



# Consolidated Financial Statements

**For the year ended December 31, 2022**

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# 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 2022 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.



*Cyndy Winslow*  
*Commissioner of Finance and Regional Treasurer*  
*May 24, 2023*

## 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, 2022, 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, 2022, 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.

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## 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 24, 2023

# Consolidated Statement of Financial Position

As at December 31, 2022

(Dollars in Thousands)

<b>FINANCIAL ASSETS</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$208,899	\$367,729
<b>Accounts receivable:</b>		
Water and wastewater	45,685	42,649
Government Transfers	26,275	21,281
Other receivables	38,918	33,725
Other current assets	1,198	463
Investments (Note 2)	2,923,667	2,523,340
Loans receivable (Note 6)	4,669	4,831
<b>Recoverable gross long-term debt from:</b>		
Local Municipalities (Note 4)	235,323	232,880
<b>Total financial assets</b>	<b>3,484,634</b>	<b>3,226,898</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Notes 2 and 8)	392,021	363,802
Gross long-term liabilities (Note 4)	199,588	213,464
Sinking fund debentures (Note 4)	273,500	273,500
Deferred revenue (Note 10)	304,935	325,465
Landfill closure and post-closure liabilities (Note 11)	16,089	15,034
Employee future benefits liabilities (Note 13)	98,455	91,972
<b>Total liabilities</b>	<b>1,284,588</b>	<b>1,283,237</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,200,046</b>	<b>1,943,661</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 3)	5,759,598	5,542,585
Prepaid expenses	3,189	2,533
Inventories	7,979	5,831
<b>Total non-financial assets</b>	<b>5,770,766</b>	<b>5,550,949</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>\$7,970,812</b>	<b>\$7,494,610</b>

*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, 2022

(Dollars in Thousands)

<b>REVENUES (Note 17)</b>	<b>2022 Budget (Note 18)</b>	<b>2022</b>	<b>2021</b>
Taxation	\$480,379	\$479,747	\$464,863
Development charges and developer contributions	339,962	339,962	195,577
User charges	269,658	278,681	259,476
Government transfers	274,643	310,058	281,786
Canada Community-Building Fund (formerly Federal Gas Tax)	17,394	25,060	14,207
Investment income	53,357	66,484	65,165
Other revenue	27,573	28,386	17,789
<b>Total revenues</b>	<b>1,462,966</b>	<b>1,528,378</b>	<b>1,298,863</b>
<b>EXPENSES (Note 17)</b>			
General government	45,258	45,892	54,735
Social and community services	248,099	243,161	193,119
Social housing	70,340	73,585	58,335
Water and wastewater services	224,100	223,327	202,480
Solid waste services	48,409	50,435	46,625
Protection services	202,755	200,646	191,609
Health services	98,871	121,718	128,158
Transportation services	70,510	70,589	53,493
Planning and development	21,894	21,244	18,232
Recreation and cultural services	1,963	1,579	1,546
<b>Total expenses</b>	<b>1,032,199</b>	<b>1,052,176</b>	<b>948,332</b>
<b>NET REVENUES</b>	<b>430,767</b>	<b>476,202</b>	<b>350,531</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>7,494,610</b>	<b>7,494,610</b>	<b>7,144,079</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$7,925,377</b>	<b>\$7,970,812</b>	<b>\$7,494,610</b>

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, 2022  
(Dollars in Thousands)

	<b>2022 Budget (Note 18)</b>	<b>2022</b>	<b>2021</b>
Net revenues	\$430,767	\$476,202	\$350,531
Acquisition of tangible capital assets	(375,294)	(375,294)	(286,002)
Amortization of tangible capital assets	143,789	143,789	137,719
Loss on disposal of tangible capital assets	1,387	1,387	4,443
Proceeds on disposal of tangible capital assets	13,105	13,105	1,911
Change in inventory and prepaid expenses	(2,804)	(2,804)	(282)
Change in net financial assets	210,950	256,385	208,320
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	1,943,661	1,943,661	1,735,341
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$2,154,611</b>	<b>\$2,200,046</b>	<b>\$1,943,661</b>

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

# Consolidated Statement of Cash Flows

For the year ended December 31, 2022

(Dollars in Thousands)

Cash provided by (used in):	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net revenues	\$476,202	\$350,531
Items not involving cash:		
Amortization	143,789	137,719
Loss on disposal of tangible capital assets	1,387	4,443
Contributed tangible capital assets	(1,435)	(1,324)
Change in non-cash assets and liabilities:		
Accounts receivable	(13,223)	(7,031)
Other current assets	(735)	(13)
Accounts payable and accrued liabilities	28,219	52,324
Deferred revenue	(20,530)	110,929
Inventory and prepaid expenses	(2,804)	(282)
Landfill and post-closure liabilities	1,055	(1,237)
Employee future benefits liabilities	6,483	7,372
Net change in cash and cash equivalents from operating activities	618,408	653,431
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	13,105	1,911
Cash used to acquire tangible capital assets	(373,859)	(284,678)
Net change in cash from capital activities	(360,754)	(282,767)
<b>INVESTING ACTIVITIES</b>		
Loans receivable	162	48
Investments	(400,327)	(471,181)
Net change in cash and cash equivalents from investing activities	(400,165)	(471,133)
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued and assumed	40	41
Long-term debt repaid	(13,988)	(14,763)
Mortgage repayments	(5,040)	(4,929)
Sinking fund contributions from Local Municipalities	2,669	2,580
Net change in cash and cash equivalents from financing activities	(16,319)	(17,071)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(158,830)	(117,540)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	367,729	485,269
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$208,899</b>	<b>\$367,729</b>

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

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(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 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 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.

#### 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

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

### **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:

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

### **ix. Inventories**

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

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### x. Reserves and Discretionary reserve funds

Halton Region follows the practice of allocating interest income and current net revenues 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 Council resolution or by by-law and are available for future uses. Amounts are only expended in accordance with the terms and policies established by Council.

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. Investments

Investments consist of fixed income securities issued by Canadian governments, banks and corporations as well as money market bond funds 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.

### xiii. 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, landfill closure and post-closure liabilities, employee future benefits and post-employment liabilities and certain expenses.

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.

### xiv. 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.

### xv. Cash and cash equivalents

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

### xvi. 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.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

### xvii. Landfill closure and post-closure liabilities

The costs to close an existing landfill site and to maintain closed landfill sites are based on the future estimated expenditures required over a 40-year period, discounted using Halton Region's long-term borrowing rate. These costs are reported as a liability on the Consolidated Statement of Financial Position. This liability is amortized using the units of production method based upon capacity used during the year.

### xviii. 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.

### xix. Canadian Public Sector Accounting standards issued but not yet adopted

The standards noted below were not in effect for the year ended December 31, 2022, 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, 2022:

Topic	Description
Section PS 1201 - Financial statement presentation	This Section establishes general reporting principles and standards for the disclosure of information in government financial statements.
Section PS 2601 - Foreign currency translation	This Section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.
Section PS 3280 - Asset retirement obligations	This Section establishes standards on how to account for and report a liability for asset retirement obligations.
Section PS 3041 - Portfolio investments	This Section establishes standards on how to account for and report portfolio investments in government financial statements.
Section PS 3450 - Financial instruments	This Section establishes standards on how to account for and report all types of financial instruments including derivatives.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Topic	Description
Section PS 3400- Revenue	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 PSG 8 - Purchased intangibles	This Section establishes standards on how to account for and report purchased intangible assets.
Section PS 3160 - Public private partnerships	This Section establishes standards on how to account and report for public private partnership between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

## 2. INVESTMENTS

Halton Region's investment policy as approved by the 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.

	2022		2021	
	Cost	Market Value	Cost	Market Value
Investments	<b>\$2,923,667</b>	<b>\$2,680,309</b>	<b>\$2,523,340</b>	<b>\$2,552,676</b>

In addition, Halton Region includes in its investment portfolio a balance of \$106,209 (2021 - \$103,860) 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 \$615,084 (2021 - \$348,246) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2021 - \$nil). Roads and underground water and sewer systems in the amount of \$1,435 (2021 - \$1,324) 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 (2021 - \$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.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 3. TANGIBLE CAPITAL ASSETS (CONTINUED)

The following tables summarize tangible capital asset balances by category for the years 2022 and 2021:

Asset Type	Opening Balance	Additions/	Disposals	Ending Balance	Opening Accumulated Amortization Balance	Amortization	Disposals	Ending Accumulated Amortization Balance	Ending Net Book Value
	01-Jan-22	(Transfers)		31-Dec-22	01-Jan-22			31-Dec-22	31-Dec-22
<b>General</b>									
Buildings and building improvements	\$294,416	\$5,614	\$-	\$300,030	\$127,532	\$8,078	\$-	\$135,610	\$164,420
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	78,044	1,472	-	79,516	41,860	1,896	-	43,756	35,760
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
<b>Total general capital</b>	<b>910,743</b>	<b>26,639</b>	<b>3,125</b>	<b>934,257</b>	<b>370,966</b>	<b>28,519</b>	<b>2,565</b>	<b>396,920</b>	<b>537,337</b>
<b>Infrastructure</b>									
Buildings and building improvements	612,327	1,063	1,547	611,843	191,046	12,677	307	203,416	408,427
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	4,355,875	36,259	24,112	4,368,022	997,986	65,459	15,983	1,047,462	3,320,560
Machinery and equipment	854,026	10,437	4,829	859,634	370,129	32,417	3,193	399,353	460,281
<b>Total infrastructure</b>	<b>6,282,507</b>	<b>81,817</b>	<b>33,537</b>	<b>6,330,787</b>	<b>1,627,945</b>	<b>115,270</b>	<b>19,605</b>	<b>1,723,610</b>	<b>4,607,177</b>
<b>Assets under construction</b>	<b>348,246</b>	<b>266,838</b>	<b>-</b>	<b>615,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615,084</b>
<b>Total tangible capital assets</b>	<b>\$7,541,496</b>	<b>\$375,294</b>	<b>\$36,662</b>	<b>\$7,880,128</b>	<b>\$1,998,911</b>	<b>\$143,789</b>	<b>\$22,170</b>	<b>\$2,120,530</b>	<b>\$5,759,598</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 3. TANGIBLE CAPITAL ASSETS (CONTINUED)

Asset Type	Opening Balance 01-Jan-21	Additions/ (Transfers)	Disposals	Ending Balance 31-Dec-21	Opening Accumulated Amortization Balance 01-Jan-21	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-21	Ending Net Book Value 31-Dec-21
<b>General</b>									
Buildings and building improvements	\$293,967	\$1,252	\$803	\$294,416	\$120,187	\$8,143	\$798	\$127,532	\$166,884
Computer hardware	38,235	6,865	1,139	43,961	20,326	5,193	1,139	24,380	19,581
Computer software	19,796	1,329	1,262	19,863	16,452	1,302	1,262	16,492	3,371
Land	190,635	11,048	138	201,545	-	-	-	-	201,545
Land improvements	77,152	892	-	78,044	39,771	2,089	-	41,860	36,184
Leasehold improvements	4,901	24	-	4,925	3,351	205	-	3,556	1,369
Machinery and equipment	229,910	2,869	1,032	231,747	128,007	7,388	1,004	134,391	97,356
Vehicles	35,579	3,161	2,498	36,242	21,174	3,800	2,219	22,755	13,487
<b>Total general capital</b>	<b>890,175</b>	<b>27,440</b>	<b>6,872</b>	<b>910,743</b>	<b>349,268</b>	<b>28,120</b>	<b>6,422</b>	<b>370,966</b>	<b>539,777</b>
<b>Infrastructure</b>									
Buildings and building improvements	588,960	23,607	240	612,327	178,880	12,383	217	191,046	421,281
Land	296,606	25,344	2,749	319,201	-	-	-	-	319,201
Land improvements	125,819	15,316	57	141,078	64,601	4,278	95	68,784	72,294
Linear	4,201,606	161,858	7,589	4,355,875	940,710	61,890	4,614	997,986	3,357,889
Machinery and equipment	840,916	13,728	618	854,026	339,504	31,048	423	370,129	483,897
<b>Total infrastructure</b>	<b>6,053,907</b>	<b>239,853</b>	<b>11,253</b>	<b>6,282,507</b>	<b>1,523,695</b>	<b>109,599</b>	<b>5,349</b>	<b>1,627,945</b>	<b>4,654,562</b>
<b>Assets under construction</b>	<b>329,537</b>	<b>18,709</b>	<b>-</b>	<b>348,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>348,246</b>
<b>Total tangible capital assets</b>	<b>\$7,273,619</b>	<b>\$286,002</b>	<b>\$18,125</b>	<b>\$7,541,496</b>	<b>\$1,872,963</b>	<b>\$137,719</b>	<b>\$11,771</b>	<b>\$1,998,911</b>	<b>\$5,542,585</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(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 Boards. The responsibility for raising the amounts required to service these liabilities lies with the respective Local Municipalities, School Boards and Halton Region. The debentures are direct, joint and several obligations of Halton Region and all its Local Municipalities.

Halton Region has purchased \$4,997 (2021 - \$2,040) 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 2022 is \$273,500 (2021 - \$169,016).

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

	2022	2021
Long-term liabilities incurred by Halton Region	\$170,485	\$179,321
Mortgages payable by HCHC	29,103	34,143
Subtotal gross long-term liabilities	<b>199,588</b>	<b>213,464</b>
Sinking fund debentures	273,500	273,500
Total long-term liabilities incurred by Halton Region	<b>473,088</b>	<b>486,964</b>
Less recoverable from Local Municipalities:		
Long-term debentures	147,262	142,150
Sinking Fund debentures	88,061	90,730
Subtotal Local Municipalities	<b>235,323</b>	<b>232,880</b>
Less cumulative Sinking Fund contributions from Local Municipalities	16,939	14,270
<b>Net long-term liabilities at year end</b>	<b>\$220,826</b>	<b>\$239,814</b>

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.

	2022	2021
Opening earnings	\$19,816	\$17,453
Halton Region contributions	1,827	1,827
Interest earned	592	536
<b>Sinking Fund #148-11 earnings to date</b>	<b>\$22,235</b>	<b>\$19,816</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(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.

	2022	2021
Opening earnings	\$22,761	\$18,647
Halton contributions	1,262	1,261
Oakville contributions	1,816	1,816
Milton contributions	303	303
Interest earned	878	734
<b>Sinking Fund #43-15 earnings to date</b>	<b>\$27,020</b>	<b>\$22,761</b>

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

	2022	2021
Property taxes – general purpose levy	\$53,842	\$57,822
Water	25,820	32,509
Wastewater	20,318	23,195
Development charges	120,846	126,288
<b>Net long-term liabilities at year end</b>	<b>\$220,826</b>	<b>\$239,814</b>

## 5. CHARGES FOR LONG-TERM LIABILITIES

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

	2022	2021
Gross principal repayment	\$39,468	\$43,678
HCHC mortgages	5,040	4,929
Less amounts recovered	(25,480)	(28,915)
<b>Net principal</b>	<b>19,028</b>	<b>19,692</b>
Gross interest paid	14,222	14,727
HCHC mortgages	870	952
Less amount recovered	(7,999)	(7,991)
<b>Net interest</b>	<b>7,093</b>	<b>7,688</b>
<b>Total net principal and interest</b>	<b>\$26,121</b>	<b>\$27,380</b>

Debentures bear interest at rates ranging from 0.50% (2021 - 0.30%) to 5.50% (2021 - 5.50%). Mortgages of \$29,103 (2021 - \$34,143) 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% (2021 - 0.74%) and 5.94% (2021 - 5.94%).

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

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 5. CHARGES FOR LONG-TERM LIABILITIES (CONTINUED)

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

	2022	2021
Property taxes – general purpose levy	\$5,944	\$6,563
Water and wastewater revenues	8,431	9,470
Development charges	11,746	11,347
<b>Total</b>	<b>\$26,121</b>	<b>\$27,380</b>

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

	Instalment principal	Sinking Fund #148-11	Sinking Fund #43-15	HCHC mortgages	Total
2023	\$8,835	\$3,379	\$1,608	\$8,686	\$22,508
2024	8,024	3,489	1,661	4,412	17,586
2025	3,384	3,603	1,715	5,924	14,626
2026	3,472	3,721	1,771	3,301	12,265
2027	-	3,842	1,829	4,038	9,709
2028-2045	-	87,641	53,749	2,742	144,132
<b>Total</b>	<b>\$23,715</b>	<b>\$105,675</b>	<b>\$62,333</b>	<b>\$29,103</b>	<b>\$220,826</b>

## 6. LOANS RECEIVABLE

Halton Region has loans receivable in the amount of \$4,669 (2021 - \$4,831) from Conservation Halton. 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 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 2022 is \$525 (2021 - \$524). Each loan is repayable over a set period at a variable interest rate listed below.

	2022	2021
Loans repayable over 10 years bearing interest of 3.0% with maturity dates from 2023-2027	<b>\$416</b>	<b>\$611</b>
Loans repayable over 20 years bearing interest of 3.0% with maturity dates from 2038-2042	<b>574</b>	<b>402</b>
Loans repayable over 30 years bearing interest of 3.2% with maturity dates from 2048-2050	<b>3,679</b>	<b>3,818</b>
<b>Total</b>	<b>\$4,669</b>	<b>\$4,831</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- a. Halton Region has outstanding contractual obligations of \$596,063 (2021 - \$668,918) for capital works still to be constructed. Regional Council has approved the required financing for these obligations.
- b. Halton Region has entered into operating leases for various office premises and equipment requiring the following payments over the next five years:
- |      |         |
|------|---------|
| 2023 | \$4,108 |
| 2024 | 1,907   |
| 2025 | 1,334   |
| 2026 | 293     |
| 2027 | 61      |
- c. 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 Council but which have not been reported as commitments.
- d. The Region has issued letters of credit for \$2,396 (2021 - \$2,096) 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.

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 \$3,551 (2021 - \$4,768) which is included in Accounts payable and accrued liabilities in the Consolidated Statement of Financial Position.

## 9. CONTINGENT ASSETS

As at December 31, 2022, 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, 2022.

## 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 \$199,572 (2021 - \$206,287), reserve fund for the Canada Community-Building Fund (formerly Federal Gas Tax) in the amount of \$39,907 (2021 - \$46,051) and COVID-19 Recovery Funding for Municipalities of \$nil (2021 - \$4,883). 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.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 10. DEFERRED REVENUE (CONTINUED)

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

	Balance at 31-Dec-21	Inflows	Revenue Earned	Balance at 31-Dec-22
Development charges	\$206,287	\$329,601	\$336,316	\$199,572
Canada Community-Building Fund (formerly Federal Gas Tax)	46,051	18,916	25,060	39,907
COVID-19 Recovery Funding for Municipalities	4,883	-	4,883	-
<b>Total Obligatory Reserve Funds</b>	<b>257,221</b>	<b>348,517</b>	<b>366,259</b>	<b>239,479</b>
Unspent Capital Financing	52,968	293	7,054	46,207
Permits	2,001	1,708	1,214	2,495
Developer Accelerated (Note 15)	7,923	10,441	6,949	11,415
Developer Water Meters	1,003	680	511	1,172
Other	4,349	5,280	5,462	4,167
<b>Total general deferred revenue</b>	<b>68,244</b>	<b>18,402</b>	<b>21,190</b>	<b>65,456</b>
<b>Total</b>	<b>\$325,465</b>	<b>\$366,919</b>	<b>\$387,449</b>	<b>\$304,935</b>

## 11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

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 24 years, assuming the waste diversion targets are met. The present value of the expected closure and post-closure care costs of the active landfill site and the present value of 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 liability was estimated using a discount factor of 5% and an inflation factor of 2%. 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.

	2022	2021
Remaining capacity (m <sup>3</sup> )	4,153,987	4,228,587
Reserve funds (Note 15)	\$22,110	\$21,436
Closure & post-closure care		
Estimated expenditures	20,062	18,961
Remaining expenditures to be recognized	(3,973)	(3,927)
<b>Landfill closure and post-closure liabilities</b>	<b>\$16,089</b>	<b>\$15,034</b>

## 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, 2022, that meet the specified criteria (2021 - \$nil).

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 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:

	2022		2021	
	Accrued Liability	Reserve	Accrued Liability	Reserve
Retirement benefits				
Halton Region employees	\$18,058	\$22,363	\$16,907	\$21,500
Halton Regional Police Service	38,394	36,036	36,732	35,163
WSIB				
Halton Region employees	15,097	21,202	13,610	18,952
Halton Regional Police Service	8,288	6,009	6,323	5,349
Long-term disability				
Halton Region employees	8,753	13,309	8,686	13,042
Halton Regional Police Service	4,679	6,534	4,303	6,036
Vacation pay				
Halton Region employees	4,992	-	5,196	-
Halton Regional Police Service	126	-	148	-
Vested sick leave entitlements				
Halton Regional Police Service	68	102	67	100
<b>Total</b>	<b>\$98,455</b>	<b>\$105,555</b>	<b>\$91,972</b>	<b>\$100,142</b>

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

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$117,281	\$112,964
Current benefit cost	9,078	8,776
Interest	3,154	3,060
Benefits paid	(8,948)	(7,519)
Actuarial loss	-	-
Balance, end of year	120,565	117,281
Unamortized actuarial loss	(22,110)	(25,309)
Liability for benefits	98,455	91,972
<b>Amortization of actuarial loss</b>	<b>\$3,199</b>	<b>\$3,055</b>

The liabilities were determined by an actuarial valuation as at December 31, 2020 and extrapolation to December 31, 2022. The unamortized actuarial loss is amortized over the expected average remaining service life with estimates to December 31, 2023. Halton Region commissions actuarial reviews of the retirement benefits, WSIB and long-term disability obligations every three years.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 13. EMPLOYEE FUTURE BENEFITS LIABILITIES (CONTINUED)

	<b>2022</b>	<b>Remaining Service Life</b>
Retirement benefits	\$(7,315)	7 to 13 years
WSIB	(11,826)	9 to 10 years
Long-term disability	(2,969)	8 years
<b>Total</b>	<b>\$(22,110)</b>	

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:

	<b>2022</b>	<b>2021</b>
Expected inflation rate	1.75%	1.75%
Discount rate:		
Retirement benefits	3.00%	3.00%
WSIB	2.75%	2.75%
Long-term disability	2.25%	2.25%
Expected salary increase	2.75%	2.75%
Expected dental care cost increase	3.75%	3.75%
Expected health cost increase	5.42% in 2022, reducing by 0.33% per year to 3.75% in 2027	5.75% in 2021, 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 2022, payments out of the vested sick leave plan amounted to \$nil (2021 - \$nil) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$68 (2021 - \$67) are anticipated to be paid out in 2022 and have been reported on the Consolidated Statement of Financial Position.

## 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 3,645 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, 2022 is \$124.2 billion (2021 - \$120.8 billion) with an actuarially determined funding deficit of \$6.7 billion (2021 - \$3.1 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 \$31,074 (2021 - \$30,023) and is included as an expense on the Consolidated Statement of Operations. Employee contributions amounted to \$31,074 (2021 - \$30,023).

Contributions for employees with a normal retirement age of 65 were made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$64.9 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.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following balances:

	2022	2021
Unexpended capital financing	\$1,054,271	\$844,667
Reserves and discretionary reserve funds (detailed below)	1,471,922	1,434,825
Sinking fund investment	32,318	28,310
Tangible capital assets	5,759,598	5,542,585
Developer financed assets	(11,415)	(7,923)
Amounts to be recovered in future years:		
From reserves and reserve funds on hand	(104,790)	(99,120)
From future revenues	(231,092)	(248,734)
<b>Total Accumulated Surplus</b>	<b>\$7,970,812</b>	<b>\$7,494,610</b>
Reserves and discretionary reserve funds set aside by Council:		
Stabilization - rate	\$36,933	\$35,764
Stabilization - tax	78,977	76,414
Regional COVID recovery	11,465	14,116
Program specific	107,857	110,313
Workplace safety and insurance	27,211	24,301
Self-insurance - general	7,376	6,900
Self-insurance - employee benefits	78,344	75,841
Landfill closure and post-closure	22,110	21,436
Equipment replacement - vehicle	10,199	11,917
Equipment replacement - building	4,691	6,078
Equipment replacement - equipment	21,213	13,685
Capital - rate	349,983	328,910
Capital - tax	465,855	480,635
Capital - investment	125,836	107,424
Other	123,872	121,091
<b>Total Reserves and Discretionary Reserve Funds</b>	<b>\$1,471,922</b>	<b>\$1,434,825</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 16. TRUST FUNDS

Trust Funds, in the amount of \$79 (2021 - \$66), 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.

## 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.

### **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.

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 17. SEGMENTED INFORMATION (CONTINUED)

### 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 2022 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. For additional information see the Consolidated Schedule of Segment Disclosure below for the years 2022 and 2021.

	Protection Services	Transportation Services	Water and Wastewater Services	Solid Waste Services*	Health Services	Social and Community Services	Social Housing	Other Services**	Total Consolidated 2022
<b>Revenues</b>									
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
Payment in lieu	2,011	669	-	-	477	574	422	684	4,837
User charges	5,934	812	240,530	8,796	110	17,532	615	4,352	278,681
Provincial Transfers	7,116	6,251	105	-	80,691	184,237	20,232	5,400	304,032
Federal Transfers	-	20,847	4,214	-	88	414	5,405	118	31,086
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	3	-	11,050	-	3	-	16,635	695	28,386
<b>Total revenues</b>	<b>202,885</b>	<b>267,350</b>	<b>411,488</b>	<b>54,597</b>	<b>127,066</b>	<b>255,662</b>	<b>84,774</b>	<b>124,556</b>	<b>1,528,378</b>
<b>Expenses</b>									
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	38,870	6,645	26,048	8,993	37,903	196,291
Rents and financial expenses	266	6,995	6,232	161	2,121	862	4,917	3,503	25,057
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	88,883	2,031	2,000	2,258	4,658	5,883	143,789
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
<b>Total expenses</b>	<b>200,646</b>	<b>70,589</b>	<b>223,327</b>	<b>50,435</b>	<b>121,718</b>	<b>243,161</b>	<b>73,585</b>	<b>68,715</b>	<b>1,052,176</b>
<b>Net revenues</b>	<b>\$2,239</b>	<b>\$196,761</b>	<b>\$188,161</b>	<b>\$4,162</b>	<b>\$5,348</b>	<b>\$12,501</b>	<b>\$11,189</b>	<b>\$55,841</b>	<b>\$476,202</b>

\* The allocation of taxation amount is based on a percentage of budgeted net expenditures except for Solid Waste as this amount is collected through By-Law 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, 2022

(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 2021
<b>Revenues</b>									
Taxation*									
General purpose levy	\$171,437	\$60,425	\$28	\$16,052	\$41,150	\$47,902	\$38,372	\$56,455	\$431,821
Solid waste levy	-	-	-	28,220	-	-	-	-	28,220
Payment in lieu	2,010	708	-	-	482	562	450	610	4,822
User charges	5,391	(266)	224,188	8,889	80	17,067	1,638	2,489	259,476
Provincial Transfers	6,332	1,542	766	-	94,837	140,342	19,893	9,568	273,280
Federal Transfers	-	2,837	11,369	-	44	283	8,178	2	22,713
Investment income	-	-	3,617	-	-	-	-	61,548	65,165
Development charges and developer contributions	1,735	57,686	124,172	75	3,607	-	2,348	5,954	195,577
Other revenue	1	-	1,492	7	11	-	15,690	588	17,789
<b>Total revenues</b>	<b>186,906</b>	<b>122,932</b>	<b>365,632</b>	<b>53,243</b>	<b>140,211</b>	<b>206,156</b>	<b>86,569</b>	<b>137,214</b>	<b>1,298,863</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	148,715	3,368	38,147	4,367	98,387	78,402	5,719	60,770	437,875
Materials	7,132	1,902	23,754	1,466	6,625	6,454	3,830	5,710	56,873
Contracted services	11,183	15,444	36,222	36,030	7,613	23,312	8,255	34,656	172,715
Rents and financial expenses	341	5,144	1,400	123	1,641	827	4,746	2,275	16,497
Government transfers	10,086	174	692	172	1,056	68,391	28,171	6,764	115,506
Debt expense	1,704	-	5,022	-	10	-	952	-	7,688
Amortization of tangible capital assets	10,746	25,241	84,457	2,271	2,196	2,388	4,511	5,909	137,719
Program support	1,702	2,220	12,786	2,196	10,630	13,345	2,151	(45,030)	-
Other operating expenses	-	-	-	-	-	-	-	3,459	3,459
<b>Total expenses</b>	<b>191,609</b>	<b>53,493</b>	<b>202,480</b>	<b>46,625</b>	<b>128,158</b>	<b>193,119</b>	<b>58,335</b>	<b>74,513</b>	<b>948,332</b>
<b>Net revenues</b>	<b>(\$4,703)</b>	<b>\$69,439</b>	<b>\$163,152</b>	<b>\$6,618</b>	<b>\$12,053</b>	<b>\$13,037</b>	<b>\$28,234</b>	<b>\$62,701</b>	<b>\$350,531</b>

\* The allocation of taxation amount is based on a percentage of budgeted net expenditures except for Solid Waste as this amount is collected through By-Law 8-21.

\*\* 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, 2022  
(Dollars in Thousands)

## 18. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2022 operating and capital budgets approved by Halton Regional Council on December 15, 2021 and the HCHC Board on December 15, 2021.

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.

	<b>2022 Budget</b>
<b>Halton Region approved Operating Revenues budget (FN-41-21)</b>	<b>\$1,035,988</b>
In-year changes*	55,935
Revised approved budget	1,091,923
Development charges and developer contributions	339,962
Government Transfers	9,354
Gain on disposal of tangible capital assets	11,032
Other revenue adjustments	(844)
Reclassification between revenue and expense	(348)
<b>HCHC approved Operating Revenues budget (HC-20-21)</b>	<b>28,376</b>
HCHC PSAS adjustments	3,731
HCHC intercompany transactions	(20,220)
<b>Total consolidated revenues</b>	<b>1,462,966</b>
<b>Halton Region approved Operating Expenses budget (FN-41-21)</b>	<b>\$1,035,988</b>
In-year changes*	55,935
Revised approved budget	1,091,923
Transfers to reserves - capital	(215,937)
Transfers from reserves - capital	11,746
Debt charges - principal	(17,077)
Transfers to reserves - operating	(54,345)
Transfers from reserves - operating	10,588
Amortization	139,653
Capital project cost resulting in operating expenses	38,131
Loss (gain) on disposal of tangible capital assets	12,419
Employee future benefits	6,484
Landfill liability	1,055
Reclassification between revenue and expense	(348)
<b>HCHC approved Operating Expenses budget (HC-20-21)</b>	<b>28,376</b>
HCHC PSAS adjustments	(2,177)
HCHC intercompany transactions	(18,292)
<b>Total consolidated expenses</b>	<b>1,032,199</b>
<b>Net revenues</b>	<b>\$430,767</b>
<b>In-year changes</b>	<b>Amount</b>
<b>*Refer to Halton Region Report No.:</b>	
SS-03-22 - Services for Seniors Funding Increase - Direct Care Hours	\$5,439
SS-12-22 - Early Learning and Child Care Update	50,587
MO-10-22 - Oral Health Update	2,019
FN-13-22 - 2022 Tax Policy	(2,110)
<b>Total</b>	<b>\$55,935</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 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	
	2022	2021	2022	2021
Insurance period of one year beginning on	1/1/2022	1/1/2021	11/1/2022	11/1/2021
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	354	378	-	-
Estimated value of outstanding litigated claims	1,845	1,455	45	15
Self-insurance reserves (Note 15)	7,376	6,900	N/A	N/A

Insurance claims of \$354 (2021 - \$378), as noted in the above table, are included as an expense in the Consolidated Statement of Operations. In 2022, Halton Region and HCHC's insurance providers changed the coverage limit for HCHC's replacement costs. The replacement cost coverage per occurrence is set at a limit of \$100,000 for Halton Region and \$35,000 for HCHC. In 2021, the total insured value was covered and the replacement cost coverage was \$100,000 for Halton Region and \$25,000 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.

## 20. COVID-19 PANDEMIC

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In 2022, Halton Region continued to respond to the COVID-19 pandemic and Public Health played a leadership role in implementing the local COVID-19 vaccination roll-out.

The COVID-19 pandemic had a financial impact of \$55,719 (2021 - \$96,480) in unforeseen costs incurred during the year. These costs were offset with \$53,939 (2021 - \$96,480) in Federal and Provincial transfers which included \$26,809 (2021 - \$40,558) for the Vaccine Program. Revenue and expenses are reflected in the Consolidated Statement of Operations in the program area that incurred the expense; the tangible capital assets purchased have been capitalized and amortized in accordance with Halton Region's tangible capital asset amortization methods.

	2022	2021
<b>COVID-19 Funding</b>		
Other provincial transfers	\$43,927	\$84,423
Social Services Relief Fund	5,129	10,625
COVID-19 Recovery Funding for Municipalities	4,883	497
Federal Transfers	-	935
<b>Total COVID-19 revenue</b>	<b>53,939</b>	<b>96,480</b>
<b>COVID-19 Costs</b>		
Salaries, wages and employee benefits	33,447	48,240
Grants provided to child care, social housing providers	4,395	19,649
Contracted services	7,474	10,233
Other operating costs	5,916	7,635
Materials	3,921	6,020
Tangible capital assets purchased	566	4,703
<b>Total COVID-19 costs incurred</b>	<b>55,719</b>	<b>96,480</b>
<b>Net Impact</b>	<b>\$1,780</b>	<b>-</b>

# Notes to Consolidated Financial Statements

For the year ended December 31, 2022  
(Dollars in Thousands)

## 20. COVID-19 PANDEMIC (CONTINUED)

The table above includes transfers from the Provincial Social Services Relief Fund (SSRF) of \$516 (2021 - \$4,644) to support the capital project for emergency shelter.

As outlined in Note 10 Deferred Revenue, all Provincial COVID-19 Recovery funding received has been fully utilized in accordance with the terms outlined in the funding agreements.

<b>Provincial Funding</b>	<b>Funding Received</b>	<b>Funding Utilized</b>	<b>Deferred Revenue</b>
<b>Obligatory Reserve Fund</b>			
COVID-19 Recovery Funding for Municipalities	\$4,883	\$4,883	-
<b>Total COVID-19 Recovery funding</b>	<b>\$4,883</b>	<b>\$4,883</b>	<b>-</b>

## 21. COMPARATIVE FIGURES

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