



Consolidated Financial Statements

For the year ended December 31, 2024

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 2024 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 21, 2025

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, 2024, 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, 2024, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Regional Municipality of Halton as a basis for forming 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.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a clean, sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
May 21, 2025

Consolidated Statement of Financial Position

As at December 31, 2024
(Dollars in Thousands)

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 173,795	\$ 156,183
Accounts receivable:		
Water and wastewater	50,331	46,209
Government transfers	49,466	30,769
Other receivables	47,474	38,692
Other current assets	631	679
Investments (Note 2)	3,155,773	3,095,643
Loans receivable (Note 6)	4,910	4,924
Recoverable gross long-term debt from:		
Local Municipalities (Note 4)	309,221	261,561
Total financial assets	3,791,601	3,634,660
LIABILITIES		
Accounts payable and accrued liabilities (Notes 2 and 8)	452,906	413,696
Gross long-term liabilities (Note 4)	251,897	214,749
Sinking fund debentures (Note 4)	328,147	273,500
Deferred revenue (Note 10)	184,965	242,633
Asset retirement obligations (Note 11)	54,906	53,722
Employee future benefits liabilities (Note 13)	118,382	104,970
Total liabilities	1,391,203	1,303,270
NET FINANCIAL ASSETS	2,400,398	2,331,390
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	6,542,223	6,124,812
Prepaid expenses	26,941	4,188
Inventories	6,494	6,363
Total non-financial assets	6,575,658	6,135,363
ACCUMULATED SURPLUS (NOTE 15)	\$ 8,976,056	\$ 8,466,753

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, 2024
(Dollars in Thousands)

	2024 Budget (Note 18)	2024	2023
REVENUES (NOTE 17)			
Taxation	\$ 537,431	\$ 538,178	\$ 504,053
Development charges and developer contributions	302,725	302,725	368,506
User charges	301,451	310,243	276,724
Government transfers	408,198	422,623	389,017
Canada Community-Building Fund	18,150	33,804	20,003
Investment income	59,146	96,410	87,109
Other revenue	27,004	31,037	32,771
Total revenues	1,654,105	1,735,020	1,678,183
EXPENSES (NOTE 17)			
General government	55,128	61,550	47,494
Social and community services	339,907	356,317	342,151
Social housing	92,604	92,860	72,856
Water and wastewater services	229,643	238,991	235,231
Solid waste services	52,723	55,089	52,673
Protection services	232,044	235,519	212,239
Health services	105,922	102,722	105,144
Transportation services	63,828	62,013	63,908
Planning and development	18,936	18,639	19,479
Recreation and cultural services	2,062	2,017	1,888
Total expenses	1,192,797	1,225,717	1,153,063
ANNUAL SURPLUS	461,308	509,303	525,120
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,466,753	8,466,753	7,941,633
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,928,061	\$ 8,976,056	\$ 8,466,753

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, 2024
(Dollars in Thousands)

	2024 Budget (Note 18)	2024	2023
Annual surplus	\$ 461,308	\$ 509,303	\$ 525,120
Acquisition of tangible capital assets	(582,542)	(582,542)	(503,409)
Amortization of tangible capital assets	160,893	160,893	141,742
Loss (gain) on disposal of tangible capital assets	3,211	3,211	(1,801)
Proceeds on disposal of tangible capital assets	1,027	1,027	4,260
Inventory and prepaid expenses	(22,884)	(22,884)	617
Change in net financial assets	21,013	69,008	166,529
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,331,390	2,331,390	2,164,861
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,352,403	\$ 2,400,398	\$ 2,331,390

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2024
(Dollars in Thousands)

	2024	2023
Cash provided by (used in):		
OPERATING ACTIVITIES		
Annual surplus	\$ 509,303	\$ 525,120
Items not involving cash:		
Amortization of tangible capital assets	160,893	141,742
Loss (gain) on disposal of tangible capital assets	3,211	(1,801)
Contributed tangible capital assets	(1,765)	(78,550)
Change in non-cash assets and liabilities:		
Accounts receivable	(31,601)	(4,792)
Other current assets	48	519
Accounts payable and accrued liabilities	39,210	21,675
Deferred revenue	(57,668)	(62,302)
Inventory and prepaid expenses	(22,884)	617
Asset retirement obligations	1,184	2,448
Employee future benefits liabilities	13,412	6,515
Net change in cash and cash equivalents from operating activities	613,343	551,191
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	1,027	4,260
Cash used to acquire tangible capital assets	(580,777)	(424,859)
Net change in cash and cash equivalents from capital activities	(579,750)	(420,599)
INVESTING ACTIVITIES		
Loans receivable	14	(255)
Investments	(60,130)	(171,976)
Net change in cash and cash equivalents from investing activities	(60,116)	(172,231)
FINANCING ACTIVITIES		
Long-term debt issued and assumed	54,478	35
Long-term debt repaid	(8,033)	(8,845)
Mortgage repayments	(5,209)	(5,045)
Sinking fund contributions from Local Municipalities	2,899	2,778
Net change in cash and cash equivalents from financing activities	44,135	(11,077)
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,612	(52,716)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	156,183	208,899
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 173,795	\$ 156,183

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

Notes to Consolidated Financial Statements

For the year ended December 31, 2024

(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. Halton Region is comprised of four municipalities: the City of Burlington and the Towns of Halton Hills, Milton and Oakville. 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"). The purpose of the consolidated financial statements is to provide users with an understanding of the financial position as at December 31 and operating results of Halton Region over the fiscal period. The Consolidated Statement of Financial Position reports financial assets and liabilities, and the non-financial assets of the Region. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position of the Region and is the sum of the Region's net financial assets and non-financial assets. 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. Accrual method 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

iii. Revenue recognition

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. Government transfers, such as the Canada Community-Building Fund, 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.

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.

Taxation 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 recognizes a liability if the amount can be reasonably estimated.

User charges and other revenue

User charges and other revenue from transactions with performance obligations are recognized when Halton Region satisfies a performance obligation by providing the promised good or service to the payor. For transactions with no performance obligations, these are recognized when Halton Region has authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

iv. Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

v. 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.

vi. 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.

vii. 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.

Purchased intangible assets, including but not limited to intellectual property such as reports, plans, designs, and other documents created on behalf of Halton Region, have not been recorded in the Consolidated Statement of Financial Position as a reasonable estimate of value cannot be made due to the complexities and uncertainties associated with the valuation of the intellectual property.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

viii. 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.

ix. 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.

x. Inventories

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

xi. 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.

xii. Financial instruments

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

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

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xii. Financial instruments (continued)

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. There are no significant remeasurement impacts from financial instruments 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.

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.

xiii. 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.

xiv. 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.

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.

xv. 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xvi. Cash and cash equivalents

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

xvii. 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.

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.

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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of accounting (continued)

xviii. Pensions and employee future benefits liabilities (continued)

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. Adoption of new accounting standards

The Region adopted the following standards beginning January 1, 2024 prospectively: PS 3400 Revenue, PS 3160 Public Private Partnerships and guideline PSG 8 Purchased Intangibles.

PS 3400 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.

PS 3160 establishes standards on how to account for public private partnership arrangements.

PSG 8 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.

The adoption of these standards had no financial impact on the consolidated financial statements of the Region.

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

The standards noted below were not in effect for the year ended December 31, 2024, 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, 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, 2024
(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.

	2024		2023	
	Cost	Market Value	Cost	Market Value
Investments	\$ 3,155,773	\$ 3,057,728	\$ 3,095,643	\$ 2,942,575

In addition, Halton Region includes in its investment portfolio a balance of \$106,183 (2023 - \$100,154) 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 \$848,987 (2023 - \$737,816) that are not being amortized as they are under construction. During the year there were no write-downs of assets (2023 - \$nil). Roads and underground water and sewer systems in the amount of \$1,765 (2023 - \$78,550) 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 (2023 - \$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 \$18,593 (2023 - \$18,610) and accumulated amortization of \$12,585 (2023 - \$11,855).

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

The following tables summarize tangible capital asset balances by category for the years 2024 and 2023:

Asset Type	Opening Balance 01-Jan-24	Additions/ (Transfers)	Disposals	Ending Balance 31-Dec-24	Opening Accumulated Amortization Balance 01-Jan-24	Amortization	Disposals	Ending Accumulated Amortization Balance 31-Dec-24	Ending Net Book Value 31-Dec-24
General									
Buildings and building improvements	\$ 375,416	\$ 3,975	\$ 13	\$ 379,378	\$ 152,467	\$ 16,186	\$ 12	\$ 168,641	\$ 210,737
Computer hardware	50,615	4,117	1,810	52,922	31,726	6,119	1,805	36,040	16,882
Computer software	21,520	2,371	-	23,891	17,632	1,349	-	18,981	4,910
Land	234,362	(4,023)	-	230,339	-	-	-	-	230,339
Land improvements	89,375	1,814	-	91,189	45,693	2,174	-	47,867	43,322
Leasehold improvements	5,095	-	-	5,095	3,874	146	-	4,020	1,075
Machinery and equipment	282,914	8,469	2,962	288,421	148,846	12,692	2,874	158,664	129,757
Vehicles	41,600	7,282	5,423	43,459	26,651	4,056	4,660	26,047	17,412
Total general	1,100,897	24,005	10,208	1,114,694	426,889	42,722	9,351	460,260	654,434
Infrastructure									
Buildings and building improvements	631,490	29,558	2,037	659,011	215,959	12,825	1,708	227,076	431,935
Land	367,996	(14,915)	-	353,081	-	-	-	-	353,081
Land improvements	153,712	5,514	283	158,943	78,111	4,806	277	82,640	76,303
Linear	4,506,709	367,082	6,220	4,867,571	1,112,977	68,263	3,751	1,177,489	3,690,082
Machinery and equipment	890,817	60,127	4,688	946,256	430,689	32,277	4,111	458,855	487,401
Total infrastructure	6,550,724	447,366	13,228	6,984,862	1,837,736	118,171	9,847	1,946,060	5,038,802
Assets under construction	737,816	111,171	-	848,987	-	-	-	-	848,987
Total tangible capital assets	\$ 8,389,437	\$ 582,542	\$ 23,436	\$ 8,948,543	\$ 2,264,625	\$ 160,893	\$ 19,198	\$ 2,406,320	\$ 6,542,223

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

3. TANGIBLE CAPITAL ASSETS (CONTINUED)

Asset Type	Opening Balance 01-Jan-23 Restated	Additions/ (Transfers)	Disposals	Ending Balance 31-Dec-23 Restated	Opening Accumulated Amortization Balance 01-Jan-23 Restated	Amortization Restated	Disposals	Ending Accumulated Amortization Balance 31-Dec-23 Restated	Ending Net Book Value 31-Dec-23 Restated
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	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, 2024
(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 \$6,467 (2023 - \$6,461) 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 2024 is \$273,500 (2023 - \$273,500).

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

	2024	2023
Long-term liabilities incurred by Halton Region	\$ 233,048	\$ 190,691
Mortgages payable by HCHC	18,849	24,058
Subtotal gross long-term liabilities	251,897	214,749
Sinking fund debentures	328,147	273,500
Total long-term liabilities incurred by Halton Region	580,044	488,249
Less recoverable from Local Municipalities:		
Long-term debentures	226,837	176,278
Sinking Fund debentures	82,384	85,283
Subtotal Local Municipalities	309,221	261,561
Less cumulative Sinking Fund contributions from Local Municipalities	22,616	19,717
Net long-term liabilities at year end	\$ 248,207	\$ 206,971

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.

	2024	2023
Opening earnings	\$ 25,611	\$ 22,235
Halton Region contributions	2,605	2,605
Interest earned	1,186	771
Sinking Fund #148-11 earnings to date	\$ 29,402	\$ 25,611

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(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.

	2024	2023
Opening earnings	\$ 31,452	\$ 27,020
Halton Region contributions	1,262	1,262
Oakville contributions	1,816	1,816
Milton contributions	303	303
Interest earned	1,244	1,051
Sinking Fund #43-15 earnings to date	\$ 36,077	\$ 31,452

Sinking Fund #39-24 was issued on October 29, 2024 for a 30-year term and total value of \$54,647.

	2024
Opening earnings	\$ -
Halton Region contributions	-
Interest earned	-
Sinking Fund #39-24 earnings to date	\$ -

Annual contributions for Sinking Fund #39-24 will begin in 2025.

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

	2024	2023
Property taxes - general purpose levy	\$ 84,329	\$ 49,894
Water	18,496	21,678
Wastewater	18,249	19,300
Development charges	127,133	116,099
Net long-term liabilities at year end	\$ 248,207	\$ 206,971

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

5. CHARGES FOR LONG-TERM LIABILITIES

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

	2024	2023
Gross principal repayment	\$ 34,949	\$ 34,569
HCHC mortgages	5,209	5,045
Less amounts recovered	(26,916)	(25,724)
Net principal	13,242	13,890
Gross interest paid	16,835	14,406
HCHC mortgages	818	955
Less amount recovered	(11,475)	(8,759)
Net interest	6,178	6,602
Total net principal and interest	\$ 19,420	\$ 20,492

Debentures bear interest at rates ranging from 1.10% (2023 - 0.75%) to 5.30% (2023 - 5.50%). Mortgages of \$18,849 (2023 - \$24,058) 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% (2023 - 0.74%) and 5.94% (2023 - 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:

	2024	2023
Property taxes - general purpose levy	\$ 6,306	\$ 5,722
Water and wastewater revenues	4,454	5,762
Development charges	8,660	9,008
Total	\$ 19,420	\$ 20,492

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

	Installment principal	Sinking Fund #148-11	Sinking Fund #43-15	Sinking Fund #39-24	HCHC mortgages	Total
2025	\$ 3,384	\$ 3,603	\$ 1,715	\$ 1,102	\$ 6,757	\$ 16,561
2026	3,472	3,721	1,771	1,138	4,171	14,273
2027	-	3,842	1,829	1,176	4,946	11,793
2028	-	3,968	1,889	1,214	2,975	10,046
2029	-	4,097	1,950	1,254	-	7,301
2030-2054	-	86,478	53,194	48,561	-	188,233
Total	\$ 6,856	\$ 105,709	\$ 62,348	\$ 54,445	\$ 18,849	\$ 248,207

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

6. LOANS RECEIVABLE

Halton Region has loans receivable in the amount of \$4,910 (2023 - \$4,924). 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 2024 is \$484 (2023 - \$491). Each loan is repayable over a set period at a variable interest rate listed below.

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.

	2024	2023
Conservation Halton		
Loans repayable over 10 years bearing interest of 3.0% with maturity dates from 2023 - 2027	\$ 107	\$ 253
Loans repayable over 20 years bearing interest of 3.0% with maturity dates from 2038 - 2042	901	631
Loans repayable over 30 years bearing interest of 3.2% with maturity dates from 2048 - 2050	3,402	3,540
Total loans receivable from Conservation Halton	4,410	4,424
Halton Digital Access Services Corporation		
Loans repayable over 5 years, non-interest bearing, beginning 2028	500	500
Total loans receivable from Halton Digital Access Services Corporation	500	500
Total	\$ 4,910	\$ 4,924

7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- Halton Region has outstanding contractual obligations of \$712,655 (2023 - \$707,356) 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:

2025	\$	1,569
2026		1,271
2027		796
2028		683
2029		536

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

7. COMMITMENTS AND CONTRACTUAL OBLIGATIONS (CONTINUED)

- (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 Regional Council but which have not been reported as commitments.
- (d) The Region has issued letters of credit for \$4,878 (2023 - \$4,878) 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 \$1,631 (2023 - \$2,205) which is included in Accounts payable and accrued liabilities in the Consolidated Statement of Financial Position.

9. CONTINGENT ASSETS

As at December 31, 2024, 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, 2024.

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 \$118,821 (2023 - \$147,550) and reserve fund for the Canada Community-Building Fund in the amount of \$26,054 (2023 - \$39,361). 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, 2024
(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-23	Inflows	Revenue Earned	Balance at 31-Dec-24
Development charges	\$ 147,550	\$ 265,069	\$ 293,798	\$ 118,821
Canada Community-Building Fund	39,361	20,497	33,804	26,054
Total obligatory reserve funds	186,911	285,566	327,602	144,875
Unexpended capital financing	44,457	10,004	47,424	7,037
Permits	2,876	1,411	1,438	2,849
Developer accelerated (Note 15)	4,296	26,399	5,771	24,924
Developer water meters	1,332	1,216	799	1,749
Other	2,761	5,024	4,254	3,531
Total general deferred revenue	55,722	44,054	59,686	40,090
Total	\$ 242,633	\$ 329,620	\$ 387,288	\$ 184,965

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, wastewater 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 22 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

11. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

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:

	2024	2023
Asset retirement obligations at beginning of year	\$ 53,722	\$ 51,274
Liabilities incurred during the year	-	1,343
Accretion expense	1,223	1,150
Asset retirement obligation settled during the year	(39)	(45)
Asset retirement obligations at end of year	\$ 54,906	\$ 53,722

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, 2024, that meet the specified criteria (2023 - \$nil).

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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

13. EMPLOYEE FUTURE BENEFITS LIABILITIES (CONTINUED)

Employee future benefits and reserves relating to these liabilities are as follows:

	2024		2023	
	Accrued Liability	Reserve	Accrued Liability	Reserve
Retirement benefits				
Halton Region employees	\$ 19,673	\$ 24,192	\$ 19,357	\$ 23,281
Halton Regional Police Service	43,002	35,467	40,156	36,104
WSIB				
Halton Region employees	19,414	23,757	16,604	22,203
Halton Regional Police Service	16,601	2,526	10,275	4,529
Long-term disability				
Halton Region employees	9,289	14,704	8,506	13,797
Halton Regional Police Service	5,209	7,216	5,038	6,926
Vacation pay				
Halton Region employees	4,952	-	4,872	-
Halton Regional Police Service	169	-	92	-
Vested sick leave entitlements				
Halton Regional Police Service	73	107	70	105
Total	\$ 118,382	\$ 107,969	\$ 104,970	\$ 106,945

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

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 132,489	\$ 120,565
Current benefit cost	12,786	9,393
Interest	5,620	3,260
Benefits paid	(13,487)	(9,026)
Plan amendment	4,490	-
Actuarial loss	-	8,297
Balance, end of year	141,898	132,489
Unamortized actuarial losses	(23,516)	(27,519)
Liability for benefits	118,382	104,970
Amortization of actuarial losses	\$ 4,004	\$ 2,888

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(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.

	2024	Remaining Service Life
Retirement benefits	320	7 to 13 years
WSIB	(17,417)	9 to 10 years
Long-term disability	(6,419)	8 years
Total	(23,516)	

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:

	2024	2023
Expected inflation rate	2.00%	2.00%
Discount rate		
Retirement benefits	4.25%	4.25%
WSIB	4.50%	4.50%
Long-term disability	4.75%	4.75%
Expected salary increase	3.00%	3.00%
Expected dental care cost increase	4.00%	4.00%
Expected health cost increase	4.75% in 2024, reducing by 0.33% per year to 3.75% in 2027	5.08% in 2023, 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 2024, payments out of the vested sick leave plan amounted to \$nil (2023 - \$nil) and have been reported on the Consolidated Statement of Operations. Sick leave benefits of \$73 (2023 - \$70) are anticipated to be paid out in 2024 and have been reported on the Consolidated Statement of Financial Position.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024

(Dollars in Thousands)

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 4,374 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, 2024 is \$138.2 billion (2023 - \$128.6 billion) with an actuarially determined funding deficit of \$2.9 billion (2023 - \$4.2 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 \$38,751 (2023 - \$34,326) and is included as an expense on the Consolidated Statement of Operations. Employee contributions amounted to \$38,751 (2023 - \$34,326).

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 \$68.5 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:

	2024	2023
Unexpended capital financing	\$ 1,579,076	\$ 1,322,952
Reserves and discretionary reserve funds (detailed below)	1,258,942	1,352,082
Sinking fund investment	42,883	37,347
Tangible capital assets	6,542,223	6,124,812
Developer financed assets	(24,924)	(4,296)
Amounts to be recovered in future years:		
From reserves and reserve funds on hand	(115,203)	(113,044)
From future revenues	(306,941)	(253,100)
Total Accumulated Surplus	\$ 8,976,056	\$ 8,466,753

Notes to Consolidated Financial Statements

For the year ended December 31, 2024

(Dollars in Thousands)

15. ACCUMULATED SURPLUS (CONTINUED)

	2024	2023
Reserves and discretionary reserve funds set aside by Regional Council:		
Stabilization - rate	\$ 25,670	\$ 33,392
Stabilization - tax	87,596	79,103
Regional COVID recovery	-	6,161
Program specific	131,885	119,551
Workplace safety and insurance	26,283	26,733
Self-insurance - general	8,505	8,193
Self-insurance - employee benefits	81,686	80,212
Asset Retirement Obligation (ARO) Landfill Reserve	23,553	22,837
Equipment replacement - vehicle	7,572	10,078
Equipment replacement - building	5,135	3,041
Equipment replacement - equipment	21,349	21,233
Capital - rate	257,421	301,103
Capital - tax	385,889	447,935
Capital - investment	115,120	112,062
Other	81,278	80,448
Total Reserves and Discretionary Reserve Funds	\$ 1,258,942	\$ 1,352,082

16. TRUST FUNDS

Trust Funds, in the amount of \$54 (2023 - \$73), 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.

Notes to Consolidated Financial Statements

For the year ended December 31, 2024

(Dollars in Thousands)

17. SEGMENTED INFORMATION

Segmented information has been identified based on lines of service provided by Halton Region and FIR functional categories guidelines. Halton Region's services are provided by departments, divisions and organizational units. 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 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 deliver municipal public works related to the planning, development and maintenance of roadway systems and street lighting.

Water and wastewater services

The water and wastewater services include 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 include the planning, collection and disposal of solid waste, administering the green cart program and recycling, including minimization programs and facilities for solid waste.

Health services

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

Social and community services

The social and community services department provides programs and services that enhance the quality of life of Halton 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 solution 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

For the year ended December 31, 2024

(Dollars in Thousands)

17. SEGMENTED INFORMATION (CONTINUED)

Other services consists of the general government, planning and development, and recreation and cultural services:

General government

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

Planning and development

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

Recreational and cultural services

Recreational and cultural services foster 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 2024 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, 2024
(Dollars in Thousands)

17. SEGMENTED INFORMATION (CONTINUED)

For additional information see the Consolidated Schedule of Segment Disclosure below for the years 2024 and 2023:

	Protection Services	Transportation Services	Water and Wastewater Services	Solid Waste Services*	Health Services	Social and Community Services	Social Housing	Other Services**	Total Consolidated 2024
Revenues									
Taxation*									
General purpose levy	\$ 214,881	\$ 66,388	\$ 18	\$ 18,592	\$ 50,158	\$ 59,150	\$ 45,600	\$ 45,559	\$ 500,346
Solid waste levy	-	-	-	32,659	-	-	-	-	32,659
Payments in lieu	2,222	686	-	-	519	612	471	663	5,173
User charges	6,538	13,870	263,348	3,813	71	18,467	524	3,612	310,243
Provincial transfers	9,149	24,010	888	-	55,062	285,535	20,141	1,955	396,740
Federal transfers	-	12,303	21,503	-	115	1,604	24,019	143	59,687
Investment income	-	-	5,208	-	-	-	-	91,202	96,410
Development charges and developer contributions	2,148	167,675	112,393	782	2,063	-	4,801	12,863	302,725
Other revenue	1,723	592	468	6,476	229	835	19,812	902	31,037
Total revenues	236,661	285,524	403,826	62,322	108,217	366,203	115,368	156,899	1,735,020
Expenses									
Salaries, wages and employee benefits	181,427	3,940	45,425	5,165	73,087	95,965	8,320	89,716	503,045
Materials	9,317	574	31,274	1,329	3,663	7,773	6,862	6,243	67,035
Contracted services	16,284	22,418	44,576	42,232	5,334	20,215	11,150	37,702	199,911
Rents and financial expenses	1,495	74	4,545	531	1,023	601	6,436	208	14,913
Government transfers	11,539	21	1,805	233	1,097	209,168	39,945	7,587	271,395
Debt expense	1,957	-	3,398	-	5	-	818	-	6,178
Amortization of tangible capital assets	11,063	31,056	87,218	2,038	2,026	2,767	15,837	8,888	160,893
Program support	2,437	3,930	20,750	3,561	16,487	19,828	3,492	(70,485)	-
Other operating expenses	-	-	-	-	-	-	-	2,347	2,347
Total expenses	235,519	62,013	238,991	55,089	102,722	356,317	92,860	82,206	1,225,717
Annual surplus	\$ 1,142	\$ 223,511	\$ 164,835	\$ 7,233	\$ 5,495	\$ 9,886	\$ 22,508	\$ 74,693	\$ 509,303

* 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 10-24.

** 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, 2024
(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 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, 2024
(Dollars in Thousands)

18. BUDGET COMPARISON

The budget data presented in these consolidated financial statements are based upon the 2024 operating and capital budgets approved by Regional Council and the HCHC Board of Directors on December 13, 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.

	2024 Budget
Halton Region approved Operating Revenues budget FN-43-23	\$ 1,271,256
In-year changes*	1,104
Revised approved budget	1,272,360
Development charges and developer contributions	302,725
Government Transfers	49,482
Other revenue adjustments	15,403
Reclassification between revenue and expense	(348)
HCHC approved Operating Revenues budget (HC-25-23)	32,407
HCHC PSAS adjustments	5,409
HCHC intercompany transactions	(23,333)
Total consolidated revenues	1,654,105
Halton Region approved Operating Expenses budget FN-43-23	1,271,256
In-year changes*	1,104
Revised approved budget	1,272,360
Transfers to reserves - capital	(242,188)
Transfers from reserves - capital	10,191
Debt charges - principal	(12,590)
Transfers to reserves - operating	(55,520)
Transfers from reserves - operating	4,657
Amortization	155,989
Capital project cost resulting in operating expenses	31,170
Loss (gain) on disposal of tangible capital assets	3,209
Employee future benefits	13,412
Asset retirement obligations	506
Reclassification between revenue and expense	(348)
HCHC approved Operating Expenses budget (HC-25-23)	32,407
HCHC PSAS adjustments	(488)
HCHC intercompany transactions	(19,970)
Total consolidated expenses	1,192,797
Annual surplus	\$ 461,308

Notes to Consolidated Financial Statements

For the year ended December 31, 2024
(Dollars in Thousands)

18. BUDGET COMPARISON (CONTINUED)

In-year changes:

*Refer to Halton Region Report No.:	Amount
SS-08-24 - Expansion of Assisted Living Services in Milton	\$ 329
FN-11-24 - 2024 Tax Policy	512
SS-21-24 - Expansion for Assisted Living Services in Milton	263
Total	\$ 1,104

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	
	2024	2023	2024	2023
Insurance period of one year beginning on	1/1/2024	1/1/2023	11/1/2024	11/1/2023
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	239	294	49	-
Estimated value of outstanding litigated claims	1,395	1,365	5	40
Self-insurance reserve fund (Note 15)	\$ 8,505	\$ 8,193	\$ N/A	\$ N/A

Insurance claims of \$239 (2023 - \$294), as noted in the above table, are included as an expense in the Consolidated Statement of Operations. In 2024, 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 \$75,000 for HCHC. In 2023, the replacement cost coverage was \$300,000 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, 2024
(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 rating.

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.

21. COMPARATIVE FIGURES

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