<b>(\$30)</b>	<b>\$5,294</b>	<b>\$42,593</b>	<b>(\$860)</b>	<b>\$41,733</b>

\* Parent Contribution &amp; Other Offsetting Revenues

In addition, Halton Region delivers the following Family Support Programs funded by the Ministry of Education:

(Dollars in Thousands)					
Family Support Programs	A386 - Delivery Agent Resource Centres	A466 - Data Analysis Coordinators	A525 - ECD Aboriginal	A525 - ECD Planning	Total
Total Gross Operational Expenditures	\$247	\$153	\$3	\$5	\$408
Total Gross Administration Expenditures	-	-	-	-	-
Administration Offsetting Revenues	-	-	-	-	-
Total Administration Adjusted Gross Expenditures	-	-	-	-	-
Total Gross Expenditures	247	153	3	5	408
Offsetting Revenue	-	-	-	-	-
<b>Adjusted Gross Expenditures</b>	<b>\$247</b>	<b>\$153</b>	<b>\$3</b>	<b>\$5</b>	<b>\$408</b>

## 18. SEGMENTED INFORMATION

Segmented information has been identified based on lines of service provided by Halton Region. Halton Region's services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of services that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### Protection Services

The mandate of the Protection Services programs is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders, and enforce the law.

### Transportation Services

The Transportation Services division is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and street lighting.

### Water and Wastewater Services

The Water and Wastewater Services divisions are responsible for the collection and treatment of wastewater and the treatment and distribution of drinking water in order to provide high quality drinking water to residents of Halton Region.

### Solid Waste Services

The Waste Management Services division is responsible for the planning, collection and disposal of solid waste, administering the green cart program and recycling, including minimization programs and facilities for solid waste.

### Health Services

The Health Department delivers a variety of public health programs and services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. Staff work in the community to deliver programs such as paramedic services, immunization, nutrition, mental health, sexual health, insect control and health inspection.

### Social and Community Services

The Social and Community Services department provides programs and services that enhance the quality of life of Halton Region residents and provides them with social support services, including services for children, youth, families and seniors.

## Social Housing

Through implementation of the Comprehensive Housing Strategy, Halton Region continues to advocate for the provision of housing types for all incomes and all stages of life from emergency shelters and government assisted housing to private sector affordable housing. Operations of HCHC are included as part of the Social Housing segment.

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation such as property tax revenues and by user fees for water and wastewater services. General Purpose Levy and Payment in Lieu of taxes are allocated to the segments based on a percentage of budgeted net expenditures approved in the 2014 Budget. In addition, certain government grants and other revenues have been apportioned based on a percentage of budgeted expenses. The accounting policies used in these segments are consistent with those followed in the preparation of the Consolidated Financial Statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure below for the years 2014 and 2013.

	(Dollars in Thousands)								
	Protection Services	Transportation Services	Water and Wastewater	Solid Waste	Health Services	Social and Community Services	Social Housing	**Other Services	Total Consolidated 2014
<b>Revenues</b>									
Taxation*									
General purpose levy	\$130,315	\$46,022	\$ -	\$14,910	\$31,389	\$78,440	\$ -	\$35,442	\$336,518
Solid waste levy	-	-	-	23,867	-	-	-	-	23,867
Payment in lieu	1,719	607	-	-	414	1,035	-	467	4,242
Users fees and service charges	6,441	586	166,583	7,340	744	14,947	1,011	2,031	199,683
Ontario grants	7,469	153	21,777	-	38,864	86,840	7,258	237	162,598
Canada grants	-	7,897	10,927	-	74	243	335	6	19,482
Investment income	-	-	-	-	-	-	-	65,580	65,580
Development charges and developer contributions	1,641	66,587	63,471	-	70	465	1,500	4,338	138,072
Other	51	-	232	53	4	-	13,498	(133)	13,705
<b>Total Revenues</b>	<b>147,636</b>	<b>121,852</b>	<b>262,990</b>	<b>46,170</b>	<b>71,559</b>	<b>181,970</b>	<b>23,602</b>	<b>107,968</b>	<b>963,747</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	116,258	1,392	32,369	3,703	47,425	59,864	4,938	36,310	302,259
Materials	6,933	1,499	25,101	1,008	2,963	5,129	3,288	7,780	53,701
Contracted services	10,842	15,613	39,365	27,677	3,723	23,326	6,796	22,911	150,253
Rents and financial expenses	608	1,460	4,850	134	661	596	3,469	2,523	14,301
Government transfers	10,442	32	192	227	198	38,113	19,529	4,151	72,884
Debt expense	570	143	8,947	-	39	-	2,261	-	11,960
Allowance for taxes written off	-	-	-	-	-	-	-	3,329	3,329
Amortization	7,677	19,170	50,136	1,835	1,722	2,872	6,652	5,451	95,515
Program support	1,923	2,244	9,087	2,846	9,067	11,410	1,522	(38,099)	-
<b>Total Expenses</b>	<b>155,253</b>	<b>41,553</b>	<b>170,047</b>	<b>37,430</b>	<b>65,798</b>	<b>141,310</b>	<b>48,455</b>	<b>44,356</b>	<b>704,202</b>
<b>Net Revenues</b>	<b>(\$7,617)</b>	<b>\$80,299</b>	<b>\$92,943</b>	<b>\$8,740</b>	<b>\$5,761</b>	<b>\$40,660</b>	<b>(\$24,853)</b>	<b>\$63,612</b>	<b>\$259,545</b>

\* The allocation of taxation amount is based on a percentage of budgeted net expenditures except for Solid Waste as this amount is collected through By-Law 20-14 and is not allocated to other services.

\*\*Other Services consists of General Government, Legislative and Planning Services, Recreation and Cultural Services (includes Museum) and contributions to Royal Botanical Gardens and GO Transit.

	(Dollars in Thousands)								
	Protection Services	Transportation Services	Water and Wastewater	Solid Waste	Health Services	Social and Community Services	Social Housing	**Other Services	Total Consolidated 2013
<b>Revenues</b>									
Taxation*									
General purpose levy	\$128,811	\$43,934	\$ -	\$14,905	\$30,802	\$77,822	\$ -	\$33,572	\$329,846
Solid waste levy	-	-	-	23,626	-	-	-	-	23,626
Payment in lieu	1,695	578	-	-	404	1,024	-	442	4,143
Users fees and service charges	6,089	306	157,453	7,096	684	14,597	1,059	2,261	189,545
Ontario grants	4,177	452	34,958	(58)	37,617	82,393	7,509	297	167,345
Canada grants	-	2,852	9,904	-	97	267	339	9	13,468
Investment income	-	-	-	-	-	-	-	68,371	68,371
Development charges and developer contributions	1,431	41,262	44,274	92	1,084	908	1,373	5,008	95,432
Other	38	-	122	160	15	-	12,082	939	13,356
<b>Total Revenues</b>	<b>142,241</b>	<b>89,384</b>	<b>246,711</b>	<b>45,821</b>	<b>70,703</b>	<b>177,011</b>	<b>22,362</b>	<b>110,899</b>	<b>905,132</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	115,418	1,307	30,753	3,664	45,127	57,661	4,689	37,492	296,111
Materials	8,067	5,161	22,923	1,531	3,130	4,925	2,926	7,139	55,802
Contracted services	6,345	7,147	48,731	26,120	4,328	24,377	7,159	24,311	148,518
Rents and financial expenses	282	3,410	2,601	354	348	682	3,330	2,637	13,644
Government transfers	7,706	7	139	239	45	37,044	18,509	4,887	68,576
Debt expense	684	175	9,179	-	52	-	2,379	-	12,469
Allowance for taxes written off	-	-	-	-	-	-	-	5,362	5,362
Amortization	7,380	18,559	47,933	1,628	1,761	2,753	6,908	5,318	92,240
Program support	1,626	1,626	10,080	3,143	9,367	12,341	1,333	(39,516)	-
<b>Total Expenses</b>	<b>147,508</b>	<b>37,392</b>	<b>172,339</b>	<b>36,679</b>	<b>64,158</b>	<b>139,783</b>	<b>47,233</b>	<b>47,630</b>	<b>692,722</b>
<b>Net Revenues</b>	<b>(\$5,267)</b>	<b>\$51,992</b>	<b>\$74,372</b>	<b>\$9,142</b>	<b>\$6,545</b>	<b>\$37,228</b>	<b>(\$24,871)</b>	<b>\$63,269</b>	<b>\$212,410</b>

\*The allocation of taxation amount is based on a percentage of budgeted net expenditures except for Solid Waste as this amount is collected through By-Law 31-13 and is not allocated to other services.

\*\*Other Services consists of General Government, Legislative and Planning Services, Recreation and Cultural Services (includes Museum) and contributions to Royal Botanical Gardens, GO Transit.

## 19. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2014 operating and capital budgets approved by Halton Region Council on December 11, 2013 and HCHC Board on November 26, 2013.

The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

(Dollars in Thousands)	
<b>2014 Budget</b>	
<b>Revenues: Operating</b>	
<b>Approved Budget (FN-26-13)</b>	<b>\$772,694</b>
In-year changes*	2,729
Revised Approved Budget	775,423
Development charges and developer contributions	138,072
Grants	21,833
Other revenue adjustments	48
Reclassification between revenue and expense	(1,298)
<b>HCHC approved budget (HC-22-13)</b>	<b>22,590</b>
HCHC PSAB adjustments	1,057
HCHC Intercompany Transactions	(15,556)
<b>Total Consolidated Revenues</b>	<b>942,169</b>
<b>Expenses: Operating</b>	
<b>Approved Budget (FN-26-13)</b>	<b>772,694</b>
In-year changes*	2,729
Revised approved budget	775,423
Transfers to Reserves - Capital	(125,203)
Transfers from Reserves - Capital	11,956
Debt Charges - Principal	(32,387)
Transfers to Reserves - Operating	(48,529)
Transfers from Reserves - Operating	10,133
Amortization	88,864
Capital project cost resulting in operating expenses	22,965
(Gain)/Loss on TCA	6,047
Employee future benefits	2,164
Landfill liability	(1,213)
Reclassification between revenue and expense	(1,298)
<b>HCHC approved budget (HC-22-13)</b>	<b>22,590</b>
HCHC PSAB adjustments	3,917
HCHC Intercompany Transactions	(14,761)
<b>Total Consolidated Expenses</b>	<b>720,668</b>
<b>Net Revenues</b>	<b>\$221,501</b>

\*Refer to Reports

SS-02-14 Children's Services Division Program Changes and Funding Update - \$2,239

SS-03-14 Funding Expansion for Supports for Daily Living (SDL) Program - Oakville - \$93

SS-05-14 One Time Funding for Staff Training and Development in Long-Term Care Homes - \$80

SS-08-14 Enhancements to MTCU Funding Agreements - \$187

SS-09-14 Halton Newcomer Strategy Extension of Funding Agreement - \$130

## 20. PUBLIC LIABILITY INSURANCE

Both Halton Region and The Halton Community Housing Corporation (HCHC) have a comprehensive program of risk identification, evaluation and control to minimize the risk of injury to third parties and to minimize the risk of damage to its property and the property of others. HCHC uses purchased insurance and Halton Region uses a combination of self- insurance and purchased insurance to protect themselves financially against the risks that they cannot reasonably control. HCHC's purchased insurance program for the period November 1, 2014 to November 1, 2015 provides coverage for third party public

liability claims up to a maximum of \$10,000,000 per occurrence (subject to a \$5,000 per occurrence deductible) and provides coverage for HCHC properties on a blanket limit of \$293,949,300 replacement cost basis (subject to a \$5,000 per claim deductible on Property All Risks Form); all HCHC insurance claims deductibles and claims costs not covered by insurance are expensed. Halton Region's purchased insurance program for the period January 1, 2014 to January 1, 2015 provides coverage for third party public liability claims up to a maximum of \$35,000,000 per occurrence (subject to a \$150,000 per occurrence deductible, with the exception of multiple third party sewer back-up claims arising from a single occurrence which are each subject to a \$150,000 deductible) and provides coverage for Halton Region properties on a blanket limit of \$1,433,396,600 replacement cost basis (subject to a \$100,000 per claim deductible). Halton Region is self-insured for certain uninsured claims such as environmental liability, and councillor and employee legal indemnification claims, which are expensed within current operating budgets and flowed through the Self-Insurance Reserve Fund at year-end, as are all Halton Region's insurance claims deductibles.

Payments within the prescribed deductible for public liability claims made against Halton Region during 2014 amounted to \$595,467 (2013 – \$573,444), and have been reported as an expense on the Consolidated Statement of Operations at December 31, 2014. There were no Property claims incurred during the year by Halton Region. Payments within the prescribed deductible for HCHC Property claims during 2014 amounted to \$nil (2013- \$nil); there was no liability claims expense incurred during the year by HCHC. At December 31, 2014 HCHC had 9 outstanding Property claims with a total estimated insurance recovery of \$59,935. There were no liability claims against HCHC outstanding as at December 31, 2014. Halton Region's outstanding claims and litigation are estimated to be \$1,234,300 which includes the areas of Municipal Liability, Automobile and Property. These estimated outstanding claims have not been accrued in the Financial Statements because the outcome of these claims is not known and the loss will be accounted for in the period in which the loss, if any, becomes known with certainty. Halton Region's Self-Insurance Reserve fund, as at December 31, 2014 totalled \$4,280,320 (2013 - \$3,965,115) and is reported in Note 13 as part of the Self-Insurance – General Reserve Fund.

## 21. SEVERE WEATHER EVENTS

Halton Region experienced two severe weather events in 2014, which significantly increased the demand for Regional Services beyond what had been forecasted.

The ice storm struck Halton on December 22, 2013 and the extensive cleanup effort required an additional \$ 2.9 M in expenses which were incurred in 2014. The Region has applied for assistance from the Government of Ontario Disaster Relief Program.

The Burlington flood occurred on August 4, 2014 when the city received over two months' worth of rain in just a few hours. In addition to the community clean-up, Halton's response included two grant programs: one to assist residents with the cost of damaged property and the other to support installation of preventative measures.

	(Dollars in Thousands)		
	Ice Storm	Flood	Total
<b>Revenue</b>			
Ontario Disaster Relief	\$2,848	\$-	<b>\$2,848</b>
<b>Expenses</b>			
Grant for Property Damage	-	2,178	<b>2,178</b>
Grant for Preventative Measures	-	247	<b>247</b>
Clean Up Costs	2,892	1,347	<b>4,239</b>
<b>Total Expenses</b>	<b>2,892</b>	<b>3,772</b>	<b>6,664</b>
<b>Halton Contribution</b>	<b>\$44</b>	<b>\$3,772</b>	<b>\$3,816</b>

## 22. COMPARATIVE FIGURES

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



# Statistical Data

For the year ended December 31, 2014



320	1 000 000	800	
575		16 500	
547		2 724	
392		25 116	
514		571	
185		158	
5 531		6 449	
..	..		
..	..		
..	..		
70 888		247 986	
..	..		
8 693		9 143	
4 478		4 705	
36		25	
		027	
		792	
		310	737
		46	8 254
		26	431
		3	43
		3	122
		3	1 855
			247 532
			192
			1 293 280

## Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2014	2013	2012	2011	2010
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>					
Financial assets	\$1,993,189	\$1,867,050	\$1,832,659	\$1,714,881	\$1,495,058
Non-financial assets	3,963,715	3,801,247	3,668,195	3,330,164	3,142,140
<b>Assets</b>	<b>5,956,904</b>	<b>5,668,297</b>	<b>5,500,854</b>	<b>5,045,045</b>	<b>4,637,198</b>
Accounts payable and accrued liabilities	207,538	174,132	185,097	173,281	142,635
Gross long term liabilities	400,945	389,920	413,008	330,516	322,103
Sinking fund debentures	106,000	106,000	106,000	106,000	7,140
Deferred revenue	328,080	344,401	358,340	356,220	345,871
Landfill closure and post closure liabilities	9,247	10,459	12,875	13,480	13,249
Employee benefits payable	63,367	61,203	55,762	48,130	43,150
<b>Total Liabilities</b>	<b>1,115,177</b>	<b>1,086,115</b>	<b>1,131,082</b>	<b>1,027,627</b>	<b>874,148</b>
<b>Accumulated Surplus</b>	<b>\$4,841,727</b>	<b>\$4,582,182</b>	<b>\$4,369,772</b>	<b>\$4,017,418</b>	<b>\$3,763,050</b>
<b>CONSOLIDATED OPERATIONS</b>					
<b>Sources of Revenue</b>					
Property taxes - general purpose	\$340,760	\$333,989	\$311,478	\$305,020	\$298,130
- solid waste	23,867	23,626	37,449	35,109	34,973
Government transfers - Ontario	162,598	167,345	160,063	169,161	169,854
- Canada	667	711	1,052	912	1,028
User charges	199,683	189,545	196,345	182,756	177,871
Investment income	65,580	68,371	71,871	65,167	54,750
Development charges and developer contributions	138,072	95,432	119,192	133,073	112,559
Federal gas tax	18,815	12,757	16,057	14,352	11,096
Other revenue	13,705	13,356	12,969	1,334	3,953
<b>Total Revenue</b>	<b>963,747</b>	<b>905,132</b>	<b>926,476</b>	<b>906,884</b>	<b>864,214</b>
<b>Expenses by Function</b>					
General government	28,556	31,674	28,776	31,239	24,164
Social services	141,310	139,783	138,957	145,046	147,908
Social housing	48,455	47,233	50,423	47,616	50,478
Water and wastewater services	170,047	172,339	150,693	159,470	130,313
Solid waste services	37,430	36,679	35,055	34,317	33,336
Protection to persons and property	155,253	147,508	138,391	126,668	122,723
Health services	65,798	64,158	60,251	55,520	52,468
Transportation services	44,097	40,647	51,299	41,911	61,500
Planning and development	10,571	9,923	7,375	7,961	7,817
Recreation and cultural services	2,685	2,778	2,309	2,768	2,368
<b>Total Expenses by Function</b>	<b>704,202</b>	<b>692,722</b>	<b>663,529</b>	<b>652,516</b>	<b>633,075</b>
<b>Net Revenues</b>	<b>259,545</b>	<b>212,410</b>	<b>262,947</b>	<b>254,368</b>	<b>231,139</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>4,582,182</b>	<b>4,369,772</b>	<b>4,017,418</b>	<b>3,763,050</b>	<b>3,531,911</b>
<b>HCHC Accumulated Surplus, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>89,407</b>	<b>-</b>	<b>-</b>
<b>Accumulated Surplus, End of Year</b>	<b>\$4,841,727</b>	<b>\$4,582,182</b>	<b>\$4,369,772</b>	<b>\$4,017,418</b>	<b>\$3,763,050</b>

Note: Due to legislative changes governing the provision of social housing services in Ontario, Halton Community Housing Corporation (HCHC) is controlled by Halton for reporting purposes under the Canadian Public Sector Accounting Standards. This change was applied as of January 1, 2012 which is the date HCHC is eligible for inclusion in Halton's consolidated financial statements. Accordingly, the 2010-2011 comparative amounts do not include the financial results of HCHC.

## Five-Year Financial Statistics (unaudited)

	(Dollars in Thousands)				
	2014	2013	2012	2011	2010
<b>ANALYSIS OF EXPENSE BY OBJECT</b>					
Salaries, wages and employee benefits	\$302,259	\$296,111	\$292,029	\$273,531	\$265,625
Materials	53,701	55,802	53,583	45,395	29,310
Contracted services	150,253	148,518	100,400	132,406	116,519
Financial expenses	14,301	13,644	19,720	6,019	30,067
Government transfers	72,884	68,576	71,736	105,977	114,356
Debt services	11,960	12,469	13,192	8,050	7,909
Allowance for taxes written off	3,329	5,362	4,304	6,297	5,575
Amortization	95,515	92,240	108,565	74,841	64,784
<b>Total Expense</b>	<b>\$704,202</b>	<b>\$692,722</b>	<b>\$663,529</b>	<b>\$652,516</b>	<b>\$634,145</b>
<b>Consolidated Statement of Change in Net Financial Assets</b>					
Net revenues	\$259,545	\$212,410	\$262,947	\$254,368	\$231,139
Acquisition of tangible capital assets	(263,709)	(231,559)	(304,051)	(266,346)	(235,031)
Amortization of tangible capital assets	95,515	92,240	108,565	74,841	64,784
Loss on disposal of tangible capital assets	6,047	5,804	11,553	745	24,317
Proceeds on disposal of tangible capital assets	458	409	481	3,113	1,582
Change in inventories and prepaid expenses	(779)	54	(215)	(377)	85
<b>Change in net financial assets</b>	<b>97,077</b>	<b>79,358</b>	<b>79,280</b>	<b>66,344</b>	<b>86,876</b>
<b>Halton Net Financial Assets, Beginning of Year</b>	<b>780,935</b>	<b>701,577</b>	<b>687,254</b>	<b>620,910</b>	<b>534,034</b>
<b>HCHC Net Debt, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>(64,957)</b>	<b>-</b>	<b>-</b>
<b>Net Financial Assets, End of Year</b>	<b>\$878,012</b>	<b>\$780,935</b>	<b>\$701,577</b>	<b>\$687,254</b>	<b>\$620,910</b>
<b>NET LONG-TERM LIABILITIES</b>					
Total long-term liabilities	\$506,945	\$495,920	\$519,008	\$436,516	\$329,243
Recoverable debt (overlapping):					
Local Municipalities and School Boards	(183,862)	(183,075)	(185,689)	(179,694)	(153,405)
<b>Net long-term liabilities</b>	<b>323,083</b>	<b>312,845</b>	<b>333,319</b>	<b>256,822</b>	<b>175,838</b>
Recovered from:					
Tax levy	9,616	12,550	15,364	19,343	25,460
Rate supported	133,124	109,266	116,388	99,285	113,698
Development charges	127,224	134,995	142,735	138,194	36,680
HCHC	53,119	56,034	58,832	-	-
	323,083	312,845	333,319	256,822	175,838
<b>Annual Repayment Limit*</b>	<b>\$107,967</b>	<b>\$102,047</b>	<b>\$96,890</b>	<b>\$92,322</b>	<b>\$81,926</b>
<b>RESERVES AND RESERVE FUNDS</b>					
Reserves	\$698,282	\$613,775	\$573,951	\$446,037	\$368,668
Reserve funds	103,932	94,314	81,775	67,460	55,241
<b>Closing Reserve Balance</b>	<b>\$802,214</b>	<b>\$708,089</b>	<b>\$655,726</b>	<b>\$513,497</b>	<b>\$423,909</b>

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

## Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2014	2013	2012	2011	2010
<b>EXPENDITURE ANALYSIS</b>					
Consolidated expenditure per capita	\$1,326	\$1,336	\$1,312	\$1,323	\$1,289
Net debt per capita	\$609	\$604	\$659	\$521	\$357
Net debt per household	\$1,661	\$1,654	\$1,815	\$1,441	\$998
Debt charges as a % of consolidated expenditure	4.5%	4.3%	5.0%	5.2%	5.0%
<b>REVENUE ANALYSIS</b>					
Property taxes and user charges as a % of consolidated revenue	74.3%	72.5%	73.1%	72.5%	72.6%
Total grants as a % of consolidated revenue	18.9%	20.0%	19.1%	20.3%	21.0%
Debt charges as a % of consolidated non-grant revenue	4.1%	4.1%	4.4%	4.7%	4.6%
<b>STATISTICS</b>					
Population (a)	530,924	518,311	505,678	493,045	492,100
Households (a)	194,569	189,124	183,678	178,232	176,222
Average unemployment rate (b)					
Toronto CMA	8.0%	8.1%	8.6%	8.3%	9.2%
Hamilton CMA	5.8%	6.4%	6.6%	6.4%	7.8%
Area in hectares (a)	96,925	96,925	96,925	96,925	96,925
Continuous full-time employees (actual as of December 31st)					
Police (including civilians)	1,008	1,003	979	958	929
Other full-time	1,819	1,785	1,768	1,691	1,663
<b>TYPICAL RESIDENT'S ANNUAL REGIONAL PROPERTY TAXES AND USER CHARGES</b>					
Property taxes - general purpose*	\$328	\$344	\$359	\$372	\$388
Water	\$398	382	364	362	342
Wastewater	\$452	433	414	390	381
*per \$100,000 Current Value Assessments (CVA)					
Annual water consumption for a residential home of 274m <sup>3</sup>					
<b>Taxable Assessment</b>					
Residential & farm	\$ 84,999,476	\$ 79,688,134	\$ 74,331,506	\$ 69,577,604	\$ 64,472,931
Commercial & industrial (C/I)	\$ 23,634,706	\$ 22,052,093	\$ 21,287,632	\$ 19,926,725	\$ 18,246,699
	<b>\$ 108,634,181</b>	<b>\$ 101,740,227</b>	<b>\$ 95,619,138</b>	<b>\$ 89,504,329</b>	<b>\$ 82,719,630</b>
Annual Assessment Growth Rate	6.8%	6.4%	6.8%	8.2%	8.9%
Ratio of C/I to Total Taxable Assessment	21.8%	21.7%	22.3%	22.3%	22.1%
<b>Permits Issued</b>					
Residential	3,271	2,445	4,468	3,702	3,627
Non-Residential	179	170	245	178	152

Source:

(a) June 2011 Best Planning Estimates

(b) Statistics Canada Table 282-0129

Note: Due to legislative changes governing the provision of social housing services in Ontario, Halton Community Housing Corporation (HCHC) is controlled by Halton for reporting purposes under the Canadian Public Sector Accounting Standards. This change was applied as of January 1, 2012 which is the date HCHC is eligible for inclusion in Halton's consolidated financial statements. Accordingly, the 2010-2011 comparative amounts do not include the financial results of HCHC.

# Local Economy

## Top 10 Private Sector Employers in Halton in 2014

Ford - Oakville Assembly Complex	Oakville
Fearmans Pork Inc.	Burlington
Karmax Heavy Stamping	Milton
Gordon Food Service	Milton
Siemens Canada Ltd.	Oakville
UTC Aerospace Systems	Oakville
Sobeys	Milton
Mattamy Homes Ltd.	Oakville
L-3 Communications Wescam Inc.	Burlington
PWC	Oakville

## Principal Corporate Taxpayers in 2014

Canapen (Halton) Limited	Burlington
Calloway Reit -Simon Property Group (T.P.O. Mall)	Halton Hills, Oakville
RK (Burlington Mall) Inc.	Burlington
Ford Motor Company of Canada Limited	Oakville
Riocan Holdings (Oakville Place) Inc.	Oakville
2121049 Ontario Limited	Oakville
Riocan Holdings Inc.	Burlington, Halton Hills
Silgold Developments Inc.	Oakville
Sun Life Assurance Of Canada	Halton Hills, Oakville
857529 Ontario Inc.	Milton



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