

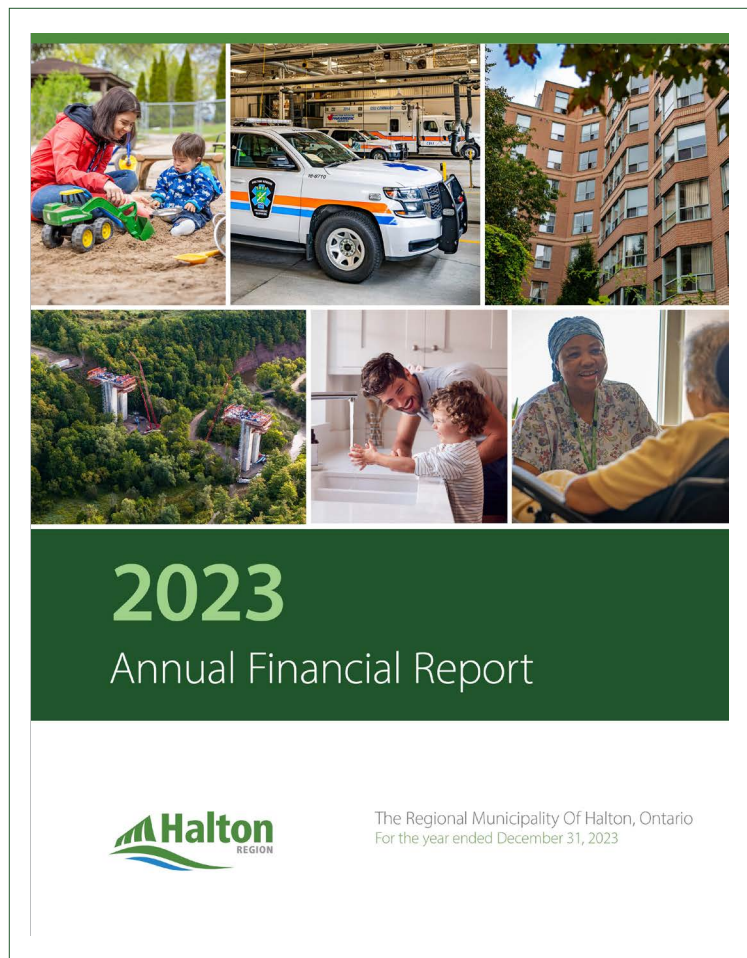
2023

Annual Financial Report



The Regional Municipality Of Halton, Ontario
For the year ended December 31, 2023

On the cover



Pictured on the cover, from left to right, beginning with the top row:

- Support for early learning at one of Halton Region's [child care centres](#).
- Halton Region [Paramedic Services](#) provides advanced and basic pre-hospital emergency care to residents.
- Halton Region provides [assisted and affordable housing](#) to residents in the community.
- Construction of a new bridge as part of the [William Halton Parkway Extension Project](#).
- [Water quality](#) is tested in Halton Region's water treatment plants, making it safe for residents.
- Providing care services to a resident at one of Halton's Regionally owned and operated [long-term care homes](#).

2023 Annual Financial Report

For the year ended December 31, 2023

The Regional Municipality of Halton, Ontario

The report was prepared by:

Halton Region Finance Department

in co-operation with all Regional departments



Message from Halton Regional Chair Gary Carr

On behalf of Regional Council, I am pleased to share Halton's 2023 Annual Financial Report.

This past year, Regional Council approved the 2023-2026 Strategic Business Plan which will guide our work over the next four years. In the 2023 Annual Financial Report, you can learn about our investments and progress towards achieving our goals in Community Well-Being, Infrastructure and Growth, Climate Change and the Environment, and Excellence in Government.

Halton is one of the fastest growing communities in Canada. Preserving our strong financial position is essential to providing programs, services and infrastructure today and in the future. We have proudly upheld our top credit ratings from S&P Global Ratings (AAA) since 2002 and Moody's Investors Services (Aaa) since 1989. These credit ratings provide the Region with access to the best possible financing rates and allow public funds to go further when financing major infrastructure projects. This includes our significant investments to support growth outlined in our 2024 Budget and Business Plan:

- **Water and wastewater infrastructure:** \$4.1 billion to support services for new developments and ensure a state-of-good-repair and maintenance for facilities.
- **Transportation infrastructure:** \$4 billion to support development and maintenance of Regional transportation infrastructure, including road widening, grade separations, road resurfacing, road studies, bridges and culvert projects.
- **Housing infrastructure:** \$101.2 million to deliver assisted and affordable housing projects.

The 2023 Annual Financial Report demonstrates how our prudent financial planning keeps the Region well-positioned to support our growing community. By making strategic investments in our region today, we keep Halton a great place to live, work, raise a family and retire for years to come.

To learn more about Regional finances and the 2024 budget, visit the [Finance and Transparency](#) page on [halton.ca](#).

Sincerely,

Gary Carr
Halton Regional Chair

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Go to [halton.ca](https://www.halton.ca)

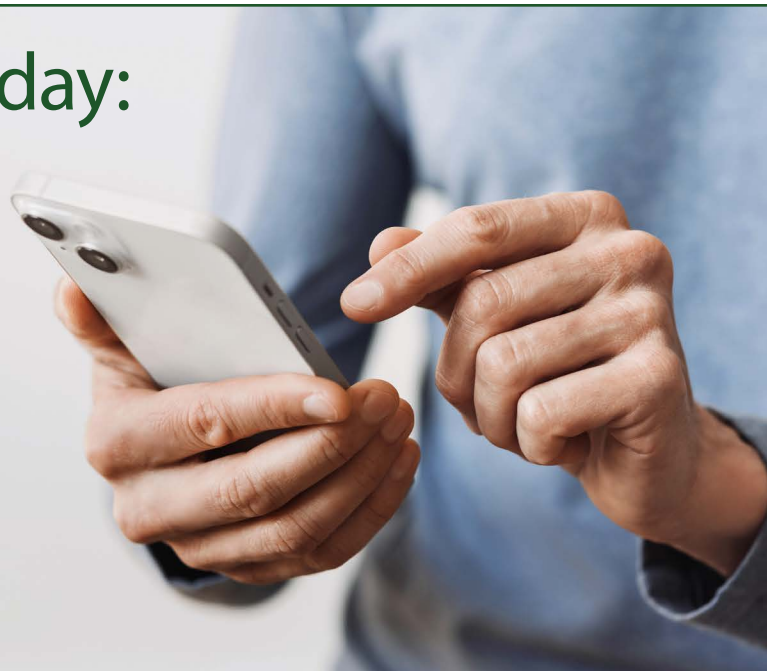


Sign up for Halton notices and advisories



Visit us at the Halton Regional Centre
1151 Bronte Road, Oakville or a Regional facility*

* Appointment may be required. Please email or call ahead.



Halton Regional Council 2023–2026



Regional Chair
Gary Carr
gary.carr@halton.ca

City of Burlington



Mayor
Marianne Meed Ward
marianne.meedward@burlington.ca



Ward 1
Kelvin Galbraith
kelvin.galbraith@burlington.ca



Ward 2
Lisa Kearns
lisa.kearns@burlington.ca



Ward 3
Rory Nisan
rory.nisan@burlington.ca



Ward 4
Shawna Stolte
shawna.stolte@burlington.ca



Ward 5
Paul Sharman
paul.sharman@burlington.ca



Ward 6
Angelo Bentivegna
angelo.bentivegna@burlington.ca

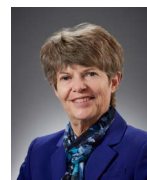
Town of Halton Hills



Mayor
Ann Lawlor
ann.lawlor@haltonhills.ca



Wards 1 and 2
Clark Somerville
clark.somerville@haltonhills.ca



Wards 3 and 4
Jane Fogal
jane.fogal@haltonhills.ca

Town of Milton



Mayor
Gordon Krantz
gordon.krantz@milton.ca



Ward 1
Colin Best
colin.best@milton.ca



Ward 2
Rick Malboeuf
rick.malboeuf@milton.ca



Ward 3
Sammy Ijaz
sammy.ijaz@milton.ca



Ward 4
Sameera Ali
sameera.ali@milton.ca

Town of Oakville



Mayor
Rob Burton
rob.burton@oakville.ca



Ward 1
Sean O'Meara
sean.omeara@oakville.ca



Ward 2
Cathy Duddeck
cathy.duddeck@oakville.ca



Ward 3
Janet Haslett-Theall
janet.haslett-theall@oakville.ca



Ward 4
Allan Elgar
allan.elgar@oakville.ca



Ward 5
Jeff Knoll
jeff.knoll@oakville.ca



Ward 6
Tom Adams
tom.adams@oakville.ca



Ward 7
Nav Nanda
nav.nanda@oakville.ca

Halton Regional Council is the decision-making body for Halton Region. The Halton Regional Chair is the head of Regional Council, which is made up of 24 elected representatives, including the Mayors of each Local Municipality.

Council agendas, meeting schedules, documents and streaming video are available online at [halton.ca](https://www.halton.ca).

Welcome to Halton

Known for its scenic parks and nature trails, strong economy and high quality of life, Halton is a great place to live, work, raise a family and retire.

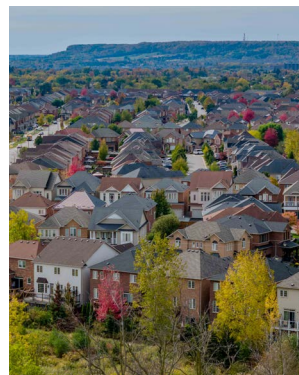
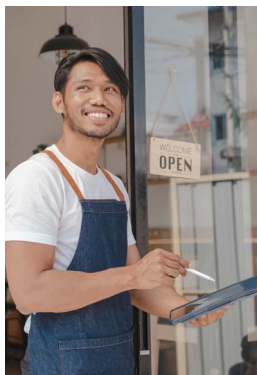
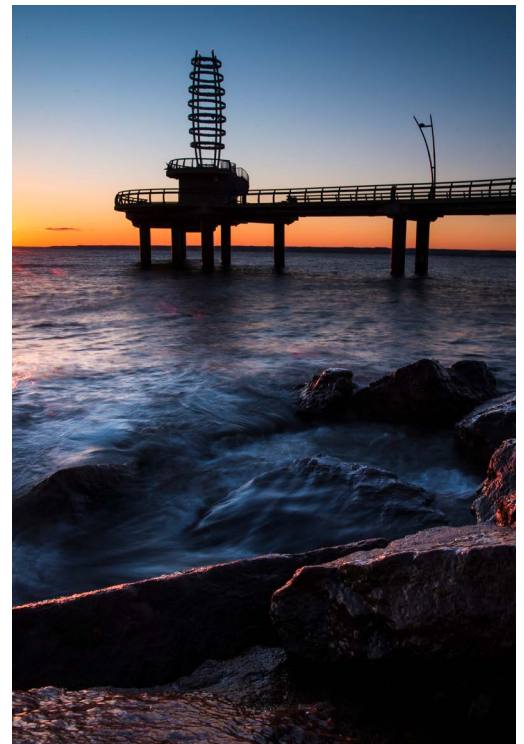
Halton is made up of four municipalities: the City of Burlington and the Towns of Halton Hills, Milton and Oakville. Home to over 650,000 people and more than 13,800 businesses, the region is one of the safest and most desirable places to live in Canada. Halton offers the charm of small-town life, bustling downtown areas, scenic lakeside views and vibrant farms and markets.

Halton is an ideal place to work and do business. As one of the fastest growing communities in Canada, Halton is expected to grow to 1.1 million people and 500,000 jobs by 2051. The region attracts new development and business each year, thanks to easy access to major markets and a highly educated workforce.

There is lots to enjoy and explore in Halton. Outdoor enthusiasts can go to one of the many conservation areas, parks or beaches. Those interested in culture can visit museums and art galleries. In small businesses, you can find specialty gifts, crafts and handmade goods from local artisans.

Halton Region supports people and businesses with essential services, from clean drinking water to resilient infrastructure and public health programs, financial assistance and family supports. The community can rely on the Region to deliver these services 24 hours a day, seven days a week.

Welcome to Halton!



Economic Statistics

650,014

2023 Population¹

\$158B

Total Assessment²

13,810

Number of Employers³

243,500

Total Jobs in Halton³

5.3%

Halton Unemployment Rate⁴

78%

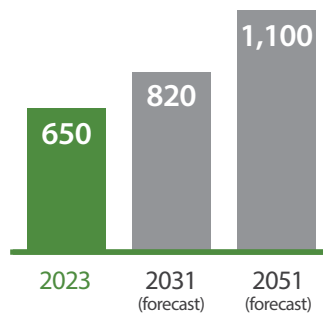
Post-Secondary Attainment⁵

\$3B

Total Construction Value⁶

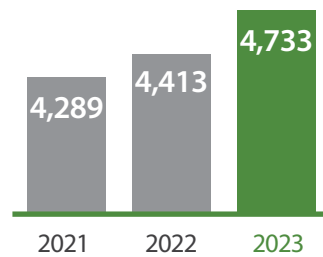
- 1 Halton Region Best Planning Estimates, June 2011 (forecasted)
- 2 Ontario Ministry of Municipal Affairs, Financial Information Returns, 2023 total current value assessment
- 3 Halton Region Employment Survey, 2023
- 4 Statistics Canada Labour Force Survey, 2023 and Halton Region Economic Review, 2023
- 5 Statistics Canada Census, 2021
- 6 Statistics Canada, Building Permits Survey, 2023 and Halton Region Economic Review, 2023 (2023 building permit estimates revised by Statistics Canada in May 2024)
- 7 Provincial Places to Grow Act, Proposed Growth Plan for the Greater Golden Horseshoe (2019)
- 8 Local Municipal Building Departments
- 9 Conference Board of Canada, 2023

Population Growth⁷ (thousands)



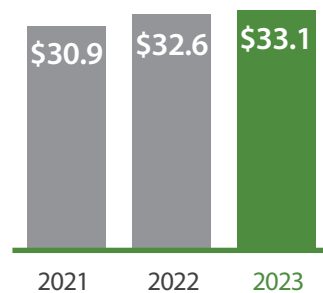
Halton is one of the fastest growing communities in Ontario. To meet requirements of the Provincial *Places to Grow Act, Growth Plan for the Greater Golden Horseshoe (2019)*, Halton is expected to grow to 1.1 million people by 2051.⁷

Residential Building Permits Issued⁸



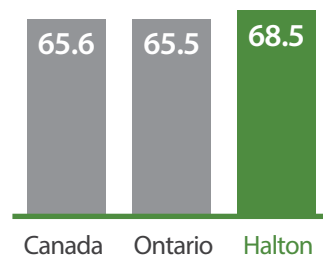
Development across Halton continued at a strong pace in 2023, with total construction value approved for development reaching nearly \$3 billion. This represents the second-highest total building permit value ever recorded in Halton and exceeds the annual average total building permit value of \$2.2 billion over the past decade.⁶

Gross Domestic Product⁹ (billions)



Halton Region's gross domestic product (GDP) reached \$33.1 billion in 2023. GDP is forecasted to exceed \$36.8 billion in Halton by 2027.⁹

Participation Rate⁴ (per cent)



In 2023, the labour force participation rate in Halton averaged 68.5 per cent, higher than the averages provincially and nationally.⁴

Halton Region Strategic Business Plan

The 2023-2026 Strategic Business Plan sets the strategic direction and priorities for Council's four-year term of office and our region's future. Halton's strategic planning process ensures a strong alignment between Council priorities, corporate and departmental business planning and processes, and the Region's Budget and Business Plan.

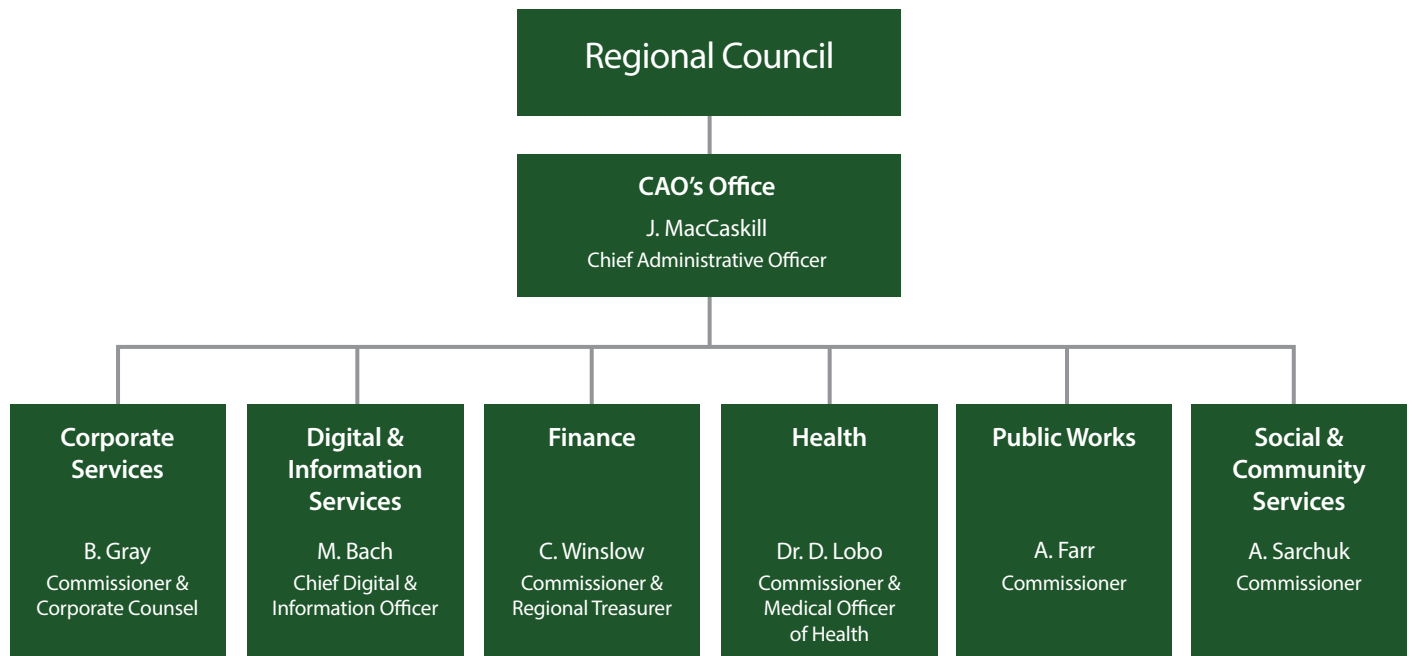
To support the development of the Plan, residents, businesses and community partners as well as Indigenous People, Communities and First Nations were engaged in a public consultation process. Input received helped to inform the Plan and ensure it reflects what matters most to the community.

The **2023-2026 Strategic Business Plan** identifies 17 goals, which are organized into four key themes. The Plan includes the actions that need to be undertaken to achieve these goals and their respective measures.

The four strategic themes outlined in the 2023-2026 Strategic Business Plan are:

 Community Well Being	Focuses on collaborating with partners to deliver the programs, services and supports that the community needs to be safe and healthy.
 Infrastructure and Growth	Focuses on ensuring that the necessary infrastructure and services are in place to maintain a high quality of life as the region continues to grow.
 Climate Change and the Environment	Focuses on reducing our collective carbon footprint to mitigate the impacts of climate change.
 Excellence in Government	Focuses on our commitment to strong financial management, Truth and Reconciliation and being an employer of choice, as well as transforming service delivery.

Halton Region's Corporate Organization



What We Do

Halton Region supports people living and working in the City of Burlington and the Towns of Halton Hills, Milton and Oakville.

From clean drinking water to resilient infrastructure and public health programs, financial assistance and family supports, residents and businesses can rely on Halton Region to deliver programs and services that matter.

Halton Region Programs and Services



Business services and economic development



Infrastructure planning



Long-term care and services for seniors



Children's services



Infrastructure maintenance and construction



Waste management



Emergency planning



Paramedic services



Wastewater collection and treatment



Financial assistance



Public health



Water purification and distribution



Housing services and the Halton Community Housing Corporation



Regional roads and transportation



Treasurer's Report

Cyndy Winslow
Commissioner of Finance and Regional Treasurer

I am pleased to present the consolidated financial statements for the Regional Municipality of Halton (Halton Region or the Region) for the year ended December 31, 2023. These consolidated financial statements and accompanying notes are prepared in accordance with Canadian public sector accounting standards.

Management at Halton Region is responsible for the information contained in the Annual Financial Report, which includes the consolidated financial statements, notes to the consolidated financial statements and other financial information.

The purpose of the Treasurer's Report is to analyze and comment on the principal features of the 2023 consolidated financial statements and to highlight key priorities and financial results that occurred during the year. This report communicates to residents, businesses, and interested and affected parties the details of the Region's 2023 financial performance and related information about significant financial policies.

Treasurer's Report

Community Profile

Halton Region is an upper-tier municipality providing services to residents in the City of Burlington and the Towns of Halton Hills, Milton and Oakville. Close to major markets in Canada and the United States, Halton Region is located within the rapidly growing Greater Toronto and Hamilton Area (GTHA), offering expanded business and employment opportunities for over 650,000 people and more than 13,800 businesses. Halton Region features 526 km² of green space and covers 969 km² of total land area, including portions of the Niagara Escarpment.



2023 Regional Economy Highlights

Halton maintained its strong financial position despite the broader economy continuing to grapple with increased interest rates and inflation. The labour market also continued to show strength over the past year. In Halton, the resident labour force is predominantly professional services-based and highly skilled which continues to translate into relatively stable labour market fundamentals, despite economic disruptions. In 2023, Halton's unemployment rate averaged 5.3 per cent, down from 5.5 per cent in 2022 and slightly below the broader GTHA and provincial rates.

Halton is home to a growing business community in a diverse range of industry sectors with clusters in engineering, automotive, technology, financial services, food processing and logistics distribution. There were more than 13,800 businesses across Halton in 2023, employing 243,500 workers.

Development across Halton continued at a strong pace in 2023, with total construction value approved for development reaching \$3.0 billion. This represents the second-highest total building permit value ever recorded in Halton and exceeds the annual average total building permit value of \$2.2 billion over the past decade. Residential development accounted for 65 per cent of

building permit construction value in Halton, which amounted to \$2.0 billion.

2023–2026 Strategic Business Plan

The Council-approved 2023–2026 Strategic Business Plan sets the goals and specific actions that helps achieve our vision and mission while shaping the future of the Region.

Its four strategic themes include:

	Community Well Being
	Infrastructure and Growth
	Climate Change and the Environment
	Excellence in Government

The Plan has been a cornerstone of the Region's commitment to public accountability, transparency and engagement, and helps ensure the needs of the community have been met. Alongside this commitment, the following three guiding principles form the foundation of the Plan:

- 1. Partnerships:** Halton Region and its Local Municipalities collaborate with community partners and agencies to deliver effective services and address community needs, while also working with the Provincial and Federal Governments to advance shared priorities and respond to emerging issues.
- 2. Strategic Lenses:** Halton Region is committed to implementing its priorities by focusing on equity, diversity and inclusion, advancing Truth and Reconciliation, taking action against climate change, and protecting the environment.
- 3. United Nations Sustainable Development Goals:** The Region is committed to supporting and taking actions in alignment with the United Nations Sustainable Development Goals (SDGs) to build a more sustainable, safe and prosperous future for all.

[Report No. CA-05-23](#) re: Halton Region 2023–2026 Strategic Business Plan provides further detail on the Plan's development.

Treasurer's Report

Strong Long-Term Financial Position

AAA/Aaa credit rating

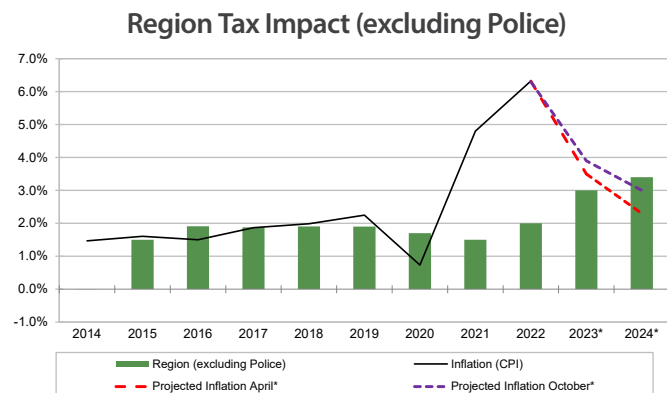
Halton Region's AAA/Aaa credit rating was reaffirmed by both S&P Global Ratings (AAA) and Moody's Investors Service (Aaa) in 2023. Halton Region has maintained its top credit ratings from S&P Global Ratings (AAA) since 2002 and Moody's Investors Services (Aaa) since 1989, which is a testament to its financial position, policies and practices. The primary factors that contributed to this achievement are Halton Region's history of strong budgetary performance, prudent fiscal management, declining debt levels and a positive financial outlook for the Region. Financial policies that reduce the risks associated with debt servicing include entering into agreements with developers for growth-related infrastructure. These agreements are developed through allocation programs and financing plans, which are unique to Halton Region and support the Region's growing economic base.

Halton's commitment to multi-year planning for operating and capital budgets allows the Region to anticipate spending pressures early, resulting in strong financial outcomes. The AAA/Aaa ratings are the highest investment credit ratings available, allowing the Region to issue debt at the lowest possible cost and in turn reducing the financial impact to tax and rate payers.

Property taxes

The annual budget continues to maintain service levels in the Region's core service areas and ensures delivery of the priorities identified by Regional Council through the Strategic Business Plan.

The 2024 Budget includes a 3.4 per cent increase in the Regional tax levy (excluding Police), maintaining the annual property tax rate increase for Regional services at or below the rate of inflation. This achievement delivered on a key Regional Council priority identified in the 2023–2026 Strategic Business Plan.



2014 to 2022 actuals from the Bank of Canada (BOC) as of December each year.

*2023F & 2024F Bank of Canada Forecast – April & October 2023 Monetary Policy Reports

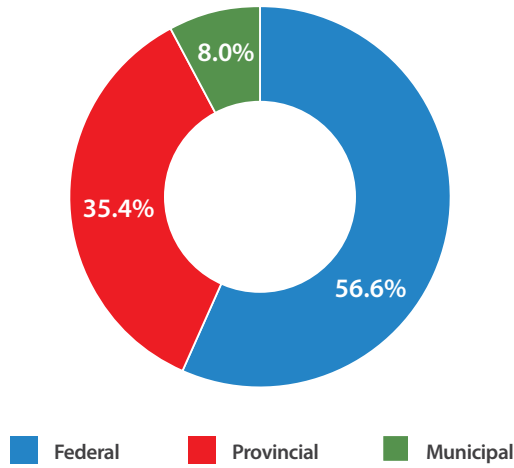
As shown in the previous graph, despite facing significant budgetary pressures, Halton Region continues to keep taxes low while delivering high-quality services to residents through improving efficiency, cost containment initiatives and assignment of resources to strategic priority areas.

The key priority for developing the tax budget is to maintain tax rate increases at or below the rate of inflation. To achieve this, the budget is prepared based on the following principles:

- The annual budget is prepared in accordance with the financial plans, annual targets and policies approved by Regional Council.
- Halton Region's strong financial position and financial planning principles will be continued to ensure the Region's AAA/Aaa credit rating is maintained.
- Strategic investments in additional staff resources resulting from growth, program enhancements or additional Federal/ Provincial funding will require a business case to be considered by Regional Council as part of the annual budget process.
- The annual budget includes investment in the state-of-good-repair of Halton Region's assets to maintain a good overall condition of the assets as the Region's infrastructure continues to age and expand.
- Regional programs are funded from sustainable revenues to ensure ongoing expenditures are not funded from temporary or one-time revenues.
- 10-year Operating and Capital Budget forecasts are prepared.
- All growth-related capital costs that can be recovered under the *Development Charges Act, 1997* (DCA) will be recovered from growth in the annual budget.
- In order to proceed with growth in the Region, an acceptable financing plan must be approved by Regional Council prior to development proceeding.
- Halton Region's own debt limits are not exceeded throughout the 10-year forecasts.
- Reserves are maintained at levels to ensure financial sustainability to support the state-of-good-repair of Regional assets, tax and rate stabilization reserve targets, and to fund specific program requirements.
- The budget presented to Halton Region taxpayers is clear and easy to understand, as evidenced by the annual receipt of the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada (GFOA).

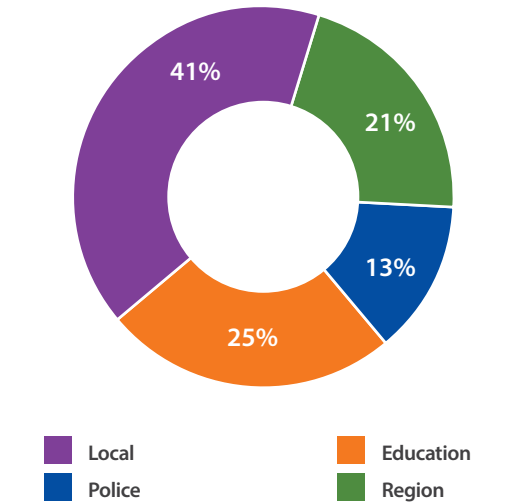
Treasurer's Report

Average Ontario Family Tax Bill Breakdown



Figures may not add due to rounding
Source: Fraser Institute's Canadian Tax Simulator, 2023

Percentage Share of 2023 Property Tax Bill

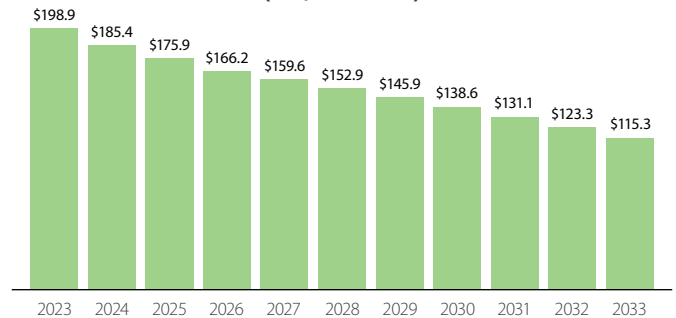


Figures may not add due to rounding

Region utilizes its reserves and debt in the financing of the State-of-Good-Repair capital program for existing infrastructure. The reserves (including operating contributions, Canada Community-Building Fund (formerly the Federal Gas Tax) revenue and investment earnings) are used in support of the Region's pay-as-you-go approach in financing ongoing or recurring life cycle requirements. Debt financing is utilized for significant upgrade and rehabilitation initiatives, ensuring the operating impacts from the significant capital program remain smooth and the timing of revenue recovers from tax and rate payers is appropriately matched with the benefit of infrastructure.

The following chart illustrates the annual projected debt levels over the next 10 years. Debt levels peaked in 2023 at \$198.9 million, mainly driven by funding required for the Police 1 District New Construction in 2023, which has been deferred to 2024. The level declines substantially over the forecast period as the Region moves forward with the pay-as-you-go funding approach for the State-of-Good-Repair capital program and as existing debt retires.

Projected Outstanding Debt Principal (in \$ millions)



Halton Region relies on development charges (DCs) to finance new infrastructure and for the expansion of existing infrastructure required for growth. The current DC [By-law No. 25-22](#) (Residential and Non-Residential Water and Wastewater, Roads and General Services Development Charges for Built Boundary and Greenfield), was passed by Regional Council on May 25, 2022 and came into effect September 1, 2022. Under DC legislation, a DC by-law must be updated every 10 years (or sooner) to reflect updated growth forecasts and infrastructure costs. DCs, combined with the Regional interim financing through the Capital Investment Revolving Fund, Tax Capital Reserve and debt, are used for the financing of growth-related projects consistent with [Report No. FN-46-19/PW-50-19/LPS112-19](#) re: 2020 Allocation Program Options. In particular, the Regional interim financing is provided for the non-residential employment capital cost share and will be recovered from future DCs, including carrying costs under the financing plan. In 2024 a new allocation program, as discussed in [CA-02-24/PW-04-24/FN-05-24](#) (re: Revised 2023 Allocation Program), is commencing to accelerate infrastructure to support

Financial Management

Capital Financing Strategy

The long-term maintenance of Halton Region's solid fiscal foundation is one of the primary goals established by Regional Council. Continued diligence in managing debt levels and maintaining adequate reserves is 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. Halton

Treasurer's Report

the Provincial Government and Local Municipalities to advance the housing supply and meet their housing pledges. This plan will continue with the same principles and ensure that all growth-related costs that can be recovered under the DC By-law will be recovered and Halton Region's strong financial position is not compromised.

Bill 23, *More Homes Built Faster Act, 2022*, was introduced in the Ontario Legislature on October 25, 2022 and received Royal Assent on November 28, 2022. Bill 23 was introduced to support the Provincial Government's objective of creating 1.5 million homes in Ontario by 2031 and included changes to the *Planning Act* and *Development Charges Act, 1997 (DCA)* that would fundamentally alter the Region's role in land use planning and its ability to fund and deliver growth-related infrastructure. In 2023, there are many parts of the bill which have not been enacted as they still require further regulation or bulletins to implement.

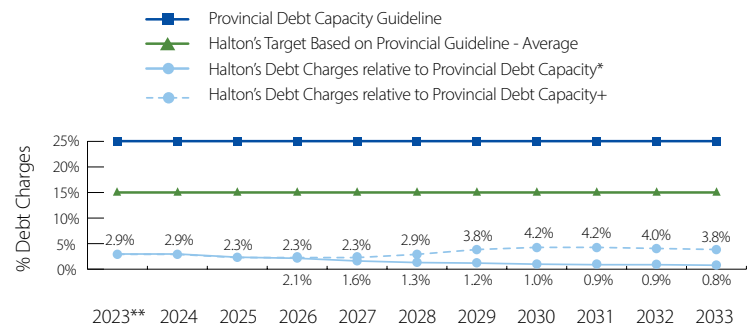
On April 10, 2024, through Bill 185, the Province announced proposed changes to various pieces of legislation, including the DCA, which was enacted on June 6, 2024. This includes the repealing of the mandatory five year phase-in, reduction to the time limit on the DC rate freeze and reinstatement of studies as an eligible cost which all will have a positive financial impact. Further, a June 1, 2024 proclamation date was provided for section 4.1 of the DCA which is the Affordable and Attainable Housing exemption (Attainable still requires regulations) and a bulletin was released shortly after to set the affordable thresholds. The impact related to the bulletin is to be determined; however, any losses will be reported as part of the Statement of 2024 DC Reserve Funds, which will also include an update to the losses related to Bill 23 since the 2023 statement which reported a \$3.7 million shortfall.

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 gross operating expenditures) translates to approximately 14.4 per cent of own revenues. The chart below illustrates the Region's projected position relative to the Province's guideline. The Region's ratios continue to remain well below the Region's guideline. Due to the accelerated infrastructure necessary to meet housing pledges, the financing plan for the 2023 Allocation Program assumes the alternate financing would be some combination of Federal, Provincial and Regional financing. Given the necessity of water and wastewater capacity to respond to the housing crisis, financing the delivery of this capacity should be a priority of both the Federal and Provincial Government.

The following chart sets out a forecast that assumes the cost for water and wastewater capacity infrastructure is provided by senior levels of government and also provides a scenario where the Region uses debt (over 30 years) to finance the costs.

Projected Debt Charge Position Relative to Provincial Guideline (2023 - 2033)



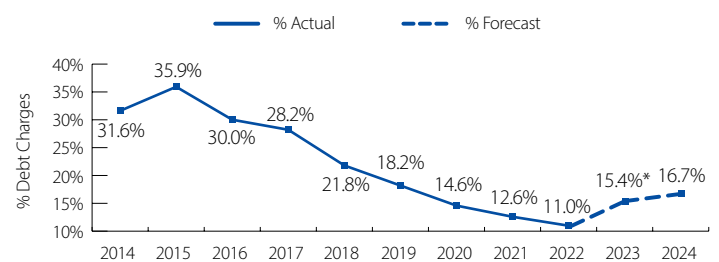
* Debt charges are projected based on inflated debt and include other long-term financial obligations (i.e. lease payments)
+ Debt charges include Alternate Financing for Allocation Program
** 2023 Debt Charges reflects the projected year end actual.

The trend in Halton's debt charges relative to the Provincial guidelines declines substantially over the forecasted period due to the reduction of debt financing as discussed earlier.

Debt to Reserve Ratio

The following Outstanding Debt to Reserves and Reserve Funds chart illustrates the impact of Halton Region's financial plans in terms of the debt-to-reserve ratio. The lower the ratio, the more financial flexibility available to respond to new requirements and the more secure Halton Region's overall financial position. The ratio is expected to increase in 2024 (16.7 per cent) from the 2023 level due to declining reserve levels and full onboarding of the Police debt related to 1 District new construction.

Outstanding Debt to Reserves and Reserve Funds



*as reported in the 2024 Budget & Business Plan

Key Priorities

Halton Region's vision is to enhance the quality of life for residents of Halton today and into the future. To meet this vision, the 2023–2026 Strategic Business Plan identified four strategic themes that reflected the priorities of Regional Council for the community: Community Well-Being, Infrastructure and Growth, Climate Change and the Environment, and Excellence in Government. The Region is committed to preserving a landscape that is rich, diverse, balanced, productive and sustainable and a society that is economically strong, equitable and caring.

Treasurer's Report

Community Well-Being

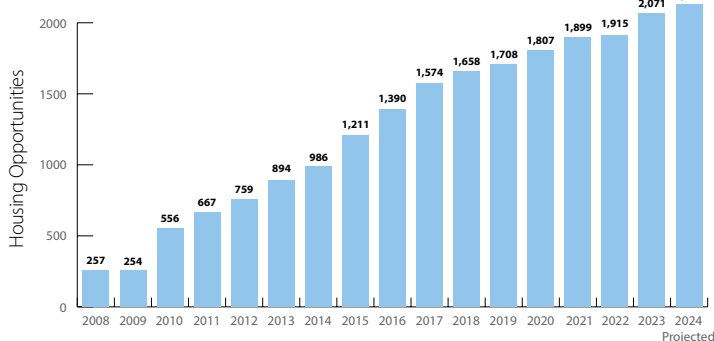
Halton Region is committed to protecting and enhancing the health and safety of the community. The Region's programs and services continue to respond to changing demographics and needs of residents. The Region is focused on collaborating with partners to deliver the programs, services and supports that the community needs to be safe and healthy.

Assisted and Affordable Housing

Halton Region creates assisted housing opportunities for residents by acquiring new rental units through construction, the preservation of existing stock and the provision of Regional subsidies to make rental costs more affordable.

Through the Region's significant investment, together with investments from the Provincial and Federal Governments, Halton has been successful in the delivery of additional new assisted housing opportunities through the Regional Comprehensive Housing Strategy (CHS), as shown in the following graph.

**New Assisted Housing Opportunities in Halton
(Total Cumulative)**



An additional 156 new housing opportunities were created in 2023, increasing the total number of assisted housing opportunities created since 2014 to 1,181. An additional 58 assisted housing opportunities are projected to be created in 2024, increasing this number to 1,239.

[Report No. LPS84-21/SS-25-21](#) re: Portfolio Approach to Achieving Comprehensive Housing Strategy Objectives, proposes a strategic, multi-pronged, development approach to create new assisted housing opportunities through to 2031. This positions Halton Region to create up to 600 additional housing opportunities by 2031, if funding support from senior levels of government is made available.

Community Safety and Well-Being and Halton Region Community Investment Fund

Halton Region also works with community partners on a wide range of issues to support residents who are vulnerable to negative social, economic or health outcomes. Through the Halton

Region Community Investment Fund (HRCIF) and the Community Safety and Well-Being (CSWB) Plan, Halton Region collaborates with partners to identify and respond to human services issues. Strong alignment between the HRCIF and CSWB reinforces an integrated approach to planning and investment in keeping with Halton Region's 2023–2026 Strategic Business Plan. Since 2012, the HRCIF has committed \$25.7 million through 439 grants for organizations in the areas of community health and social services to respond to current and emerging needs of Halton residents. In 2023, a wide range of programs have been funded to support the well-being of children, youth and older adults; increase food security among residents with low incomes; strengthen equity and inclusion; and enhance mental health.

Canada-Wide Early Learning and Child Care System

As the local service system manager for early years and child care, Halton Region is responsible for planning, administering funding and overseeing early years and licensed child care programs across the region. In March 2022, the Federal and Provincial Governments signed a funding agreement as part of the Canada-Wide Early Learning and Child Care (CWELCC) system, which will lower licensed childcare fees for parents/caregivers to an average of \$10 per day by March 2026. The investment also includes funding to support a new minimum wage for registered early childhood educators, supervisors and home child care visitors working in licensed child care.

The Ministry of Education has provided Halton Region with a directed growth plan, which outlines how many additional community-based and school-based child care spaces are permitted under the CWELCC system. Child care space allocations are reviewed annually with the Ministry.

Halton Region is developing a local directed growth plan guided by the Ministry's Access and Inclusion Framework. The Plan includes priorities for enrollment and expansion of affordable child care spaces in CWELCC, including priority neighbourhoods and priorities for child care under the Ministry of Education's Access and Inclusion Framework and CWELCC Guidelines. School-based spaces are determined through the Ministry's capital planning process. Halton Region will add school-based spaces per the Province's directed growth plan through school-based, child care construction projects which are already planned and underway.



Treasurer's Report

COVID-19 Pandemic

General Program

In 2023, Halton Region Public Health investigated 4,307 lab-confirmed COVID-19 cases among Halton residents and managed 121 COVID-19 outbreaks in priority settings, such as long-term care and retirement homes. Public Health staff followed the most current Provincial guidance, liaised with hospitals and community health care partners, and provided education on effective outbreak and infection prevention and control practices. Public Health staff also ensured the most current information regarding surveillance data, such as hospitalized cases, wastewater indicators and number of outbreaks, in addition to isolation, testing and treatment options were available on Halton Region's website.

Public Health staff continue to manage additional pressures associated with COVID-19, which does not appear to have the seasonal variation of other viruses like influenza. This includes year-round case management of all reported deaths, outbreak management in high-risk institutional settings, surveillance and communications. The most current surveillance data on the number and complexity of outbreaks, as well as trends in identified circulating lineages and reported deaths, informed the need for additional temporary staff resources which continue to support the pressures associated with COVID-19.



Vaccine Program

To help protect the community against severe outcomes from COVID-19, Halton Region Public Health continued to administer and distribute COVID-19 vaccines in 2023. Public Health administered 32,015 doses of COVID-19 vaccine through fixed-site community clinics and in-home vaccinations for homebound residents. Public Health was also responsible for the distribution of COVID-19 vaccines to local congregated care settings, physician offices and hospitals.

COVID-19 vaccines have become more widely available and accessible through other health care settings such as pharmacies and primary care. As per the Ministry of Health's direction, Halton Region Public Health continues to respond to populations where vaccines are not easily accessible such as the under 12 population and homebound individuals.



Infrastructure and Growth

Based on the Provincial Growth Plan, Halton is expected to grow to a population of 1.1 million people and employment of 500,000 jobs by 2051. Halton Region is committed to ensuring that the necessary infrastructure and services are in place to support the Province's objective of delivering 1.5 million new homes in Ontario by 2031, ensuring Halton's high quality of life is maintained as the region continues to grow. Key priorities include delivering Regional infrastructure required to support housing growth and economic development in Halton communities, maintaining the Region's infrastructure in a state-of-good-repair, improving access to transit, cycling and other active transportation on Regional roads, and promoting enhanced broadband services including 5G technology in both rural and urban areas. These priorities that are vital to Halton all need to be addressed while managing the impacts of extended periods of high inflation that have had a significant impact on the cost of goods, services and construction.

Transition to a New Planning Framework

The Province has established an objective of delivering 1.5 million new homes in Ontario by 2031 and had passed legislation to support this objective. This includes Bill 23, *More Homes Built Faster Act*, 2022 which makes changes to the *Planning Act* by identifying Halton Region as an "Upper-tier Municipality Without Planning Responsibilities," which in large part removes Regional Council's statutory responsibilities for land use planning and growth management.

Treasurer's Report

On June 6, 2024, through the enactment of Bill 185, Halton Region, together with Peel and York Regions will be upper-tier municipalities without planning responsibilities as of July 1, 2024. This change will alter roles and responsibilities of Halton Region and place additional responsibilities with the Local Municipalities. Through [Report CA-14-24](#) (re: 2024 Integrated Halton Planning System MOU: A New Model that Recognizes Changing Roles for Halton Municipalities), Council approved a Memorandum of Understanding (MOU) for an Integrated Halton Area Planning System. The MOU is essential to ensure a seamless transition occurs during this change in planning responsibilities between Halton Region, the Local Municipalities and the Conservation Authorities. The MOU clearly defines roles and responsibilities and provides direction on how the Parties will work together in a collaborative manner as it relates to ongoing Regional interests. With a clear direction moving forward, there will be no negative impact to service delivery as a result of the changing planning framework.

The Region will continue to be responsible for the delivery of infrastructure required to meet the development plans of the Local Municipalities, which will support the Provincial objective by delivering capital in a timely manner. The allocation program will continue to be a key tool for financing the infrastructure.



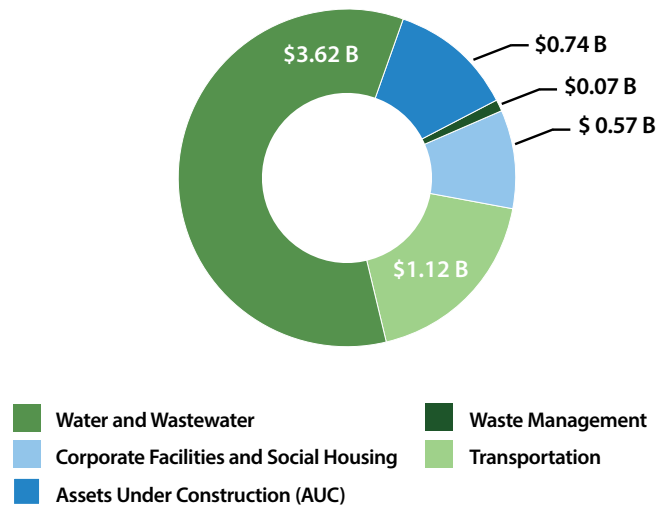
Asset Management Plans

Maintaining Regional assets and infrastructure in a state-of-good-repair is a key priority. Halton Region updates the Corporate Asset Management Plan on a regular basis, which guides investment decisions in the Budget to ensure assets continue to be in good condition and meet desired levels of service. Guided by Halton Region's Corporate Asset Management Policy, and in accordance with O. Reg. 588/17, Halton Region updated its Asset Management Plan through [Report No. PW-01-22/ FN-11-22/ DI-01-22](#) re: Asset Management Program and Lifecycle Models Update.

The updated Asset Management Plan describes the infrastructure the Region owns, operates and maintains to support services to the community and identifies what has been achieved, what is being done and what needs to be done to ensure services provided to residents, businesses and institutions continue to be delivered based on desired levels of services while maintaining financial sustainability.

Halton's Asset Management Program has resulted in most infrastructure assets being rated in very good to 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. Halton Region endeavors to reduce construction impacts on residents and businesses and achieve the lowest project delivery costs by bundling water, sewer and road replacement components as large contracts where practical.

2023 Tangible Capital Asset Net Book Value Total \$6.12 Billion



Corporate Facilities and Housing

In 2023, the Region updated its Building Condition Assessments (BCAs) for 62 social housing properties in Halton, representing 4,044 units, including HCHC-owned housing assets as well as the assets of other community housing providers and supportive housing environments under the Region's funding purview. To ensure that Halton is financially sustainable in meeting the capital requirements of Social Housing providers over the next 25 years, staff will continue to review the results of the BCAs and develop a financing plan to address the capital works identified through the updated BCAs. The Region will continue to closely monitor the annual capital funding requirements of social housing providers to ensure the housing stock is maintained in a state-of-good-repair.

Treasurer's Report

Climate Change and the Environment

Halton Region is committed to protecting the environment and taking action to address climate change. The Region continues its effort to reduce the carbon footprint of Regional operations to mitigate the impacts of climate change. The Region also continues to ensure that Halton infrastructure and services are resilient and that risks associated with severe weather events are mitigated where possible. The Region is committed to protecting the natural and agricultural areas and natural heritage system of Halton. Key priorities include:

- taking action to achieve a corporate target of net-zero greenhouse gas emissions prior to 2050;
- partnering with the Local Municipalities, Conservation Authorities, and other interested and affected parties in Halton to advance a collective community climate change response and protect the environment; and
- maximizing residential waste diversion in Halton.

Climate Change Response

On September 11, 2019, Regional Council approved a motion to declare a climate emergency for the purposes of deepening the Region's commitment to protecting and improving the resiliency of the economy, environment and community from climate change. Through this declaration, Regional Council asked staff to develop a climate change strategy, including short and long-term actions to address climate change mitigation and adaptation across Halton.

Through [Report No. CA-16-23](#) re: Corporate Climate Change Action Plan and Greenhouse Gas Emissions Reduction Target, Regional Council endorsed the Corporate Greenhouse Gas Emissions (GHG) reduction target of net zero by 2045. In 2021, the Federal Government confirmed their commitment to net zero through the *Canadian Net-Zero Emissions Accountability Act*, in which a target of net zero by 2050 was established. The proposed target for Halton Region aligns with this commitment and positions the Region as a leader in climate action. Halton's 2023–2026 Corporate Climate Action Plan is the foundation that guides Halton's work to accelerate its climate response and will serve as the base that all future work related to climate change will build upon and utilize. This includes several initiatives currently underway, such as the development of the Region's Conservation and Demand Management Plan and several other energy conservation initiatives.



In addition, [Report No. PW-43-23](#) re: Climate Change Initiatives in Wastewater Treatment provided an update on the work underway to advance a number of projects and studies that will support Halton Region's climate change response through energy conservation, implementing renewable energy technologies and reducing the Region's greenhouse gas emissions in the Wastewater Treatment Plants. A renewable energy technology study was initiated in early 2021, designed to determine the best renewable energy technology solutions at the Skyway and Mid-Halton Wastewater Treatment Plants. This study will continue through to the end of 2024. Staff will bring the results of the study to Regional Council when complete to present the best plant-specific implementation options for greenhouse gas reduction for consideration.

Long-Term Water Meter Strategy

As reported to Regional Council in [Report No. PW-28-21/FN-30-21](#) re: Long Term Water Meter Strategy – Implementation Plan Update and [Report No. PW-12-23/FN-19-23](#) re: Advanced Metering Infrastructure Project - Update, Halton Region awarded the Advanced Metering Infrastructure System (AMI) and Meter Replacement contract in 2021. Deployment of the AMI system network was completed in 2023, with residential and AMI meter installations anticipated for early 2024 through 2026.

Through the utilization of AMI technology, the water and wastewater system will become more efficient through improved system performance monitoring. This is projected to result in less water being wasted, additional revenue protection and positive environmental impacts. Improved access to data will allow staff and customers to proactively identify leaks and other issues. It is also anticipated to enhance customer service and reduce the number of meter reading issues and service calls to which meter technicians respond.

Solid Waste Management Strategy and Master Plan

As reported in [Report No. PW-10-22](#) re: Recommended Solid Waste Management Strategy 2023–2030, Regional Council endorsed the Solid Waste Management Strategy which provides the framework to develop policy directions that meet the environmental, economic and social outcomes that established the key initiatives. Once implemented, the key initiatives have the ability to increase the total diversion of waste generated in Halton from landfill from 58 per cent in 2021 to between 64 per cent and 70 per cent by the year 2030. In addition, the Strategy will help reduce GHG emissions by over 13,000 tonnes per year and extend the lifespan of the landfill out to 2050-2054.

Treasurer's Report

Waste Collection Services in Rural Halton Hills

As reported in [Report No. PW-09-23](#) re. Rural Halton Hills Survey to Determine Level of Support for Roadside Collection of Garbage and Metal Items, the Region and Town of Halton Hills conducted a survey in the spring of 2023 to determine if households in rural Halton Hills wanted to receive curbside collection of garbage and bulk waste materials and metal items. Based on the survey results, and as approved by Regional Council through [Report No. PW-34-23](#) re: Rural Halton Hills Waste Collection, the collection of curbside garbage and bulk waste and a call-in service for the collection of metal items started on April 1, 2024 for households in rural Halton Hills.

Excellence in Government

Halton Region is committed to ensuring continued financial sustainability through effective financial planning and risk management, enhancing service delivery by increasing access to digital services and modernizing the Region's technology platforms, partnering in advancing Truth and Reconciliation through meaningful relationships with Indigenous People, Communities and First Nations, and being an employer of choice committed to Equity, Diversity, and Inclusion.



Digital Strategy Implementation

Halton Region's 2023–2026 Strategic Business Plan continues to prioritize the delivery of high-quality digital services to residents and businesses. To achieve this objective, the Region developed a new digital strategy through [Report No. ST-07-21](#) re: Digital Strategy and Audit and Accountability Fund Update. The Strategy provides the framework to enhance digital services by transforming business processes and services to ensure complete, high-quality online service delivery. The Strategy also identifies the technologies and infrastructure required to deliver digital services effectively.

The COVID-19 pandemic resulted in an accelerated opportunity to use digital technology across the region to improve customer and staff experiences, streamline processes, increase productivity and support decision making using data. As many staff continue to transition to hybrid work arrangements, services become increasingly reliant on electronic delivery, resulting in staff emitting less GHG emissions by not commuting to the office.



Financing Growth Principles

A key principle in accommodating the Region's growth-related capital infrastructure program is that existing taxpayers are not affected, to the extent possible under the *Development Charges Act, 1997* (DCA), by the cost of growth-related capital requirements or the risks related to financing these costs. To achieve this objective while accommodating Provincial growth targets, Regional Council requires a financing plan be approved prior to the accommodation of new growth. The 2023 Development Financing Plan, approved in [Report No. CA-08-23/PW-40-23/FN-36-23](#) re: 2023 Allocation Program, was presented to Council in October and deferred to December 2023 Council. This included the release of a minimum of 29,787 units (approximately 16,426 single detached equivalents (SDEs)) in Halton. To provide flexibility to complete projects expeditiously to meet the housing pledges by 2031, [Report No. CA-08-23/PW-40-23/FN-36-23](#) re: 2023 Allocation Program, included approval of water, wastewater and roads development related infrastructure from 2023 to 2026 and is detailed in the [2024 Capital Report](#).

As discussed in [Report No. LPS-72-22/ FN-34-22](#) re: Proposed Changes to the Provincial Planning Framework – Bill 23 and More Homes, Built Faster: Ontario's Housing Supply Action Plan, this Act is the latest in a series of Provincial initiatives related to increasing the supply of housing in Ontario to support the creation of 1.5 million homes over the next 10 years. The bill includes changes to a range of legislation, including the DCA and associated regulations.

Treasurer's Report

Bill 23 contains considerable changes to the DCA that will impact municipal finances, particularly in growing municipalities such as Halton Region. The majority of changes result in the reduction of DC revenue being collected. Removing DC chargeable items, and providing exemptions and discounts will reduce the amount of DC collection and the ability to fund capital works. Without alternate sources of funding, the changes to the DCA will significantly impact the timing of delivery of infrastructure required to deliver the Province's 1.5 million new homes target and will have a significant negative impact on existing taxpayers. Regional staff will look at every opportunity to lessen any impacts on taxpayers while keeping service standards at an acceptable level and fulfilling the local growth pledges.

A financing plan was developed in response to the current financial climate and increased housing targets. A capital timing assessment was conducted to determine how the roads program could be scoped based on project development, coordination and review. Roads projects not included in the financing plan will still be in the budget, but their timing will be assessed as projects progress and financing is reviewed. However, despite these efforts, front-end financing is still necessary and alternative funding is needed for the residential and non-residential share.

This is due to the sudden acceleration of growth, which requires costly expansion projects to be accelerated before 2031. The financing plan assumes that a combination of Federal, Provincial, and Regional financing will be used, and this will be reimbursed from future DCs. It is emphasized that this requirement for alternate financing is a one-time issue to address the unexpected growth. The delivery of water and wastewater capacity should be a priority for both the Federal and Provincial Governments. As presented in [CA-11-24/FN-14/24](#) (re: April 10 Provincial Announcements), on April 10, 2024, the Province announced proposed changes to various legislation, including the DCA through Bill 185. The changes included repealing the mandatory 5-year phase-in of the DC, reduction to the time limit on the DC rate freeze and the reinstatement of the growth services as a DC eligible service.



Operating Results Highlights

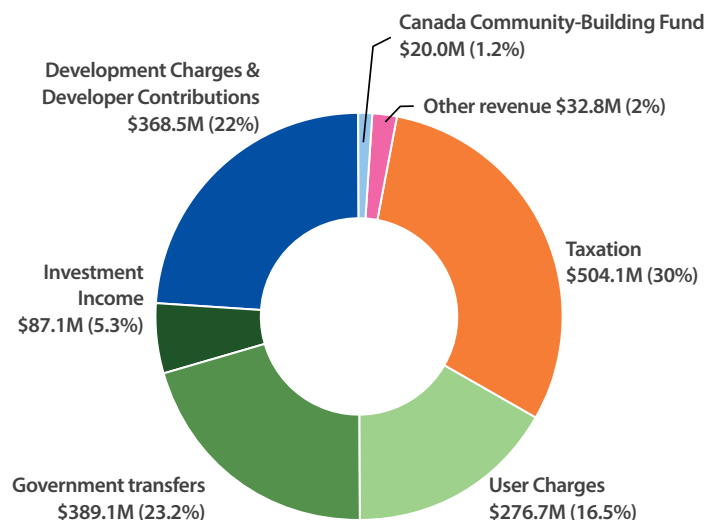
The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all entities that are accountable to and controlled by Halton Region. They include the activities of all committees of Regional Council, Halton Regional Police Service, and the Halton Community Housing Corporation.

The Consolidated Statement of Operations summarizes the revenues and expenses for 2023. The focus of this statement is annual surplus, which is the difference between revenues of \$1.68 billion and operating expenses of \$1.15 billion for the 2023 reporting period. Halton Region reported annual surplus of \$525 million in 2023, compared to \$476 million in 2022.

Annual surplus is required to fund future capital replacement, finance current tangible capital assets acquisitions and fund debt principal repayments, which are included in the annual budget. The following pie chart provides a summary of the source of revenue used to fund Halton Region's operations and capital investments. Overall, revenue increased by \$150 million, or 9.8 per cent, mainly attributed to an increase in government transfers and investment income resulting from higher interest rates.

Expenses in the Consolidated Statement of Operations totaled \$1.15 billion in 2023, increasing by \$101 million, or 9.6 per cent, from 2022. This increase was mainly driven by the increase in Social Services to support the CWELCC agreements.

**2023 Halton Region Consolidated Revenues
Total \$1.68 Billion**



Treasurer's Report

The following provides a summary of services provided to the community for these expenses by program:



Social housing

Operations of \$72.9 million

- Oversight of 5,259 housing units, of which 2,280 are directly operated by Halton Community Housing Corporation
- Rental assistance from Halton Region for 1,126 units and 3,513 units through housing providers
- 1,181 additional community housing opportunities created from 2014 to 2023



Social and community services

Operations of \$342.2 million

- Financial assistance to an average of 2,444 residents in Halton through Ontario Works per month
- Child care fee assistance to 3,988 children
- Increase of 610 licensed child care spaces within Halton Region from 32,035 to 32,645
- Direct care and service to older adults through 572 beds at Regionally operated long-term care homes
- Funding for 70 community projects and programs through the Halton Region Community Investment Fund using one-year and multi-year funds for a total of \$4 million



Water and wastewater services

Operations of \$235.2 million

- Treatment of more than 65 million cubic metres of water and 97 million cubic metres of wastewater
- Operation and maintenance of 12 water treatment plants (treatment provided prior to distribution), 22 municipal wells, 6 wastewater treatment plants and 1 biosolids facility
- Operation and maintenance of more than 2,402 kilometres of watermains, 6 bulk water stations, 23 reservoirs and storage facilities, 15 booster stations, more than 1,937 kilometres of wastewater mains and 83 pumping stations



Solid waste services

Operations of \$52.7 million

- Collection and disposal of 93,014 tonnes of residential garbage and the diversion of 131,154 tonnes of residential Blue Box and organic materials, representing a 59 per cent residential diversion rate

Treasurer's Report



Health services

Operations of \$105.1 million

- Ambulance services through the deployment of 27 emergency vehicles and 240 paramedics
- Answered 54,451 paramedic calls and transported 34,476 patients
- Distributed 113,410 influenza vaccines to community partners (excluding pharmacies)
- Completed 5,639 inspections of food premises
- Administration of 31,130 COVID-19 vaccines at Public Health mass clinics



Protection Services

Police, emergency management and Conservation Authorities

Operations of \$212.2 million

- Police services through the deployment of 797 police officers
- Emergency services for the operation of 911 call centre, which received 182,171 emergency calls
- Contributions to Conservation Halton (with an area of 1,059 km², 26 km of shoreline and 8 conservation areas), Grand River Conservation Authority (with an area of 6,800 km² and 12 conservation areas) and Credit Valley Conservation (with an area of 1,000 km² and 11 conservation areas)



Transportation services

Operations of \$63.9 million

- Maintenance of 1,171 lane kilometres of roadway (kilometres multiplied by the number of lanes), 70 per cent of which were rated as good to very good condition
- Maintenance and operation of 92 bridges, 246 major culverts, 282 signalized intersections and 7,249 streetlights



Other services

General government, planning and development, and recreation and cultural services

Operations of \$68.9 million

- In 2023, Regional Council approved 182 staff reports and 75 by-laws for a total of 257 documents
- For planning purposes, Halton has 30,269 hectares of land designated for development

Treasurer's Report

Financial Statement to Budget Comparison

The purpose of the consolidated financial statements is to provide users with an understanding of the financial position and operating results of Halton Region over the fiscal period. The annual consolidated financial statements of Halton Region are prepared on a full accrual basis in accordance with the Canadian public sector accounting standards (PSAS), as prescribed by the Chartered Professional Accountants of Canada. These accounting standards require Halton Region to record revenue when it is earned and expenses when incurred, regardless of when the funds are received or paid.

Accrual accounting requires tangible capital assets, which provide services for longer than one year, to be recorded at cost in the consolidated financial statements when they are placed into service. Each year, the book value of these long-lived assets is reduced by recording amortization expenses, 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 consolidated financial statements, representing a difference from the Regional Council-approved operating budget.

The key purpose of the budget is to set property taxes and utility rate fees to fund Regional programs, services and infrastructure to ensure the long-term financial sustainability of Halton Region and debt repayment. Debt financing is used, as necessary, in accordance with Regional policies to finance major infrastructure projects. As the Regional operating budget is prepared on a modified 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, liabilities for contaminated sites and asset retirement obligations.

Due to the differences in purpose and methodology, Halton Region adjusts the presentation of the budget figures from a modified cash basis to a PSAS accrual basis as part of the consolidated financial statement preparation and to provide transparency for budgetary performance. The details of the adjustments are included in Note 18 to the Consolidated Financial Statements. The full accrual budget is also included in the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets.

When comparing the adjusted operating PSAS accrual-based budget to actual operating results, actual annual surplus is higher

than the budgeted amount by \$30.5 million. The favourable variance to budgeted annual surplus was primarily driven by higher than anticipated investment income from interest earned and capital gains.

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. 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 as well as providing oversight of the approved budget, 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 Regional Council on a periodic basis (which are available for public review).

The Internal Audit team at Halton Region performs independent audits of systems, processes, and controls to ensure compliance with Regional and legislated policies and by-laws. The internal audits assess efficiencies and risks and identify recommendations for improvement, which are communicated to programs for implementation. Summary findings are also communicated to Council through the Audit Committee.

The *Municipal Act, 2001* requires Halton Region to engage independent auditors to express an opinion as to whether the consolidated 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 Committee, the consolidated financial statements are examined by Halton Region's external auditors, Deloitte LLP.

The external auditors performed an audit of the consolidated financial statements in accordance with Generally Accepted Auditing Standards and expressed an unqualified opinion that the consolidated financial statements "present fairly, in all material respects" Halton Region's financial position. The auditors are responsible for advising Halton Region management and the Audit Committee of significant control or operational issues that may be identified during their audit procedures.

Treasurer's Report

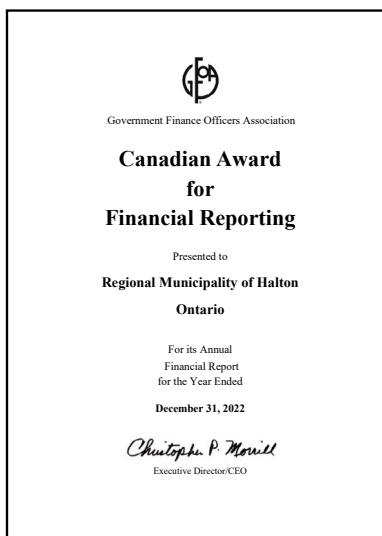
The role of the Audit Committee is to assist Regional Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process. The Audit Committee also provides a high level of public accountability and assurance that municipal services 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

The Region's commitment to developing fiscally responsible budgets and presenting financial information to Halton Region tax and rate payers in a clear and easy-to-understand format was recognized by the Government Finance Officers Association of the United States and Canada (GFOA).

Regional Municipality of Halton was awarded the Canadian Award for Financial Reporting for its Annual Financial Report for the fiscal year ended December 31, 2022. This is the 17th year the Region has received this award.

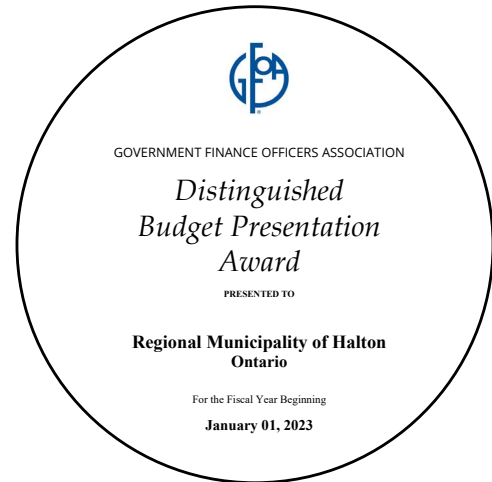


To receive the award, a government unit must publish an easily readable and efficiently organized Annual Financial Report, including content that conforms to program standards.

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.

The 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 for consideration.

The GFOA presented a Distinguished Budget Presentation Award to Regional Municipality of Halton, Ontario, for its Annual Budget for the fiscal year beginning January 1, 2023.



In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device. This award is valid for a period of one year only. This award reflects the commitment of Regional Council, management and staff to meet the highest standards of governmental budgeting. Halton Region has received the award for 19 consecutive years, representing a significant achievement in budget development and reporting.

Conclusion

Halton Region's strong financial position is the result of prudent fiscal management through balanced financial policies, stringent internal controls, and accurate, timely and relevant financial reporting. With its continued focus on governing for the future, Halton Region will ensure continued financial sustainability through effective financial planning and keep risk management as a key priority to maintain a strong, sustainable long-term financial position.

Gyndy Winslow

*Commissioner of Finance and Regional Treasurer
May 22, 2024*



Consolidated Financial Statements

For the year ended December 31, 2023

Management Report

The management of The Regional Municipality of Halton has prepared the accompanying consolidated financial statements and is responsible for their accuracy and integrity. These financial 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 consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The adoption of these standards provides the reader of the consolidated 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 consolidated 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 consolidated financial statements and reports.

The Audit Committee of Regional Council reviews and approves the consolidated financial statements before such statements are submitted to 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 Committee to discuss their audits and the results of their examination.

The 2023 consolidated financial statements have been examined by Halton Region's external auditors, Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants and their report precedes the consolidated financial statements.

A handwritten signature in black ink, appearing to read 'CW' followed by a stylized flourish.

Cyndy Winslow
Commissioner of Finance and Regional Treasurer
May 22, 2024

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Regional Municipality of Halton, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Regional Municipality of Halton as at December 31, 2023, and the consolidated results of its operations, consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of The Regional Municipality of Halton in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Regional Municipality of Halton's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional Municipality of Halton or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional Municipality of Halton's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Municipality of Halton's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional Municipality of Halton's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Municipality of Halton to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Regional Municipality of Halton to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 22, 2024

Consolidated Statement of Financial Position

As at December 31, 2023
(Dollars in Thousands)

FINANCIAL ASSETS	2023		2022 Restated (Note 21)
Cash and cash equivalents	\$	156,183	\$ 208,899
Accounts receivable:			
Water and wastewater		46,209	45,685
Government Transfers		30,769	26,275
Other receivables		38,692	38,918
Other current assets		679	1,198
Investments (Note 2)		3,095,643	2,923,667
Loans receivable (Note 6)		4,924	4,669
Recoverable gross long-term debt from:			
Local Municipalities (Note 4)		261,561	235,323
Total financial assets		3,634,660	3,484,634
LIABILITIES			
Accounts payable and accrued liabilities (Notes 2 and 8)		413,696	392,021
Gross long-term liabilities (Note 4)		214,749	199,588
Sinking fund debentures (Note 4)		273,500	273,500
Deferred revenue (Note 10)		242,633	304,935
Asset retirement obligations (Note 11)		53,722	51,274
Employee future benefits liabilities (Note 13)		104,970	98,455
Total liabilities		1,303,270	1,319,773
NET FINANCIAL ASSETS		2,331,390	2,164,861
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 3)		6,124,812	5,765,604
Prepaid expenses		4,188	3,189
Inventories		6,363	7,979
Total non-financial assets		6,135,363	5,776,772
ACCUMULATED SURPLUS (Note 15)	\$	8,466,753	\$ 7,941,633

Commitments and contractual obligations (Note 7)

Contingent liabilities (Note 8)

Contingent assets (Note 9)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Operations

For the year ended December 31, 2023

(Dollars in Thousands)

REVENUES (Note 17)	2023 Budget (Note 18)	2023	2022 Restated (Note 21)
Taxation	\$ 503,299	\$ 504,053	\$ 479,747
Development charges and developer contributions	368,506	368,506	339,962
User charges	273,164	276,724	269,273
Government transfers	384,830	389,017	310,549
Canada Community-Building Fund (formerly Federal Gas Tax)	17,394	20,003	25,060
Investment income	53,869	87,109	66,484
Other revenue	27,496	32,771	37,303
Total revenues	1,628,558	1,678,183	1,528,378
EXPENSES (Note 17)			
General government	39,537	47,494	45,897
Social and community services	339,192	342,151	243,242
Social housing	72,473	72,856	74,724
Water and wastewater services	231,369	235,231	223,530
Solid waste services	50,178	52,673	49,629
Protection services	213,333	212,239	200,647
Health services	102,107	105,144	121,726
Transportation services	64,660	63,908	70,589
Planning and development	19,171	19,479	21,244
Recreation and cultural services	1,951	1,888	1,579
Total expenses	1,133,971	1,153,063	1,052,807
ANNUAL SURPLUS	494,587	525,120	475,571
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	7,941,633	7,941,633	7,494,610
Adjustment on first time adoption of PS 3280	-	-	(28,548)
ACCUMULATED SURPLUS, END OF YEAR, AS ADJUSTED	\$ 8,436,220	\$ 8,466,753	\$ 7,941,633

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2023

(Dollars in Thousands)

	2023 Budget (Note 18)	2023	2022 Restated (Note 21)
Annual surplus	\$ 494,587	\$ 525,120	\$ 475,571
Acquisition of tangible capital assets	(503,409)	(503,409)	(375,294)
Amortization of tangible capital assets	141,742	141,742	144,360
Loss (gain) on disposal of tangible capital assets	(1,801)	(1,801)	1,387
Proceeds on disposal of tangible capital assets	4,260	4,260	13,105
Change in inventory and prepaid expenses	617	617	(2,804)
Change in net financial assets	135,996	166,529	256,325
NET FINANCIAL ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	2,164,861	2,164,861	1,943,661
Adjustment on first time adoption of PS 3280	-	-	(35,125)
NET FINANCIAL ASSETS, END OF YEAR, AS ADJUSTED	\$ 2,300,857	\$ 2,331,390	\$ 2,164,861

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

(Dollars in Thousands)

Cash provided by (used in):	2023		2022	
OPERATING ACTIVITIES			Restated	
			(Note 21)	
Annual surplus	\$	525,120	\$	475,571
Items not involving cash:				
Amortization		141,742		144,360
Loss (gain) on disposal of tangible capital assets		(1,801)		1,387
Contributed tangible capital assets		(78,550)		(1,435)
Change in non-cash assets and liabilities:				
Accounts receivable		(4,792)		(13,223)
Other current assets		519		(735)
Accounts payable and accrued liabilities		21,675		28,219
Deferred revenue		(62,302)		(20,530)
Inventory and prepaid expenses		617		(2,804)
Asset retirement obligations		2,448		1,115
Employee future benefits liabilities		6,515		6,483
Net change in cash and cash equivalents from operating activities		551,191		618,408
CAPITAL ACTIVITIES				
Proceeds on disposal of tangible capital assets		4,260		13,105
Cash used to acquire tangible capital assets		(424,859)		(373,859)
Net change in cash and cash equivalents from capital activities		(420,599)		(360,754)
INVESTING ACTIVITIES				
Loans receivable		(255)		162
Investments		(171,976)		(400,327)
Net change in cash and cash equivalents from investing activities		(172,231)		(400,165)
FINANCING ACTIVITIES				
Long-term debt issued and assumed		35		40
Long-term debt repaid		(8,845)		(13,988)
Mortgage repayments		(5,045)		(5,040)
Sinking fund contributions from Local Municipalities		2,778		2,669
Net change in cash and cash equivalents from financing activities		(11,077)		(16,319)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(52,716)		(158,830)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		208,899		367,729
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	156,183	\$	208,899

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

The Corporation of the Regional Municipality of Halton (Regional Municipality of Halton or Halton Region) is an upper-tier municipality in the Province of Ontario ("Province"), Canada. It conducts its operations guided by the provisions of provincial statutes such as the *Municipal Act 2001*, *Planning Act*, *Building Code Act*, *Provincial Offences Act* and other related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidated Statements

The consolidated financial statements for Halton Region have been prepared in accordance with Canadian public sector accounting standards (PSAS), as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). 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 and accumulated surplus of all entities which are accountable to and controlled by Halton Region. They include the activities of all committees of Regional Council and Boards, Halton Regional Police Service and the Halton Community Housing Corporation (HCHC). All interdepartmental and inter-organizational assets and liabilities and revenues and expenses have been eliminated. Halton Region owns 100% of HCHC and this entity is reported using the consolidated basis method, where inter-company transactions and balances between HCHC and Halton Region are eliminated.

The financial activities of the Halton Digital Access Services Corporation, Royal Botanical Gardens and the Conservation Authorities are excluded from these consolidated 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.

Trust funds which are administered by Halton Region are not included in these consolidated financial statements but are reported separately in Note 16.

(c) Basis of accounting

i. Basis of accounting

Halton Region 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 and/or the creation of a legal obligation to pay.

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 or are receivable but for which the related services have yet to be performed or eligible expenditures incurred. Deferred revenue is comprised of general deferred revenue, development charges and the Canada Community-Building Fund (formerly Federal Gas Tax). Government transfers, such as the Canada Community-Building Fund (formerly Federal Gas Tax) 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

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	5 to 95 years
Computer hardware	3 to 10 years
Computer software	3 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 15 years

Infrastructure:

Buildings and building improvements	5 to 60 years
Land	Not amortized
Land improvements	10 to 25 years
Linear	11 to 90 years
Machinery and equipment	5 to 50 years

For vehicles, computer hardware and software 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. 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 tangible 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 as a reasonable estimate cannot be made 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

viii. Contaminated sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

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

- a. an environmental standard exists;
- b. contamination exceeds the environmental standard;
- c. the organization is directly responsible or accepts responsibility for the liability;
- d. future economic benefits will be given up; and,
- e. a reasonable estimate of the liability can be made.

ix. Inventories

Inventories are valued at the lower of cost and net realizable value.

x. Reserves and discretionary reserve funds

Halton Region follows the practice of allocating interest income and annual surplus into reserves and discretionary reserve funds that are retained for specific purposes, including maintaining assets in a state of good repair. These reserves and discretionary reserve funds are established by Regional 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 Regional Council.

Balances appropriated in respect of items for which the reserves and discretionary reserve funds have been created are included in accumulated surplus and are reported in Note 15.

xi. Government transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, all eligibility criteria are met (if applicable) 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 17.

xii. Financial instruments

Financial assets and liabilities are recognized when Halton Region becomes a party to the contractual provisions of the financial instrument.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xiii. Financial instruments (continued)

The carrying value of the financial instruments reported on the Consolidated Statement of Financial Position of Halton Region are measured as follows:

<u>Instrument</u>	<u>Method</u>
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Other current assets	Amortized cost
Investments	Amortized cost
Loans receivable	Amortized cost
Recoverable gross long-term debt from Local Municipalities	Amortized cost
Accounts payable	Amortized cost
Gross long-term liabilities	Amortized cost

Amortized cost are amounts measured using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities). This includes allocating the interest income or interest expense over the relevant period, based on the effective interest rate. This methodology is applied to financial assets or financial liabilities that are not in the fair value category.

Cash and cash equivalents, accounts receivable, and accounts payable are initially recorded at their fair value, and subsequently measured at cost net of any provisions for impairment.

Investments are reported at amortized cost as no investments are traded on an active market.

xiv. Investments

Investments consist of fixed income securities issued by Canadian governments, banks and corporations and are carried at cost. When there has been a loss in market value that is not determined to be a temporary decline, the respective investment is written down to recognize the loss. Gains and losses on investments are recorded when incurred and interest is recorded when received or receivable. Discounts and premiums are amortized using the effective interest method. Sinking fund investments are managed as part of Halton Region's overall investment strategy and are included as investments on the Consolidated Statement of Financial Position.

xv. Use of estimates

The preparation of consolidated financial statements, in conformity with PSAS, 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates relate to accounts receivable, accrued liabilities, asset retirement obligations, employee future benefits and post-employment liabilities and certain expenses.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xvi. Use of estimates (continued)

Estimates are based on information available to management at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

xvii. Loans receivable

The loans receivable are valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability has been impaired. The loans receivable are written off when they are 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 receivable are reported in Note 6.

xviii. Cash and cash equivalents

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

xix. Tax revenue

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll and are based on the approved budget. Supplementary taxation is recognized when additional billings are issued for properties that are added to the assessment roll during the year.

At year-end, Halton Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognized a liability if the amount can be reasonably estimated.

xx. Asset retirement obligations

Asset retirement obligations are provisions for legal obligations for the retirement of Halton Region's tangible capital assets that are either in productive use or no longer in productive use.

An asset retirement obligation is recognized when, as at the financial reporting date:

- a. there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- b. the past transaction or event giving rise to the liability has occurred;
- c. it is expected that future economic benefits will be given up; and
- d. a reasonable estimate of the amount can be made.

Halton Region recognizes asset retirement obligations in the period in which it incurs a statutory, contractual, or legal obligation associated with the retirement of tangible capital assets resulting from acquisition, construction, development, and/or normal operation of the tangible capital assets.

The liabilities are measured initially at management's best estimate of the discounted future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xxi. Asset retirement obligations (continued)

In subsequent periods, the liability is accreted over time. The asset retirement obligations estimates are adjusted, if necessary, for changes in the liability estimate or timing of the future cash flows, as applicable. Accretion expenses are included in the Consolidated Statement of Operations. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any, are recognized in the Consolidated Statement of Operations when remediation is completed.

xxii. Pensions and employee future benefits liabilities

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.

Other post-employment benefits and compensated absences liabilities 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 Workplace 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.

Halton Region has set aside reserve funds intended to fund certain of these obligations, either in full or in part. These reserve funds 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 consolidated financial statements, the plans are considered unfunded.

xxiii. Adoption of new accounting standards

The Region adopted the following standards beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xxiv. Adoption of new accounting standards (continued)

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

The adoption of these standards had no significant impact on the consolidated financial statements of the Region. In the absence of a financial impact, no Statement of Remeasurement Gains and Losses has been included in the consolidated financial statements in the current year.

Effective January 1, 2023 Halton Region also adopted PS 3280, Asset Retirement Obligations. In the past, Halton Region has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

The modified retroactive application method has been elected by the Region, with the impact of adopting this standard reported in Note 21. Under this method, Halton Region recognized:

- a. a liability for any existing asset retirement obligations, adjusted for accumulated accretion;
- b. an asset retirement cost capitalized as an increase to the carrying amount of related tangible capital assets;
- c. accumulated amortization on the capitalized cost; and
- d. an adjustment to the opening accumulated surplus balance.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xxv. Canadian Public Sector Accounting standards issued but not yet adopted

The standards noted below were not in effect for the year ended December 31, 2023, and therefore, have not been applied in preparing these consolidated financial statements. Management is assessing the impact of these standards on future statements.

Standards applicable for fiscal years beginning on or after April 1, 2023:

Topic	Description
Section PS 1000 – Financial statement concept	This Section describes the concepts underlying the development and use of accounting principles in government financial statements. Such financial statements are designed to meet the common information needs of external users of financial information about a government.
Section PS 1100 – Financial statement objectives	This Section identifies and describes objectives of government financial statements that are generally acceptable to the users and preparers of the statements.
Section PS 3400 – Revenues	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.
Section PS 3160 – Public Private Partnerships	This Section establishes standards on how to account for public private partnership arrangements.
Guideline PSG 8 – Purchased intangibles	This guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000.

Standards applicable for fiscal years beginning on or after April 1, 2026:

Topic	Description
The Conceptual Framework for Financial Reporting in the Public Sector	The PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

2. INVESTMENTS

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.

	2023		2022	
	Cost	Market Value	Cost	Market Value
Investments	\$ 3,095,643	\$ 2,942,575	\$ 2,923,667	\$ 2,680,309

In addition, Halton Region includes in its investment portfolio a balance of \$100,154 (2022 - \$106,209) which is restricted, as the funds are those of a Local Municipality. These funds are included within Accounts Payable and Accrued Liabilities in the Consolidated Statement of Financial Position.

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 \$737,816 (2022 - \$615,084) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2022 - \$nil). Roads and underground water and sewer systems in the amount of \$78,550 (2022 - \$1,435) 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 (2022 - \$nil). Halton Region owns various works of art and historical treasures that have not been included as tangible capital assets and therefore, are not recognized on the consolidated financial statements. These items are categorized as Museum Historical Artifacts or Museum Archival Materials.

Tangible capital assets related to asset retirement obligations are included at a cost of \$18,610 (2022 - \$17,300) and accumulated amortization of \$11,855 (2022 - \$11,293).

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

The following tables summarize tangible capital asset balances by category for the years 2023 and 2022:

Asset Type	Opening Balance 01-Jan-23	Additions/ (Transfers)	Disposals	Ending Balance 31-Dec-23	Opening Accumulated Amortization Balance 01-Jan-23	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-23	Ending Net Book Value 31-Dec-23
General									
Buildings and building improvements	\$ 314,048	\$ 61,788	\$ 420	\$ 375,416	\$ 145,029	\$ 7,468	\$ 30	\$ 152,467	\$ 222,949
Computer hardware	46,956	7,137	3,478	50,615	29,326	5,870	3,470	31,726	18,889
Computer software	20,666	2,104	1,250	21,520	17,669	1,213	1,250	17,632	3,888
Land	206,144	28,633	415	234,362	-	-	-	-	234,362
Land improvements	80,390	9,059	74	89,375	44,106	1,661	74	45,693	43,682
Leasehold improvements	4,925	170	-	5,095	3,715	159	-	3,874	1,221
Machinery and equipment	235,825	47,884	795	282,914	141,869	7,772	795	148,846	134,068
Vehicles	40,195	3,982	2,577	41,600	24,975	3,956	2,280	26,651	14,949
Total general capital	949,149	160,757	9,009	1,100,897	406,689	28,099	7,899	426,889	674,008
Infrastructure									
Buildings and building improvements	612,018	19,476	4	631,490	203,546	12,416	3	215,959	415,531
Land	341,734	26,262	-	367,996	-	-	-	-	367,996
Land improvements	149,554	4,161	3	153,712	73,379	4,735	3	78,111	75,601
Linear	4,369,113	138,978	1,382	4,506,709	1,048,080	65,156	259	1,112,977	3,393,732
Machinery and equipment	860,776	31,043	1,002	890,817	400,130	31,336	777	430,689	460,128
Total infrastructure	6,333,195	219,920	2,391	6,550,724	1,725,135	113,643	1,042	1,837,736	4,712,988
Assets under construction	615,084	122,732	-	737,816	-	-	-	-	737,816
Total tangible capital assets	\$ 7,897,428	\$ 503,409	\$ 11,400	\$ 8,389,437	\$ 2,131,824	\$ 141,742	\$ 8,941	\$ 2,264,625	\$ 6,124,812

Notes to Consolidated Financial Statements

For the year ended December 31, 2023

(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

Asset Type	Opening Balance 01-Jan-22 Restated	Additions/ (Transfers)	Disposals	Ending Balance 31-Dec-22 Restated	Opening Accumulated Amortization Balance 01-Jan-22 Restated	Amortization Restated	Disposals	Ending Accumulated Amortization Balance 31-Dec-22 Restated	Ending Net Book Value 31-Dec-22 Restated
General									
Buildings and building improvements	\$ 308,434	\$ 5,614	\$ -	\$ 314,048	\$ 136,454	\$ 8,575	\$ -	\$ 145,029	\$ 169,019
Computer hardware	43,961	3,693	698	46,956	24,380	5,644	698	29,326	17,630
Computer software	19,863	803	-	20,666	16,492	1,177	-	17,669	2,997
Land	201,545	4,901	302	206,144	-	-	-	-	206,144
Land improvements	78,918	1,472	-	80,390	42,188	1,918	-	44,106	36,284
Leasehold improvements	4,925	-	-	4,925	3,556	159	-	3,715	1,210
Machinery and equipment	231,747	4,283	205	235,825	134,391	7,673	195	141,869	93,956
Vehicles	36,242	5,873	1,920	40,195	22,755	3,892	1,672	24,975	15,220
Total general capital	925,635	26,639	3,125	949,149	380,216	29,038	2,565	406,689	542,460
Infrastructure									
Buildings and building improvements	612,502	1,063	1,547	612,018	191,172	12,681	307	203,546	408,472
Land	319,201	25,441	2,908	341,734	-	-	-	-	341,734
Land improvements	141,078	8,617	141	149,554	68,784	4,717	122	73,379	76,175
Linear	4,356,966	36,259	24,112	4,369,113	998,588	65,475	15,983	1,048,080	3,321,033
Machinery and equipment	855,168	10,437	4,829	860,776	370,874	32,449	3,193	400,130	460,646
Total infrastructure	6,284,915	81,817	33,537	6,333,195	1,629,418	115,322	19,605	1,725,135	4,608,060
Assets under construction	348,246	266,838	-	615,084	-	-	-	-	615,084
Total tangible capital assets	\$ 7,558,796	\$ 375,294	\$ 36,662	\$ 7,897,428	\$ 2,009,634	\$ 144,360	\$ 22,170	\$ 2,131,824	\$ 5,765,604

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

4. LONG-TERM LIABILITIES

The use of long-term liabilities to finance capital expenditures 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 School 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 \$6,461 (2022 - \$4,997) 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 2023 is \$273,500 (2022 - \$273,500).

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

	2023	2022
Long-term liabilities incurred by Halton Region	\$ 190,691	\$ 170,485
Mortgages payable by HCHC	24,058	29,103
Subtotal gross long-term liabilities	214,749	199,588
Sinking Fund debentures	273,500	273,500
Total long-term liabilities incurred by Halton Region	488,249	473,088
Less recoverable from Local Municipalities:		
Long-term debentures	176,278	147,262
Sinking Fund debentures	85,283	88,061
Subtotal Local Municipalities	261,561	235,323
Less cumulative Sinking Fund contributions from Local Municipalities	19,717	16,939
Net long-term liabilities at year end	\$ 206,971	\$ 220,826

Sinking Fund debentures consist of the following amounts:

Sinking Fund #148-11 was issued on October 11, 2011 for a 30-year term and total value of \$106,000.

	2023	2022
Opening earnings	\$ 22,235	\$ 19,816
Halton Region contributions	2,605	1,827
Interest earned	771	592
Sinking Fund #148-11 earnings to date	\$ 25,611	\$ 22,235

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

4. LONG-TERM LIABILITIES (CONTINUED)

Sinking Fund #43-15 was issued on April 6, 2015 for a 30-year term and total value of \$167,500. Halton Region's portion is \$62,500, while \$90,000 was borrowed on behalf of the Town of Oakville and \$15,000 for the Town of Milton.

	2023	2022
Opening earnings	\$ 27,020	\$ 22,761
Halton contributions	1,262	1,262
Oakville contributions	1,816	1,816
Milton contributions	303	303
Interest earned	1,051	878
Sinking Fund #43-15 earnings to date	\$ 31,452	\$ 27,020

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

	2023	2022
Property taxes – general purpose levy	\$ 49,894	\$ 53,842
Water	21,678	25,820
Wastewater	19,300	20,318
Development charges	116,099	120,846
Net long-term liabilities at year end	\$ 206,971	\$ 220,826

5. CHARGES FOR LONG-TERM LIABILITIES

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

	2023	2022
Gross principal repayment	\$ 34,569	\$ 39,468
HCHC mortgages	5,045	5,040
Less amounts recovered	(25,724)	(25,480)
Net principal	13,890	19,028
Gross interest paid	14,406	14,222
HCHC mortgages	955	870
Less amount recovered	(8,759)	(7,999)
Net interest	6,602	7,093
Total net principal and interest	\$ 20,492	\$ 26,121

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

5. CHARGES FOR LONG-TERM LIABILITIES (CONTINUED)

Debentures bear interest at rates ranging from 0.75% (2022 - 0.50%) to 5.50% (2022 - 5.50%). Mortgages of \$24,058 (2022 - \$29,103) on the properties of HCHC are secured by a first charge on the assets of HCHC with amortization periods ranging between 10 and 30 years and interest rates ranging between 0.74% (2022 - 0.74%) and 5.94% (2022 - 5.94%).

Net interest on long-term liabilities identified above, are included in the Consolidated Statement of Operations.

The charges shown in the previous table are recovered as follows:

	2023	2022
Property taxes – general purpose levy	\$ 5,722	\$ 5,944
Water and wastewater revenues	5,762	8,431
Development charges	9,008	11,746
Total	\$ 20,492	\$ 26,121

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

	Installment principal	Sinking Fund #148-11	Sinking Fund #43-15	HCHC mortgages	Total
2024	\$ 8,024	\$ 3,489	\$ 1,661	\$ 5,209	\$ 18,383
2025	3,384	3,603	1,715	6,757	15,459
2026	3,470	3,721	1,771	4,171	13,133
2027	-	3,842	1,829	4,946	10,617
2028	-	3,968	1,889	2,975	8,832
2029-2045	-	87,071	53,476	-	140,547
Total	\$ 14,878	\$ 105,694	\$ 62,341	\$ 24,058	\$ 206,971

6. LOANS RECEIVABLE

Halton Region has loans receivable in the amount of \$4,924 (2022 - \$4,669). The loans receivable are valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability has been impaired. The loans receivable are written off when they are no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

As per Regional Council report CS-07-07, Halton Region has agreed to provide Conservation Halton with debt financing on capital infrastructure for Watershed Management & Support Services projects. The loans provided to Conservation Halton are based on the actual cost of the project. The repayment amount for 2023 is \$491 (2022 - \$525). Each loan is repayable over a set period at a variable interest rate listed below.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

6. LOANS RECEIVABLE (CONTINUED)

As per Regional Council report DI-03-23 / LPS23-23, Halton Region entered into a loan receivable agreement with Halton Digital Access Services Corporation on June 30, 2023. Annual repayments of \$100 will begin on June 30, 2028. Interest charges to incur in the event of default.

	2023	2022
Conservation Halton		
Loans repayable over 10 years bearing interest of 3.0% with maturity dates from 2023-2027	\$ 253	\$ 416
Loans repayable over 20 years bearing interest of 3.0% with maturity dates from 2038-2042	631	574
Loans repayable over 30 years bearing interest of 3.2% with maturity dates from 2048-2050	3,540	3,679
Total loans receivable from Conservation Halton	\$ 4,424	\$ 4,669
Halton Digital Access Services Corporation		
Loans repayable over 5 years, non-interest bearing, beginning 2028	500	-
Total loans receivable from Halton Digital Access Services Corporation	500	-
Total	\$ 4,924	\$ 4,669

7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- Halton Region has outstanding contractual obligations of \$707,356 (2022 - \$596,063) for capital works still to be constructed. Regional Council has approved the required financing for these obligations.
- Halton Region has entered into operating leases for various office premises and equipment requiring the following payments over the next five years:

2024	\$2,330
2025	1,290
2026	1,157
2027	758
2028	677
- Halton Region enters into various service contracts and other agreements in the normal course of business, which have been approved by the appropriate level of management or by Regional Council but which have not been reported as commitments.
- The Region has issued letters of credit for \$4,878 (2022 - \$2,396) in order to meet the credit requirements and conditions of certain agreements related to capital projects.

8. CONTINGENT LIABILITIES

Certain legal claims against Halton Region are currently outstanding. No provision has been made for any claims that are expected to be covered by insurance or where the outcome is not determinable. Liabilities for non-insured claims are recorded in the year in which they are determined likely to occur and the amount can be estimated.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

8. CONTINGENT LIABILITIES (CONTINUED)

At year-end, Halton Region evaluated the likelihood of having to repay taxes as a result of tax appeals or other changes and recognized a liability in the amount of \$2,205 (2022 - \$3,551) which is included in Accounts payable and accrued liabilities in the Consolidated Statement of Financial Position.

9. CONTINGENT ASSETS

As at December 31, 2023, Halton Region has certain outstanding legal actions in which Halton Region is seeking damages. Halton Region has determined that resolution of these claims in favour of Halton Region is undeterminable as at December 31, 2023.

10. DEFERRED REVENUE

Halton Region's deferred revenue is comprised of obligatory reserve funds and general deferred revenues. A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. Halton Region has development charge reserve funds in the amount of \$147,550 (2022 - \$199,572) and reserve fund for the Canada Community-Building Fund (formerly Federal Gas Tax) in the amount of \$39,361 (2022 - \$39,907). 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 or are receivable and when Halton Region has approved and incurred the eligible expenditures for the capital projects for which the development charges were raised. The funds received before expenditures are incurred are set aside, as required by the *Development Charges Act, 1997*, to defray the cost of growth-related capital projects associated with new development.

The deferred revenue, reported on the Consolidated Statement of Financial Position, is made up of the following:

	Balance at 31-Dec-22	Inflows	Revenue Earned	Balance at 31-Dec-23
Development charges	\$ 199,572	\$ 237,143	\$ 289,165	\$ 147,550
Canada Community-Building Fund (formerly Federal Gas Tax)	39,907	19,457	20,003	39,361
Total obligatory reserve funds	239,479	256,600	309,168	186,911
Unexpended capital financing	46,207	26,460	28,210	44,457
Permits	2,495	1,790	1,409	2,876
Developer accelerated (Note 15)	11,415	4,309	11,428	4,296
Developer water meters	1,172	625	465	1,332
Other	4,167	3,849	5,255	2,761
Total general deferred revenue	65,456	37,033	46,767	55,722
Total	\$ 304,935	\$ 293,633	\$ 355,935	\$ 242,633

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

11. ASSET RETIREMENT OBLIGATIONS

Halton Region's asset retirement obligations consist of the following:

Regulated substances

Halton Region owns and operates various tangible capital assets including buildings, water mains, waste water mains, water treatment plants and storm mains that contain certain regulated substances requiring remediation upon decommissioning. The *Canadian Environment Protection Act*, 1999, governs the protection of the environment and human health with respect to regulated substances. In addition, the Canada Occupational Health and Safety Regulations also outlines requirements for exposure control, as well as requirements on disposal and decontamination of these regulated substances.

Landfill

Halton Region owns and operates one active landfill site. It also owns and monitors four inactive landfill sites. The active site has a remaining life expectancy of 23 years, assuming the waste diversion targets are met. Expected closure and post-closure care costs of the active landfill site and the expected monitoring and capital rehabilitation costs of the inactive landfill sites have been reported as a liability on the Consolidated Statement of Financial Position. The estimated length of time required for post-closure care is 40 years. Halton Region also monitors seven inactive 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 inactive sites. The Local Municipalities bear the cost of monitoring the inactive sites and therefore these costs have not been included in the landfill post-closure liability.

The liability for asset retirement obligations has been estimated using a net present value technique with a discount rate of 3.0%. A reconciliation of the beginning and ending balance of the liability is as follows:

	2023	2022
Asset retirement obligations at beginning of year	\$ 51,274	\$ -
Opening adjustments for PS 3280	-	50,158
Liabilities incurred during the year	1,343	-
Accretion expense	1,150	1,116
Asset retirement obligation settled during the year	(45)	-
Asset retirement obligations at end of year	\$ 53,722	\$ 51,274

12. CONTAMINATED SITES

A contaminated site exists when substances introduced into the air, soil, water or sediment exceeds the maximum acceptable environmental standards. A liability for remediation occurs when a site is not in productive use and the estimated liability includes costs directly attributable to remediation activities as well as post remediation, maintenance and monitoring of the contaminated site, net of any expected recoveries.

There are no contaminated sites, as at December 31, 2023, that meet the specified criteria (2022 - \$nil).

Notes to Consolidated Financial Statements

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13. EMPLOYEE FUTURE BENEFITS LIABILITIES

Halton Region provides certain employee benefits that will require funding in future periods. These benefits include sick leave benefits, benefits under the *Workplace Safety and Insurance Board (WSIB) Act, 1997*, long-term disability, early retirement plan, travel benefit, extended health and dental benefits. Halton Region has established reserve funds to mitigate the future impact of these obligations and this has been reported in Note 15. Employee future benefits and reserves relating to these liabilities are as follows:

	2023		2022	
	Accrued Liability	Reserve	Accrued Liability	Reserve
Retirement benefits				
Halton Region employees	\$ 19,357	\$ 23,281	\$ 18,058	\$ 22,363
Halton Regional Police Service	40,156	36,104	38,394	36,036
WSIB				
Halton Region employees	16,604	22,203	15,097	21,202
Halton Regional Police Service	10,275	4,529	8,288	6,009
Long-term disability				
Halton Region employees	8,506	13,797	8,753	13,309
Halton Regional Police Service	5,038	6,926	4,679	6,534
Vacation pay				
Halton Region employees	4,872	-	4,992	-
Halton Regional Police Service	92	-	126	-
Vested sick leave entitlements				
Halton Regional Police Service	70	105	68	102
Total	\$ 104,970	\$ 106,945	\$ 98,455	\$ 105,555

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

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	\$ 120,565	\$ 117,281
Current benefit cost	9,393	9,078
Interest	3,260	3,154
Benefits paid	(9,026)	(8,948)
Actuarial loss	8,297	-
Balance, end of year	132,489	120,565
Unamortized actuarial loss	(27,519)	(22,110)
Liability for benefits	104,970	98,455
Amortization of actuarial loss	\$ 2,888	\$ 3,199

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

13. EMPLOYEE FUTURE BENEFITS LIABILITIES (CONTINUED)

The liabilities were determined by an actuarial valuation as at December 31, 2023. The actuarial loss is the result of assumptions used in the actuarial valuation as at December 31, 2023 that varied from assumptions used in prior valuations. These assumptions pertain to the distribution of eligible employee groups, discount rate, benefit cost escalation, mortality and termination rates. The unamortized actuarial loss is amortized over the expected average remaining service life with estimates to December 31, 2026. Halton Region commissions actuarial reviews of the retirement benefits, WSIB and long-term disability obligations every three years.

	2023	Remaining Service Life
Retirement benefits	206	7 to 13 years
WSIB	(20,370)	9 to 10 years
Long-term disability	(7,355)	8 years
Total	(27,519)	

The liabilities were based upon a number of assumptions regarding future events, which reflect management's best estimate. Key actuarial assumptions established for this valuation are:

	2023	2022
Expected inflation rate	2.00%	1.75%
Discount rate:		
Retirement benefits	4.25%	3.00%
WSIB	4.50%	2.75%
Long-term disability	4.75%	2.25%
Expected salary increase	3.00%	2.75%
Expected dental care cost increase	4.00%	3.75%
Expected health cost increase	5.08% in 2023, reducing by 0.33% per year to 3.75% in 2027	5.42% in 2022, reducing by 0.33% per year to 3.75% in 2027

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 or retirement. In 2023, payments out of the vested sick leave plan amounted to \$nil (2022 - \$nil) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$70 (2022 - \$68) are anticipated to be paid out in 2023 and have been reported on the Consolidated Statement of Financial Position.

Notes to Consolidated Financial Statements

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14. PENSION AGREEMENTS

Halton Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its 4,146 eligible members. This plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings.

The accrued benefit obligation of the OMERS Plan as shown in the OMERS financial statements as at December 31, 2023 is \$128.6 billion (2022 - \$124.2 billion) with an actuarially determined funding deficit of \$4.2 billion (2022 - \$6.7 billion). OMERS is a multi-employer plan; therefore, Halton Region does not recognize any share of the pension deficit.

Halton Region's contribution to OMERS for its current service amounted to \$34,326 (2022 - \$31,074) and is included as an expense on the Consolidated Statement of Operations. Employee contributions amounted to \$34,326 (2022 - \$31,074).

Contributions for employees with a normal retirement age of 65 were made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$66.6 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. ACCUMULATED SURPLUS

Accumulated surplus consists of the following balances:

	2023	2022 Restated
Unexpended capital financing	\$ 1,322,952	\$ 1,054,271
Reserves and discretionary reserve funds (detailed below)	1,352,082	1,471,922
Sinking Fund investment	37,347	32,318
Tangible capital assets	6,124,812	5,765,604
Developer Financed assets	(4,296)	(11,415)
Amounts to be recovered in future years:		
From reserves and reserve funds on hand	(113,044)	(110,811)
From future revenues	(253,100)	(260,256)
Total Accumulated Surplus	\$ 8,466,753	\$ 7,941,633

Notes to Consolidated Financial Statements

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15. ACCUMULATED SURPLUS (CONTINUED)

	2023	2022 Restated
Reserves and discretionary reserve funds set aside by Regional Council:		
Stabilization - rate	\$ 33,392	\$ 36,933
Stabilization - tax	79,103	78,977
Regional COVID recovery	6,161	11,465
Program specific	119,551	107,857
Workplace safety and insurance	26,733	27,211
Self-insurance - general	8,193	7,376
Self-insurance - employee benefits	80,212	78,344
Asset Retirement Obligation (ARO) Landfill Reserve	22,837	22,110
Equipment replacement - vehicle	10,078	10,199
Equipment replacement - building	3,041	4,691
Equipment replacement - equipment	21,233	21,213
Capital - rate	301,103	349,983
Capital - tax	447,935	465,855
Capital - investment	112,062	125,836
Other	80,448	123,872
Total Reserves and Discretionary Reserve Funds	\$ 1,352,082	\$ 1,471,922

16. TRUST FUNDS

Trust Funds, in the amount of \$73 (2022 - \$79), for the residents of Allendale, Creek Way Village and Post Inn Village, which are administered by Halton Region, have not been included in these consolidated financial statements, and are reported separately on the Statement of Financial Position of the Long Term Care Trust Fund Statements.

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17. 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 consolidated 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 (including storm) 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 Solid Waste 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. Staffs 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 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.

Notes to Consolidated Financial Statements

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17. SEGMENTED INFORMATION (CONTINUED)

Other Services consists of the General Government, Planning and Development, Recreation and Cultural Services:

General Government

General Government includes the components of municipal government responsible for governing the Regional Municipality of Halton, providing direction and leadership to staff, and sustaining the organization. These divisions and branches supply administrative and financial leadership for the Regional Corporation including adopting by-laws and policy, levying taxes, issuing debentures and providing administrative, technical, facility management, and financial services.

Planning and Development

The Planning and Development department provides a long-term comprehensive approach to planning and development processes to ensure the efficient use of land and community infrastructure.

Recreational and Cultural Services

The Recreational and Cultural Services department fosters discovery, appreciation and understanding of the Region's heritage and manage Halton Region's artifact and archival collection. It also oversees the implementation of the Halton Region Waterfront Parks program.

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 2023 Budget. In addition, certain government transfers 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

17. SEGMENTED INFORMATION (CONTINUED)

For additional information see the Consolidated Schedule of Segment Disclosure below for the years 2023 and 2022:

	Protection Services	Transportation Services	Water and Wastewater Services	Solid Waste Services*	Health Services	Social and Community Services	Social Housing	Other Services**	Total Consolidated 2023
Revenues									
Taxation*									
General purpose levy	\$ 196,231	\$ 63,779	\$ 21	\$ 17,029	\$ 47,095	\$ 56,408	\$ 41,638	\$ 45,887	\$ 468,088
Solid waste levy	-	-	-	30,813	-	-	-	-	30,813
Payments in lieu	2,160	702	-	-	518	621	458	693	5,152
User charges	5,268	703	247,386	2,656	73	17,819	441	2,378	276,724
Provincial Transfers	8,237	21,468	-	-	60,357	270,902	17,324	581	378,869
Federal Transfers	29	5,555	14,450	-	79	2,151	7,689	198	30,151
Investment income	-	-	3,617	-	-	-	-	83,492	87,109
Development charges and developer contributions	3,630	176,646	148,201	266	1,520	-	3,027	35,216	368,506
Other revenue	1,760	-	90	10,268	24	824	17,901	1,904	32,771
Total revenues	217,315	268,853	413,765	61,032	109,666	348,725	88,478	170,349	1,678,183
Expenses									
Salaries, wages and employee benefits	162,929	3,840	41,930	5,221	72,270	89,253	7,760	75,995	459,198
Materials	9,364	2,975	35,954	1,568	4,740	7,947	4,545	6,413	73,506
Contracted services	14,478	25,471	43,984	39,418	6,153	20,195	9,772	39,471	198,942
Rents and financial expenses	259	140	2,407	483	1,917	1,152	5,998	2,758	15,114
Government transfers	10,939	21	552	197	949	201,619	34,832	6,571	255,680
Debt expense	1,584	-	4,056	-	7	-	955	-	6,602
Amortization of tangible capital assets	10,655	27,521	86,222	1,957	1,915	2,367	5,423	5,682	141,742
Program support	2,031	3,940	20,126	3,829	17,193	19,618	3,571	(70,308)	-
Other operating expenses	-	-	-	-	-	-	-	2,279	2,279
Total expenses	212,239	63,908	235,231	52,673	105,144	342,151	72,856	68,861	1,153,063
Annual surplus	\$ 5,076	\$ 204,945	\$ 178,534	\$ 8,359	\$ 4,522	\$ 6,574	\$ 15,622	\$ 101,488	\$ 525,120

* 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 33-23.

** Other Services consist of General Government, Planning and Development, and Recreation and Cultural Services.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

17. SEGMENTED INFORMATION (CONTINUED)

	Protection Services	Transportation Services	Water and Wastewater Services	Solid Waste Services	Health Services	Social and Community Services	Social Housing	Other Services**	Total Consolidated 2022 Restated
Revenues									
Taxation*									
General purpose levy	\$ 185,188	\$ 61,680	\$ 21	\$ 16,336	\$ 43,899	\$ 52,905	\$ 38,894	\$ 46,699	\$445,622
Solid waste levy	-	-	-	29,288	-	-	-	-	29,288
Payments in lieu	2,011	669	-	-	477	574	422	684	4,837
User charges	4,622	812	240,457	3,198	76	16,622	278	3,208	269,273
Provincial Transfers	7,116	6,251	105	-	80,691	184,619	20,232	5,400	304,414
Federal Transfers	-	20,847	4,215	-	94	414	5,405	220	31,195
Investment income	-	-	3,617	-	-	-	-	62,867	66,484
Development charges and developer contributions	2,633	177,091	151,951	177	1,798	-	2,571	3,741	339,962
Other revenue	1,315	-	11,122	5,598	31	528	16,972	1,737	37,303
Total revenues	202,885	267,350	411,488	54,597	127,066	255,662	84,774	124,556	1,528,378
Expenses									
Salaries, wages and employee benefits	153,410	4,076	39,273	4,694	89,396	82,367	6,707	65,731	445,654
Materials	8,479	5,294	25,710	1,201	5,534	6,845	3,538	6,612	63,213
Contracted services	13,063	24,503	40,266	37,815	6,645	26,048	8,993	37,903	195,236
Rents and financial expenses	267	6,995	6,383	384	2,126	914	5,597	3,506	26,172
Government transfers	10,452	21	552	212	1,050	107,647	40,683	5,860	166,477
Debt expense	1,648	-	4,567	-	8	-	870	-	7,093
Amortization of tangible capital assets	11,589	26,487	88,935	2,057	2,003	2,287	5,117	5,885	144,360
Program support	1,739	3,213	17,844	3,266	14,964	17,134	3,219	(61,379)	-
Other operating expenses	-	-	-	-	-	-	-	4,602	4,602
Total expenses	200,647	70,589	223,530	49,629	121,726	243,242	74,724	68,720	1,052,807
Annual surplus	\$ 2,238	\$ 196,761	\$ 187,958	\$ 4,968	\$ 5,340	\$ 12,420	\$ 10,050	\$ 55,836	\$ 475,571

* 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 17-22.

** Other Services consist of General Government, Planning and Development, and Recreation and Cultural Services.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

18. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2023 operating and capital budgets approved by Regional Council and the HCHC Board of Directors on January 25, 2023.

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.

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

	2023 Budget
Halton Region approved Operating Revenues budget (FN-06-23)	\$1,131,885
In-year changes*	84,548
Revised approved budget	1,216,433
Development charges and developer contributions	368,506
Government Transfers	28,835
Gain on disposal of tangible capital assets	3,589
Other revenue adjustments	(471)
Reclassification between revenue and expense	(348)
HCHC approved Operating Revenues budget (HC-03-23)	30,067
HCHC in-year changes**	10,477
HCHC PSAS adjustments	(6,512)
HCHC intercompany transactions	(22,018)
Total consolidated revenues	1,628,558
Halton Region approved Operating Expenses budget (FN-06-23)	\$1,131,885
In-year changes*	84,548
Revised approved budget	1,216,433
Transfers to reserves - capital	(227,200)
Transfers from reserves - capital	9,526
Debt charges - principal	(13,122)
Transfers to reserves - operating	(55,023)
Transfers from reserves - operating	7,528
Amortization	136,871
Capital project cost resulting in operating expenses	42,731
Loss (gain) on disposal of tangible capital assets	1,756
Employee future benefits	6,514
Asset retirement obligations	453
Reclassification between revenue and expense	(348)
HCHC approved Operating Expenses budget (HC-03-23)	30,067
HCHC in-year changes**	10,477
HCHC PSAS adjustments	(10,739)
HCHC intercompany transactions	(21,953)
Total consolidated expenses	1,133,971
Annual surplus	\$494,587

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

18. BUDGET COMPARISON (CONTINUED)

In-year changes		Amount
*Refer to Halton Region Report No.:		
SS-07-23 - Nurse Practitioner Funding in Long-Term Care	\$	132
SS-08-23 - Children's Services Program and Funding Update		82,522
SS-13-23 - Increased Provincial Funding for Homelessness Prevention in Halton		3,284
FN-17-23 - 2023 Tax Policy		(1,390)
Total	\$	84,548
**Refer to Halton Community Housing Corporation Report No.:		
HC-07-23 - Capital Funding for HCHC under the National Housing Co-Investment Fund Renewal and Repair Program	\$	7,000
HC-17-23 - Property Management of 30 Normandy Place		3,477
Total	\$	10,477

19. PUBLIC LIABILITY INSURANCE

Halton Region and HCHC have comprehensive risk management programs in place for the identification, evaluation and treatment of risk designed to minimize or prevent the risk of damage to Halton Region and HCHC properties and the risk of third-party property damage or bodily injury.

	Halton Region		HCHC	
	2023	2022	2023	2022
Insurance period of one year beginning on	1/1/2023	1/1/2022	11/1/2023	11/1/2022
Third-party public liability claim limit per occurrence up to	\$ 50,000	\$ 50,000	\$ 5,000	\$ 5,000
Maximum deductible limit per occurrence - Liability	100	100	25	25
Maximum deductible limit per occurrence - Property	100	100	50	50
Insurance claims expense	294	354	-	-
Estimated value of outstanding litigated claims	1,365	1,845	40	45
Self-insurance reserve fund (Note 15)	\$ 8,193	\$ 7,376	\$ N/A	\$ N/A

Insurance claims of \$294 (2022 - \$354), as noted in the above table, are included as an expense in the Consolidated Statement of Operations. In 2023, Halton Region's insurance providers changed the coverage limit for Halton Region's replacement costs. The replacement cost coverage per occurrence is set at a limit of \$300,000 for Halton Region and \$35,000 for HCHC. In 2022, the replacement cost coverage was \$100,000 for Halton Region and \$35,000 for HCHC.

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. Halton Region is self-insured for claims such as environmental liability, Councillor and employee legal indemnification. These claims are expensed within the current operating year and are funded through the self-insurance reserve fund as are all Halton Region's insurance claim deductibles.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

20. FAIR VALUE AND RISK MANAGEMENT

Financial instruments are classified as either fair value, cost, or amortized cost. Halton Region determines the classification of its financial instruments at initial recognition.

Halton Region is exposed to a variety of financial risks, including credit risk and liquidity risk. Halton Region's overall risk management program seeks to minimize potential adverse effects on financial performance.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. Halton Region is exposed to credit risk with respect to accounts receivable and other investments. Halton Region assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in Allowance for Doubtful Accounts. The maximum exposure to credit risk of Halton Region is the carrying value of these assets. Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to credit risk exposure from prior year.

Liquidity Risk

Liquidity risk is the risk that Halton Region will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Halton Region manages its liquidity risk by monitoring its operating requirements, and prepares a budget, as well as cash forecasts, to ensure that it has sufficient funds to fulfill obligations.

There have been no significant changes to the liquidity risk exposure from prior year, as Halton Region maintains its AAA/Aaa credit score.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Halton Region is not subject to significant interest rate risk as its cash and cash equivalents, investments, and long term debt have fixed interest rates and are intended to be carried until maturity. Since cash and cash equivalents are carried at amortized cost, their valuation does not change with changes in fair value.

Halton Region follows an investment policy approved by Regional Council.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Halton Region is not exposed to this risk due to the amounts held in foreign currency being immaterial.

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

21. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2023 Halton Region adopted PS 3280, Asset Retirement Obligations using the modified retroactive application method.

The implementation of the new asset retirement obligations standard resulted in the following changes to the 2022 comparative consolidated financial statements:

	As previously reported	Adjustment	2022 Restated
Consolidated Statement of Financial Position			
Tangible capital assets	\$5,759,598	\$6,006	\$5,765,604
Landfill closure and post-closure liabilities	16,089	(16,089)	-
Asset retirement obligations	-	51,274	51,274
Net Financial Assets	2,200,046	(35,185)	2,164,861
Accumulated surplus, end of year	7,970,812	(29,179)	7,941,633
Consolidated Statement of Operations			
Expenses:			
General government	45,892	5	45,897
Social and community services	243,161	81	243,242
Social housing	73,585	1,139	74,724
Water and wastewater services	223,327	203	223,530
Solid waste services	50,435	(806)	49,629
Protection services	200,646	1	200,647
Health services	121,718	8	121,726
Annual surplus	476,202	(631)	475,571
Accumulated surplus, beginning of year	7,494,610	(28,548)	7,466,062
Accumulated surplus, end of year	7,970,812	(29,179)	7,941,633
Consolidated Statement of Changes in Net Financial Assets			
Annual surplus	476,202	(631)	475,571
Amortization of tangible capital assets	143,789	571	144,360
Net financial assets, beginning of year	1,943,661	(35,125)	1,908,536
Net financial assets, end of year	2,200,046	(35,185)	2,164,861
Consolidated Statement of Cash Flows			
Annual surplus	476,202	(631)	475,571
Amortization of tangible capital assets	143,789	571	144,360
Landfill closure and post-closure liabilities / Asset retirement obligations	\$1,055	\$60	\$1,115

Notes to Consolidated Financial Statements

For the year ended December 31, 2023
(Dollars in Thousands)

22. COMPARATIVE FIGURES

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



Five-Year Statistical Data

For the year ended December 31, 2023

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2023	2022 Restated*	2021	2020	2019
Consolidated Statement of Financial Position					
Financial assets	\$ 3,634,660	\$ 3,484,634	\$ 3,226,898	\$ 2,877,636	\$ 2,664,577
Non-financial assets	6,135,363	5,776,772	5,550,949	5,408,738	5,274,138
Total Assets	9,770,023	9,261,406	8,777,847	8,286,374	7,938,715
Accounts payable and accrued liabilities	413,696	392,021	363,802	311,478	329,322
Gross long-term liabilities	214,749	199,588	213,464	241,910	280,015
Sinking fund debentures	273,500	273,500	273,500	273,500	273,500
Deferred revenue	242,633	304,935	325,465	214,536	158,233
Asset retirement obligations*	53,722	51,274	15,034	16,271	16,174
Employee future benefits liabilities	104,970	98,455	91,972	84,600	81,663
Total Liabilities	1,303,270	1,319,773	1,283,237	1,142,295	1,138,907
Accumulated Surplus	8,466,753	7,941,633	\$7,494,610	\$7,144,079	\$6,799,808
Consolidated Statement of Operations					
Sources of Revenue					
Property taxes					
General purpose	473,240	450,459	\$436,643	\$422,706	\$407,941
Solid waste	30,813	29,288	28,220	27,673	26,928
Government transfers					
Ontario	378,869	304,414	273,280	218,420	200,382
Canada	10,148	6,135	8,506	1,400	1,002
User charges	276,724	269,273	259,476	263,872	250,623
Investment income	87,109	66,484	65,165	71,140	65,029
Development charges and developer contributions	368,506	339,962	195,577	200,183	161,835
Canada Community-Building Fund (formerly Federal Gas Tax)	20,003	25,060	14,207	20,881	23,524
Other revenue	32,771	37,303	17,789	16,998	16,714
Total Revenues	1,678,183	1,528,378	1,298,863	1,243,273	1,153,978
Expenses by Function					
General government	47,494	45,897	54,735	40,825	41,511
Social and community services	342,151	243,242	193,119	189,102	186,561
Social housing	72,856	74,724	58,335	55,000	52,599
Water and wastewater services	235,231	223,530	202,480	208,948	191,337
Solid waste services	52,673	49,629	46,625	48,905	43,084
Protection services	212,239	200,647	191,609	186,244	181,248
Health services	105,144	121,726	128,158	84,019	73,544
Transportation services	63,908	70,589	53,493	70,016	53,902
Planning and development	19,479	21,244	18,232	14,267	15,715
Recreation and cultural services	1,888	1,579	1,546	1,676	418
Total Expenses by Function	1,153,063	1,052,807	948,332	899,002	839,919
Annual Surplus	525,120	475,571	350,531	344,271	314,059
Accumulated Surplus, Beginning of Year as Previously Reported	7,941,633	7,494,610	7,144,079	6,799,808	6,485,749
Adjustment on First Time Adoption of PS 3280*		(28,548)			
Accumulated Surplus, End of Year, as Adjusted	\$ 8,466,753	\$ 7,941,633	\$ 7,494,610	\$ 7,144,079	\$ 6,799,808

*Adjustment on first time adoption of PS 3280 in 2022.

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2023	2022 Restated*	2021	2020	2019
ANALYSIS OF EXPENSE BY OBJECT					
Salaries, wages and employee benefits	\$ 459,198	\$ 445,654	\$ 437,875	\$ 383,236	\$ 359,552
Materials	73,506	63,213	56,873	74,635	52,144
Contracted services	198,942	195,236	172,715	163,794	168,280
Rents and financial expenses	15,114	26,172	16,497	18,429	14,136
Government transfers	255,680	166,477	115,506	113,672	110,046
Debt expense	6,602	7,093	7,688	8,341	9,029
Amortization of tangible capital assets	141,742	144,360	137,719	132,920	122,814
Other operating expenses	2,279	4,602	3,459	3,975	3,918
Total Expenses	\$ 1,153,063	\$ 1,052,807	\$ 948,332	\$ 899,002	\$ 839,919
Consolidated Statement of Change in Net Financial Assets					
Annual surplus	525,120	475,571	\$350,531	\$344,271	\$314,059
Acquisition of tangible capital assets	(503,409)	(375,294)	(286,002)	(274,464)	(292,304)
Amortization of tangible capital assets	141,742	144,360	137,719	132,920	122,814
Loss (gain) on disposal of tangible capital assets	(1,801)	1,387	4,443	8,930	5,296
Proceeds on disposal of tangible capital assets	4,260	13,105	1,911	218	803
Change in inventory and prepaid expenses	617	(2,804)	(282)	(2,204)	(236)
Change in net financial assets	166,529	256,325	208,320	209,671	150,432
Halton Region Net Financial Assets, Beginning of Year, as Previously Reported	2,164,861	1,943,661	1,735,341	1,525,670	1,375,238
Adjustment on First Time Adoption of PS 3280*		(35,125)			
Net Financial Assets, End of Year, as Adjusted	\$ 2,331,390	\$ 2,164,861	\$ 1,943,661	\$ 1,735,341	\$ 1,525,670
Net Long-Term Liabilities					
Total long-term liabilities	488,249	\$473,088	\$486,964	\$515,410	\$553,515
Recoverable debt (Overlapping):					
Local Municipalities and School Boards	(261,561)	(235,323)	(232,880)	(244,255)	(262,572)
Cumulative Sinking Fund contributions from Local Municipalities	(19,717)	(16,939)	(14,270)	(11,690)	(9,194)
Net Long-Term Liabilities	206,971	220,826	239,814	259,465	281,749
Recovered from:					
Tax levy	49,894	53,842	57,822	61,723	65,944
Rate supported	40,978	46,138	55,704	66,007	78,166
Development charges	116,099	120,846	126,288	131,735	137,639
	206,971	220,826	239,814	259,465	281,749
Other Information					
Annual repayment limit**	203,222	186,565	176,108	171,561	161,286
Reserves	\$ 1,352,082	\$ 1,471,922	\$ 1,434,825	\$ 1,364,448	\$ 1,297,428

* Adjustment on first time adoption of PS 3280 in 2022.

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

Five-Year Financial Statistics (unaudited)

(Dollars in Thousands)

	2023	2022 Restated*	2021	2020	2019
EXPENDITURE ANALYSIS					
Consolidated expenditure per capita	\$ 1,774	\$ 1,653	\$ 1,520	\$ 1,473	\$ 1,407
Net debt per capita	\$ 318	\$ 347	\$ 384	\$ 425	\$ 472
Net debt per household	\$ 843	\$ 920	\$ 1,023	\$ 1,135	\$ 1,264
Debt charges as a % of consolidated expenditure	1.2 %	1.8%	2.1%	2.5%	2.7%
REVENUE ANALYSIS					
Property taxes and user charges as a % of consolidated revenue	70.4%	73.7%	72.2%	74.9%	74.9%
Total Government Transfers as a % of consolidated revenue	24.4%	22.0%	22.8%	19.4%	19.5%
Debt charges as a % of consolidated non-grant revenue	0.9%	1.4%	1.7%	2.0%	2.2%
STATISTICS					
Population (a)	650,014	637,054	624,094	610,517	596,940
Households (a)	245,652	240,054	234,455	228,656	222,857
Income per Capita (d)	71,596	68,911	67,055	65,358	63,926
Halton Census division average unemployment rate (b)	5.3%	5.5%	6.5%	9.2%	4.1%
Toronto CMA (c)	6.7%	6.2%	7.3%	10.6%	5.5%
Hamilton CMA (c)	5.6%	4.7%	5.6%	7.5%	4.6%
Area in hectares (a)	96,924	96,924	96,924	96,924	96,924
CONTINUOUS FULL-TIME EMPLOYEES (AS OF DECEMBER 31ST)					
Police (including civilians)	1,159	1,133	1,097	1,084	1,060
Other full-time	2,216	2,151	2,050	2,009	1,982
TYPICAL RESIDENT'S ANNUAL REGIONAL PROPERTY TAXES AND USER CHARGES					
Property taxes - general purpose Per \$100,000 Current Value Assessment (CVA)	\$ 286	\$ 277	\$ 271	\$ 266	\$ 276
Water	\$ 496	\$ 477	\$ 463	\$ 478	\$ 464
Wastewater 2019 – 2020 based on annual water consumption for a residential home of 250m ³ /Year 2021 - 2023 based on annual water consumption for a residential home of 226m ³ /Year	\$ 569	\$ 547	\$ 532	\$ 554	\$ 535
PROPERTY TAXES COLLECTED					
Total property taxes collected on our behalf by Local Municipalities	\$ 500,167	\$ 473,691	\$ 457,417	\$ 444,368	\$ 431,867
TAXABLE ASSESSMENT					
Residential & farm	\$ 138,910,128	\$ 136,738,967	\$ 134,595,535	\$ 132,215,029	\$ 122,398,881
Commercial & industrial (C/I)	33,020,285	32,811,715	32,887,339	32,934,861	31,325,603
	\$ 171,930,413	\$ 169,550,682	\$ 167,482,874	\$ 165,149,890	\$ 153,724,484
Annual change in taxable assessment	1.4%	1.2%	1.4%	7.4%	8.0%
Ratio of C/I to total taxable assessment	19.2%	19.4%	19.6%	19.9%	20.4%
PERMITS ISSUED					
Residential	4,521	4,331	5,073	3,027	3,015
Non-residential	82	106	70	41	153

* Adjustment on first time adoption of PS 3280 in 2022.

(a) June 2011 Best Planning Estimates

(b) Statistics Canada Labour Force Survey - custom tabulation, 3-month moving average unadjusted

(c) Statistics Canada Table 282-0129

(d) Conference Board of Canada, 2023

Halton's Business Community and Key Sectors

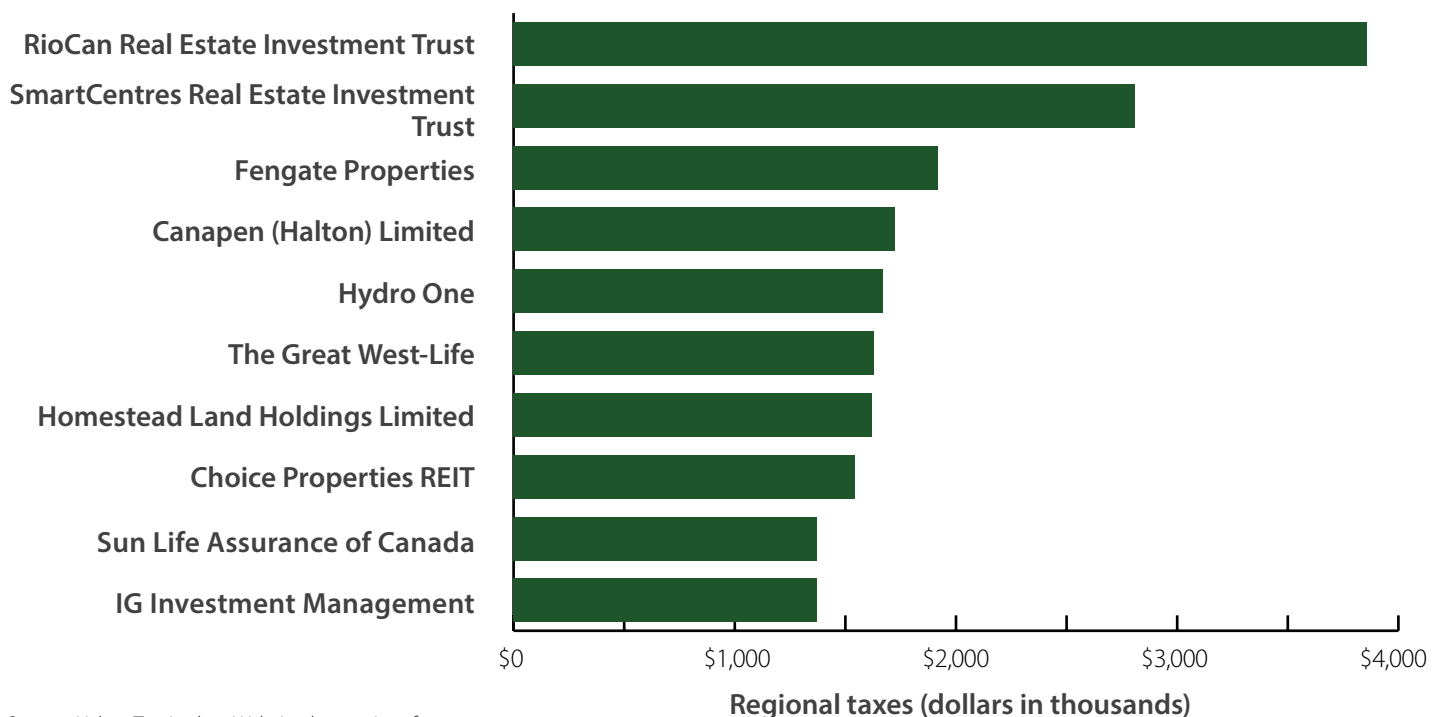
Top 10 Private Sector Employers in Halton in 2023

(Based on number of employees)

Business Name	Location	Sector
Ford Motor Company of Canada (Oakville Assembly Complex)	Oakville	Headquarters and automotive assembly (4,100+ employees)
Collins Aerospace Systems	Oakville	Aerospace parts manufacturing (1,500+ employees)
DSV Global Transport and Logistics	Milton	Distribution logistics (1,000+ employees)
Evertz Microsystems	Burlington	Electronics equipment manufacturing (1,000+ employees)
Karmax Heavy Stamping (division of Magna)	Milton	Automotive parts manufacturing (1,000+ employees)
Geotab	Oakville	Information technology and telematics (1,000+ employees)
Modatek Systems (division of Magna)	Milton	Automotive parts manufacturing (900+ employees)
Gordon Food Service	Milton	Food distribution (850+ employees)
Innomar Strategies	Oakville	Health care services and pharmaceutical (850+ employees)
Sofina Foods	Burlington	Food processing and distribution (850+ employees)

Source: Halton Region Employment Survey, 2023

Principal Corporate Taxpayers in 2023



Source: Halton Tax Analysis Web Application Interface

Recent Awards



Distinguished Budget Presentation Award

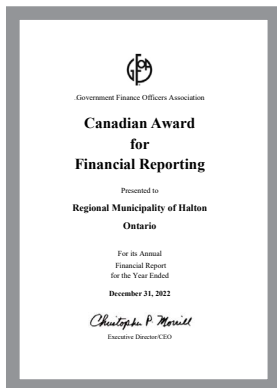
2023 Budget and Business Plan
The Government Finance Officers Association of the United States and Canada



2023 Gold Quill Award of Excellence: COVID-19 Response and Recovery Management

Halton Region COVID-19 Vaccine Rollout Plan

International Association of Business Communicators



Canadian Award for Financial Reporting

2022 Annual Financial Report
The Government Finance Officers Association of the United States and Canada



Canadian Public Relations Society Awards of Excellence

Gold: Canadian Health Care Campaign of the Year, COVID-19 Response and Recovery Management and Communication

Bronze: Employee Engagement, Internal Communications Campaign of the Year, My Wellness

Canadian Public Relations Society



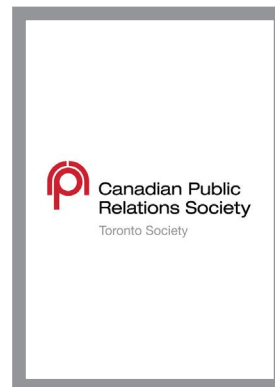
Greater Toronto's Top Employer Award 2024

Halton Region
Mediacorp Canada Inc.



2023 Digital Disruptor

Leadership and Digital Transformation Awards
IT World Canada



ACE Awards – Bronze

2023 Healthcare Campaign of the Year, COVID-19 Vaccine Rollout Plan

2023 Marketing Campaign of the Year, BBH: Trafalgar Road Improvements

Canadian Public Relations Society, Toronto Chapter

