

MANAGEMENT DISCUSSION & ANALYSIS

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

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

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

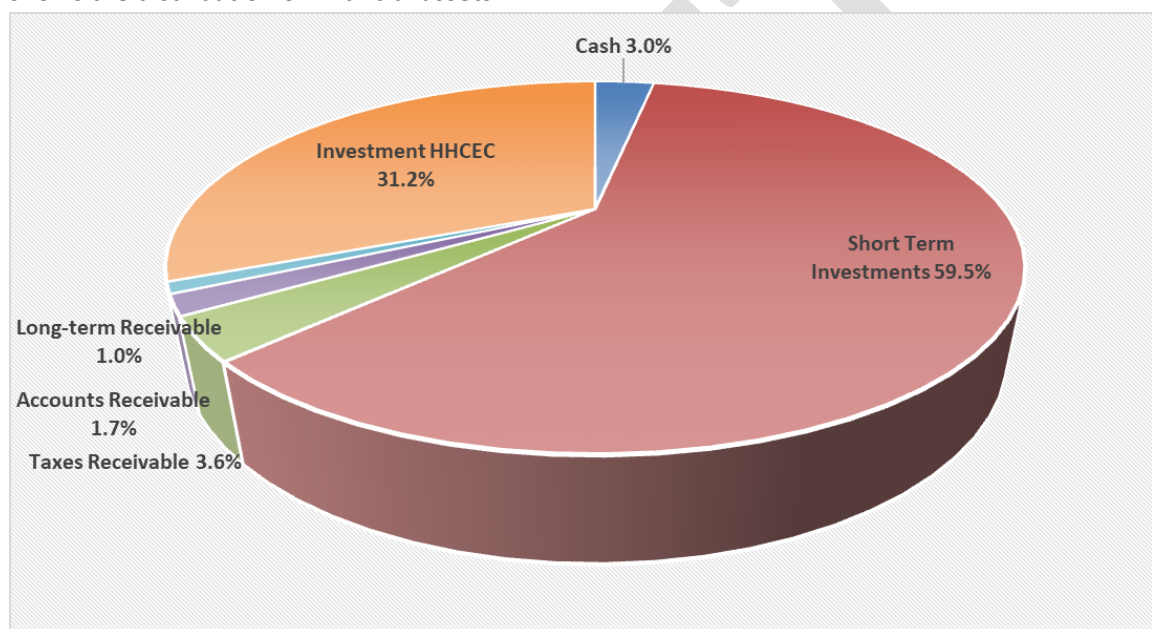
The Town also manages a number of trust funds which are not consolidated within the Town's own financial statements. These funds are reported and audited separately and are attached within this report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

Financial Assets

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



Cash & Short Term Investments

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

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

Return on Investment

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

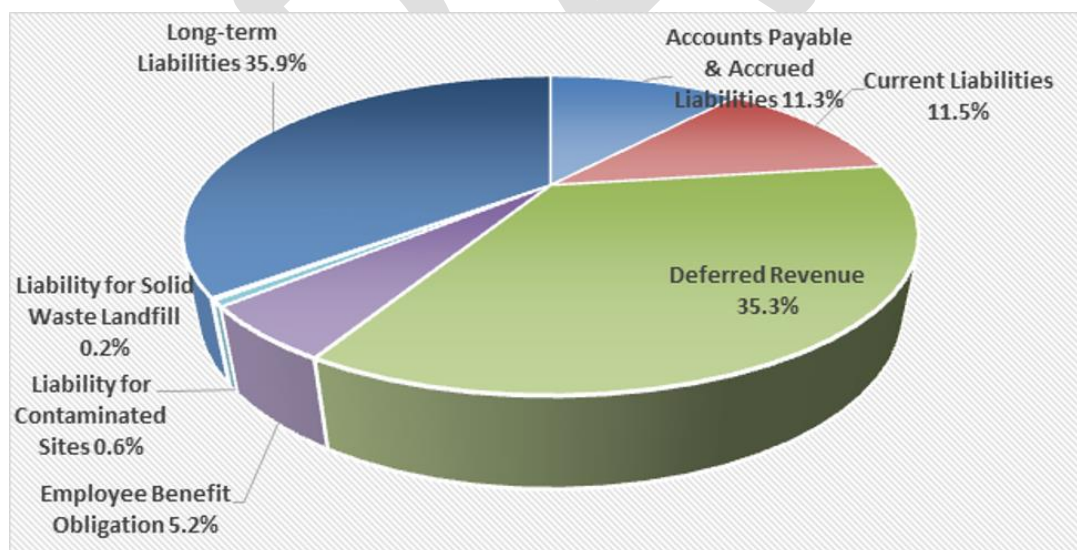
Investment in Halton Hills Community Energy Corporation

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

Liabilities

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

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



Long term Liabilities

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

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

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

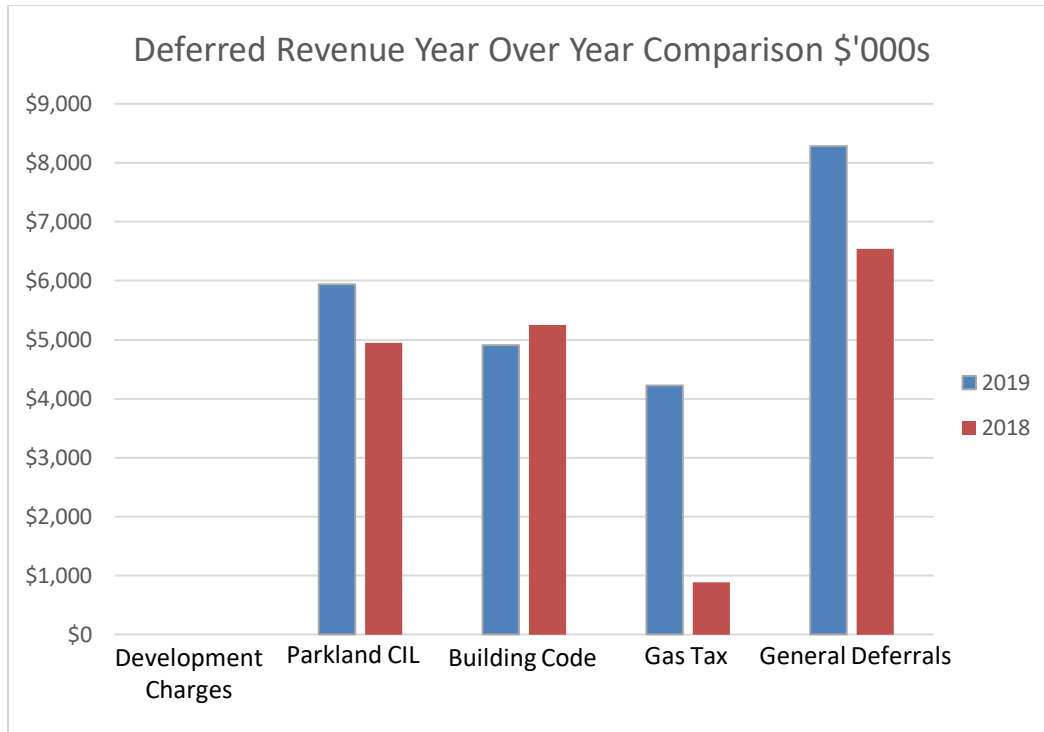
| Flexibility Indicator #5 | Range | Actuals | | | | | | | |
|--|--|---------|--------------------|------|--------------------|------|--------------------|------|--------------------|
| | | 2019 | Level of Challenge | 2018 | Level of Challenge | 2017 | Level of Challenge | 2016 | Level of Challenge |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

Deferred Revenue

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

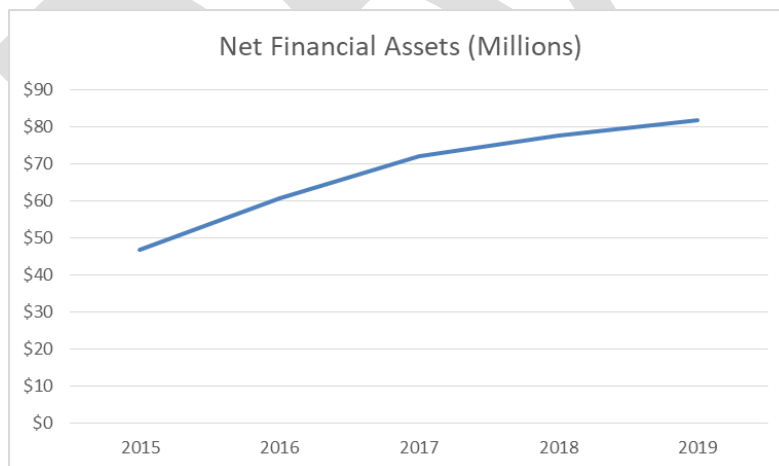
Development charges (DCs) form a part of the deferred revenue balance and lower collections of these charges combined with continued recognition of revenues for capital requirements created a net deficit position for development charges. The Town has taken the approach to continue DC eligible capital and non-capital projects by interim funding growth-related costs from healthy reserves until development charges can be recovered.

For the none DC related deferred revenue amounts, \$3.3M is related to a restatement of Trust Funds to Obligatory Reserve Funds as part of a 2018 financial statement adjustment. Deferred Federal gas tax revenue increased by \$3.3M in 2019 as a result of a one-time top up payment received from the Federal government and fewer gas tax eligible expenses in 2019. The deferred revenue category also contains unrecognized revenues related to a \$1M increase in cash in lieu of parkland, and \$1.4M in Connecting Links Program funding. Building permits, general deferrals such as restricted government grants, development applications and development agreements, all have levels that remained consistent with those of the prior year. The following graph shows the year over year comparison of the change in composition of deferred revenue on the Statement of Financial Position.



Net Financial Assets

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

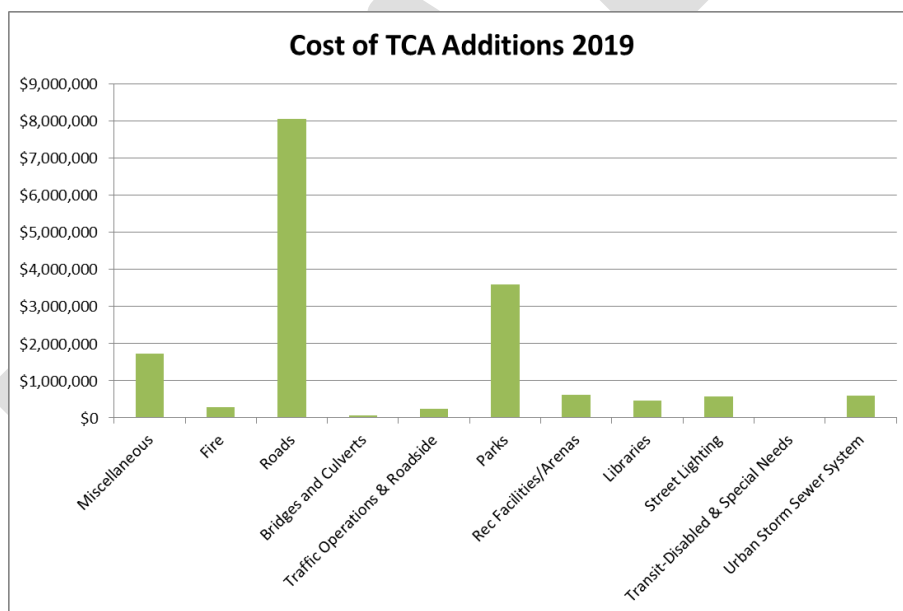


Non-Financial Assets

Non-financial assets primarily consist of net tangible capital assets. Tangible capital assets or TCAs represent a significant value and are a key component in the delivery of many programs. Tangible

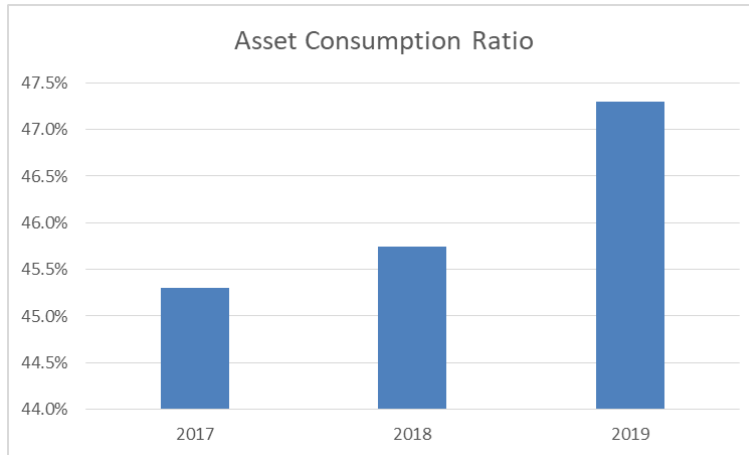
capital assets include items such as roads, bridges, buildings, vehicles, land, storm water systems and computer hardware. Net tangible assets represent the cost of these assets less the accumulated amortization. (Amortization is the term used to describe the annual allocation of a portion of the TCA's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

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



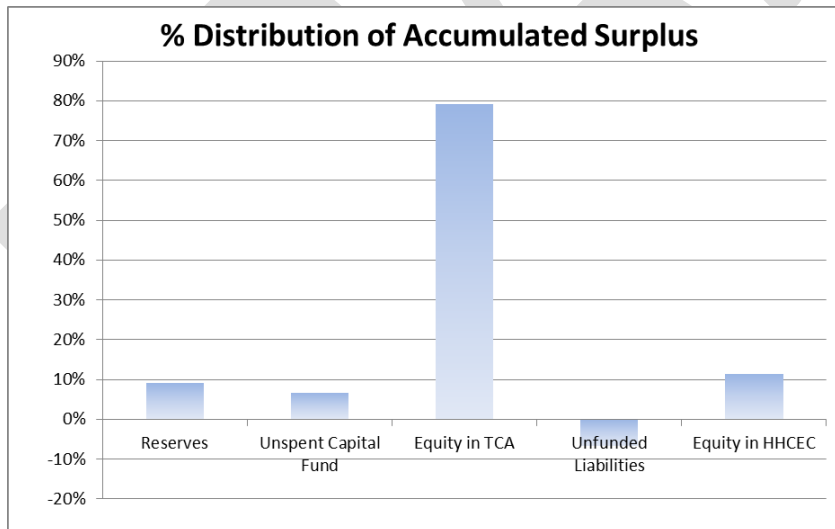
Investment in capital assets can be measured through a ratio; the asset consumption ratio calculates the closing amortization balance as a percentage of the total historical cost of capital assets. In essence, it highlights the aging of infrastructure and the potential need for replacement. Using the asset consumption ratio, there was an increase in 2019 relative to previous years. This is attributable to a combination of factors: a reduction in the number of large construction projects; partially offset by a \$4.0M modest addition of new assets (roads, sidewalks, streetlights, storm sewers) assumed from

developers; and an increase in the number of work-in-progress assets. The following graph depicts the asset consumption ratio which shows an increasing trend over the last 3 years:



Accumulated Surplus

The accumulated surplus includes the Town's reserves of \$54.7M and unspent capital project funds of \$26.8M offset by Development Charge Loans of \$19.1M. However, the majority of the accumulated surplus represents the value of non-financial assets such as the equity in tangible capital assets and the Town's investment in Halton Hills Community Energy Corporation. The following chart illustrates the components of the accumulated surplus on a percentage basis:



CONSOLIDATED STATEMENT OF OPERATIONS

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

Budget

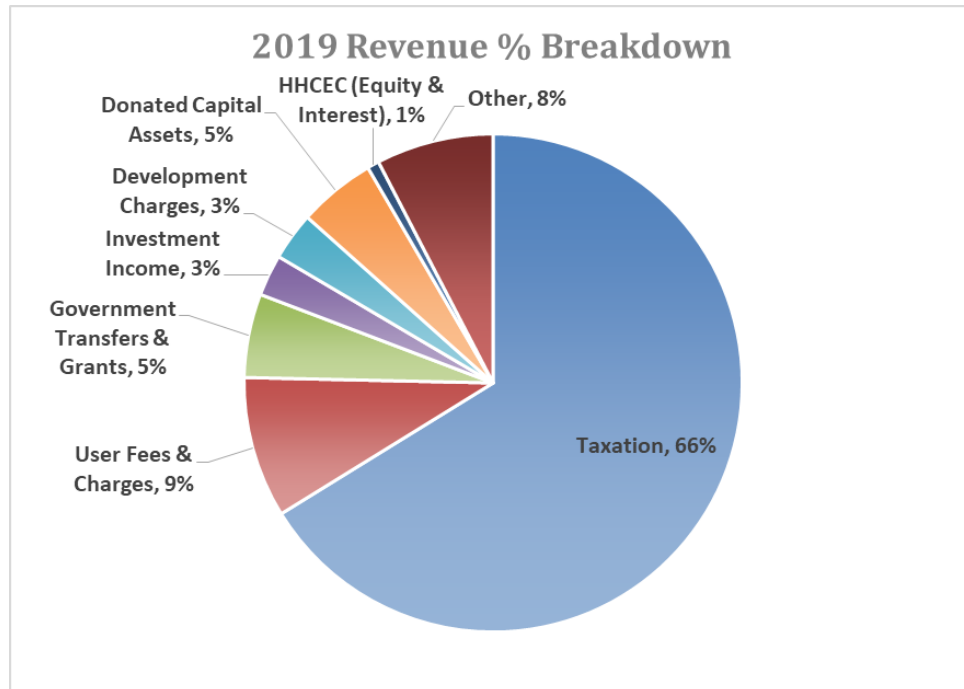
The Town compiles its annual operating and capital budgets in accordance with the Municipal Act. For the purposes of Financial Statement preparation in accordance with the Public Sector Accounting Board (PSAB) requirements, there are differences between the reported numbers. In order to ensure comparability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

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

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

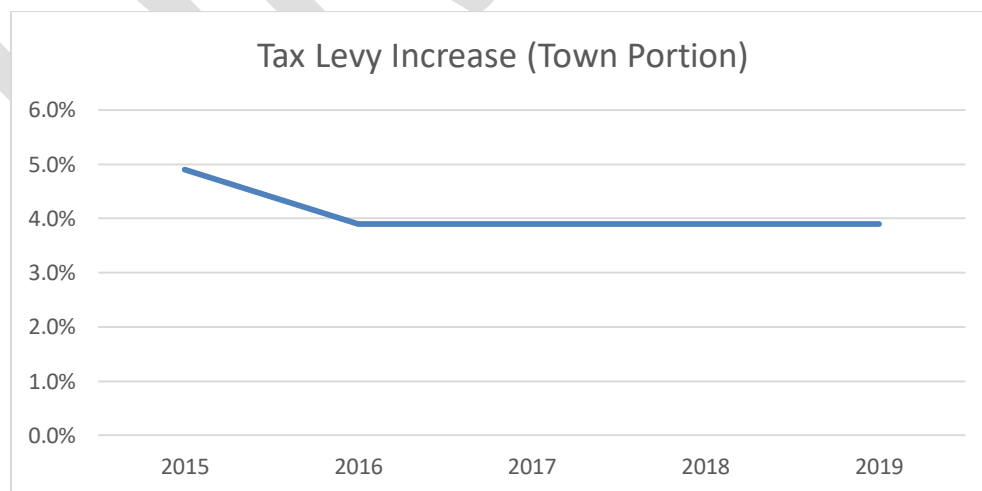
Revenues

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



Taxation

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



User Fees & Charges

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

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

Development Charges

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

Government Transfers and Grants

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

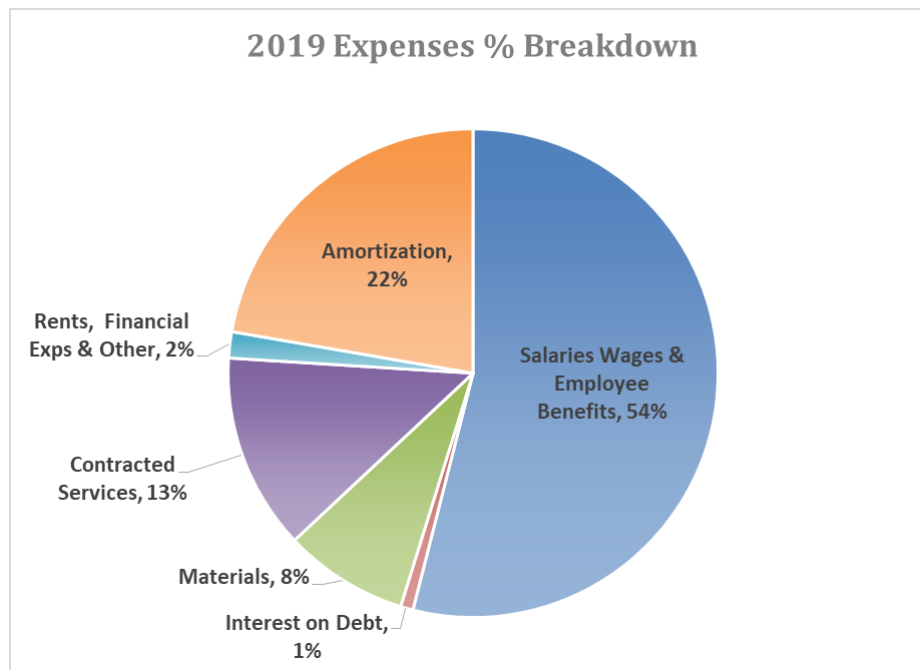
Donated Capital Assets

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

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

Expenses

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



Salaries, Wages & Employee Benefits

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

Amortization

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

Contracted Services

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

Materials

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

ANNUAL SURPLUS

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

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

The Consolidated Statement of Change in net financial assets outlines the difference between the reported annual surplus and the change in net financial assets. This statement demonstrates how the Town has increased its net financial assets through changes in tangible capital assets, including lower investments and the reduction of debt outstanding.

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CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

PLANNING DOCUMENTS

Long Range Financial Plan

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

The LRFP is based on the following key principles:

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

Asset Management Plan

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

The Town aligns asset management with other key corporate initiatives including the long range financial plan, storm water management, fleet management, urban tree management strategy, the climate change adaptation plan and the corporate technology strategic plan. Ultimately, the culminating effect of this alignment is reflected in the annual capital and operating budgets where carefully planned funding ensures ongoing commitment to optimize asset lifecycles.

CONCLUSION

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

Moya Leighton CPA, CGA, MBA

Town Treasurer and Director of Accounting

July 6, 2020

2020 and Beyond

The Town of Halton Hills prides itself in maintaining a small-town feel while offering residents the amenities of big city living. The slogan 'Small Town Living at its Best' is reflective of the Town's exceptionally high quality of life. Maintaining balance while attracting businesses becomes particularly important as the Town prepares to meet provincial growth targets.

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

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

FINANCIAL MANAGEMENT

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

Capital Budget

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

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

Operating Budget

The creation of the annual operating budget also follows a highly structured process. Starting with a detailed needs assessment, senior management reviews existing programs and service levels along with requests for new initiatives to determine if additional resources will be required, or if there is the opportunity to reallocate resources to achieve efficiencies. Research is conducted and projections are made to determine appropriate inflationary increases for operating expenditures. Senior management holds a series of thorough discussions to review revenues and expenditures for potential savings, opportunities for economies of scale and/or adjustments to services and programs. The proposed tax rate increase is reviewed for consistency with prior tax years, comparability with neighbouring municipalities and affordability for the average taxpayer. The preliminary operating budget is presented to Council early on in order to secure direction for staff when preparing the budget details. The final proposed budget is discussed again with members of Council through ward-specific review meetings prior to the final presentation to budget committee and is subject to public delegations.

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

Treasury Team

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

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

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

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

MANAGEMENT REPORT

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

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

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

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

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

Moya Leighton CPA, CGA, MBA

Town Treasurer and Director of Accounting

July 6, 2020