

2024

ANNUAL FINANCIAL REPORT





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PROFILE










The Town of Halton Hills is a vibrant community, with a high quality of life. With a population of over 62,951 residents, Halton Hills offers a unique blend of urban-rural charm with exceptional amenities and proximity to Toronto, Canada's largest city. Renowned for its exceptional network of trails and parks, flourishing arts and culture sector, favourable economic and social-demographic characteristics, and leadership in environmental initiatives, Halton Hills is a prime location to live, play and invest.

With over 2,000 businesses, and growing, Halton Hills is open for business. Located directly along Canada's Innovation Corridor, the Town is a prime investment destination with a thriving and diverse economy. The Halton Hills Premier Gateway Employment Area offers strategically located and serviced lands with easy access to major markets through access to extensive highway, rail and water transportation networks. Halton Hills is focused on its key target sectors of food and beverage, advanced manufacturing, agri-business and clean technology. The Town actively supports and is proud of the significant economic contributions being made by the growing local business community.

Halton Hills is also a leader in taking environmental action. The Town takes a strategic approach to implementing initiatives that respond to a changing climate while addressing biodiversity, natural assets, adaptation, and ensuring that municipal facilities operate at peak efficiency to deliver quality services to residents, businesses, and visitors.



DEMOGRAPHICS

	Population	62,951 (2.9% increase over 2016)
	Median Age	42 Years 67.9% 15 - 64 years old
	Labour Force	36,155
	Private Households	22,699 (73% detached)
	Average Household size	2.9
	Median Household Income	\$127,000
	Post-Secondary Education (15 years and older)	57%
	Language (first official spoken)	English 97.5%
	Visible Minority	13.6%

Sources:
2021 Census – Statistics Canada; MPAC

STRATEGIC PLAN 2023-2026

Each term Council establishes a new strategic plan to identify key priorities and outcomes which form an integral part of the Town's business planning cycle. The plan enables Council and staff to allocate resources accordingly and measure progress on specific initiatives and areas of focus

VISION

The vision statement for an organization is an aspirational description of what the community would like to achieve or accomplish in the mid-to long-term future. It provides a clear guide for choosing current and future courses of action. The vision for the Town of Halton Hills is:

The Town of Halton Hills is a growing, nature-rich community that is proud of its small-town feel and urban rural mix where all people feel welcomed, safe, and connected.

MISSION

A mission statement defines an organization's reason for being, and describes its purpose, intentions and overall objectives. The mission statement for the Town of Halton Hills is:

To efficiently provide services that foster a higher quality of life for residents, making Halton Hills a desirable place to live, work, and invest.



VALUES

Values provide a broad philosophy that encompasses the guiding principles of the Town of Halton Hills. These values serve as a lens through which to evaluate all decisions and support a culture where everyone understands what is important.

Integrity and honesty

We are truthful, make fact-based decisions, and act in the best interests of the town.

Transparent and accessible

We welcome communication and information sharing in an open and receptive manner.

Effective stewardship

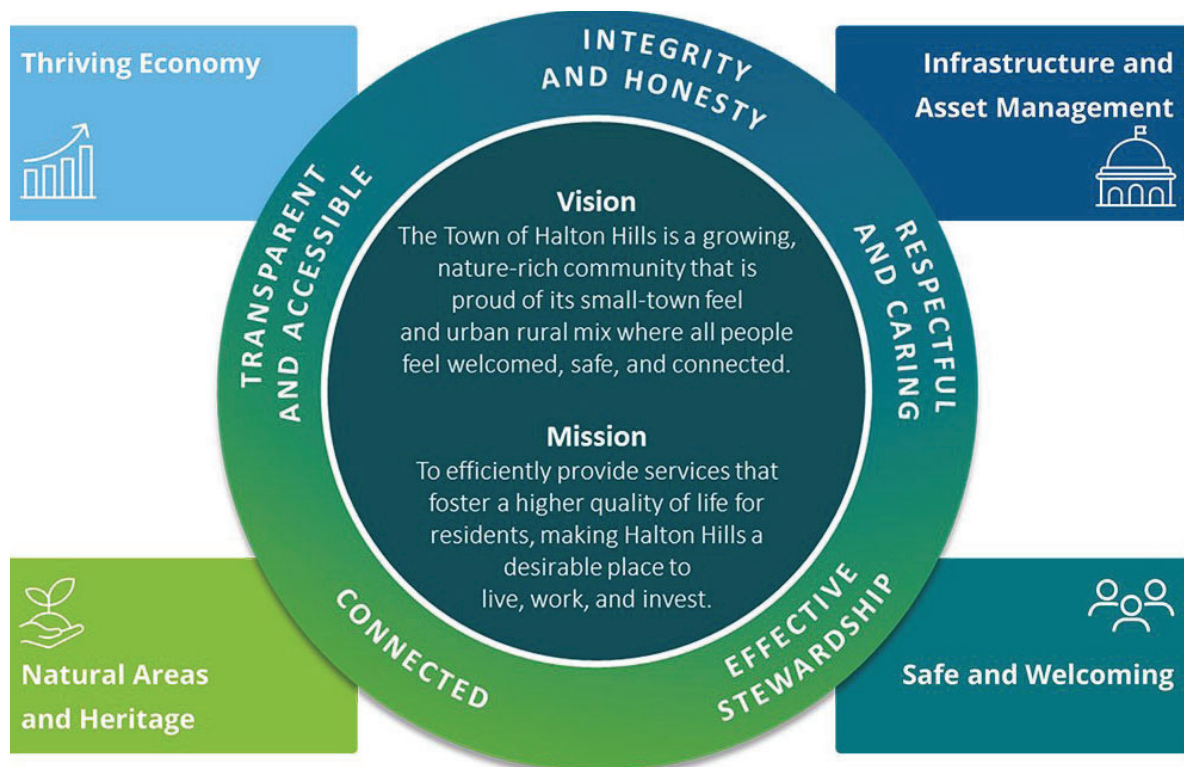
We build on our collective strengths to achieve the best possible outcomes as stewards of our community, corporate assets, resources, and the natural environment.

Connected

We stay informed and engaged with our community.

Respectful and caring

We demonstrate appreciation and support for all through our inclusive and collaborative approach.



STRATEGIC PRIORITIES

Strategic priorities are designed to connect vision to action. They guide the development of specific objectives to be achieved during the plan's timeframe. The collective aspirations of Town of Halton Hills's Council, leadership and residents are reflected in these four strategic priority areas:



Thriving Economy

The Town is eager to build on recent successes in foreign direct investment and business concierge services to help attract new businesses and grow jobs in Halton Hills. Attracting new investment in sectors such as advanced manufacturing, food and beverage, cleantech and agribusiness, can provide the non-residential revenue needed to support quality of life and sustain the Town's financial health.



Natural Areas and Heritage

The Town's natural assets are an immense source of pride for the community. The trails and forests along the escarpment and waterways flowing through town offer many benefits beyond their recreational uses. Along with urban cooling and carbon storage benefits, natural areas divert stormwater and reduce flooding. The Town is committed to preserving and enhancing special places like Fairy Lake and Hungry Hollow and understands the value of biodiversity and important watershed and land features.



Infrastructure and Asset Management

To meet the needs of the growing community and new housing developments, Council recognizes the importance of managing existing assets and developing new infrastructure. More frequent and intense weather events are expected to put more pressure on Town facilities and infrastructure. Impacts will be mitigated through green infrastructure and ensuring the resilience of Town buildings, roads and operational systems.



Safe and Welcoming Communities

As Halton Hills grows and welcomes new residents, expanded services, programs and facilities will be needed to meet the Town's evolving needs. Preserving the Town's quality of life and connected community are important considerations for growth planning.

STRATEGIC OBJECTIVES

Strategic objectives are high level goals that outline what an organization wants to achieve. Objectives provide focus for the development of specific actions and initiatives, while serving as a framework for performance measurement and reporting. The objectives that Council has committed to achieve during the next four years are identified under each priority area.



Thriving Economy

Objectives:

- Expedite development of employment lands.
- Attract and retain businesses that align with Town's priorities.
- Promote redevelopment and growth of commercial areas.
- Support agricultural business viability.
- Advance residential intensification, where planned.



Natural Areas and Heritage

Objectives:

- Increase public access to parks, natural areas and green spaces.
- Protect and enhance biodiversity, the river valley watershed, and Niagara Escarpment landforms.
- Preserve built and natural heritage features of our communities.



Infrastructure and Asset Management

Objectives:

- Ensure that the Town has resilient infrastructure to reduce impacts on the community.
- Ensure that Town assets, infrastructure and services keep pace with population and housing growth.
- Improve road safety.
- Maintain and renew green infrastructure.



Safe and Welcoming Communities

Objectives:

- Ensure that facilities and programs meet the evolving needs of the community.
- Support community-driven and partnered recreation and sport programming.
- Ensure emergency services align with town growth.
- Enhance outreach and engagement within our communities.

2024 APPROVED FUNDING SOURCES

The Town seeks to leverage funding opportunities by applying for special grants. The projects below reflect funding that the Town secured for specific projects.

\$64,463 TO RETROFIT ARENA CONCESSIONS AND CUSTOMER SERVICE DESK AT HILLSVIEW GEORGETOWN

Funded through the Enabling Accessibility Fund

This grant is funding a complete design, engineering, and construction of the arenas concessions and the Hillsview Georgetown welcome desk. This redesign will incorporate characteristics to align with requirements of AODA (Accessibility for Ontarians with Disabilities Act) standards. This will help make the facilities more accessible, consequently increasing facility enjoyment for any amenity user.

**** Note:** the design for MMSP and AACC was completed in 2024, however construction began in 2025.



\$50,108 FOR IMPLEMENTATION OF HALTON HILLS FOREIGN DIRECT INVESTMENT FUNDING

Funded through Federal Grant Program

Funding was received to support the planning and execution of three in-market international trade missions, with the objective to showcase Halton Hills and attract new investments from abroad by conducting in-person meetings with companies and investment influencers. Funding also supported the hiring of an Investment Attraction Coordinator for a one-year contract.



\$25,000 FOR YOUTH WELLNESS HUBS ONTARIO (YWHO) MY WELLNESS PASSPORT YOUTH FACING TECHNOLOGY PLATFORM

Funded through Youth Wellness Hubs Ontario

The Town's Youth Centres have been designated as a YWHO scale-up sites. The Town has been granted \$50,000 per year for 2 years to implement the My Wellness Passport software (MWP). My Wellness Passport is YWHO's integrated data collection platform. It hosts a suite of clinical and non-clinical tools and assessments that youth complete to inform measurement-based care, which is one of the core components of the YWHO model. It allows local sites to collect meaningful and relevant data from youth about their service needs, goals, experiences, and outcomes. Results help inform decision-making about programs and services required for youth at various stages of development. Using MWP not only ensures continuous improvement in how the Town delivers services to youth but also demonstrates the tangible benefits of recreational drop-in youth centres.



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A MESSAGE FROM THE TREASURER

The 2024 Consolidated Financial Statements reflect the Town's continued commitment to delivering programs and services, while demonstrating prudent cash and reserve management to support long-term financial stability and resilience in the face of ongoing economic challenges.



Moya Leighton CPA, CGA, MBA

Treasurer

July 7, 2025

The Town of Halton Hills is pleased to present the 2024 Management Discussion and Analysis (MD&A), which provides a comprehensive narrative to accompany the consolidated financial statements. These statements outline the Town's financial position and results of operations for the fiscal year ended December 31, 2024. These statements include the activities of the Town, the Halton Hills Public Library Board, the Acton and Georgetown Business Improvement Areas, the Town's investment in Halton Hills Community Energy Corporation (HHCEC), and its interest in the shared services entity, Halton Digital Access Services Corporation (HDASC).

The Financial Statements are prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board (PSAB) and include the Consolidated Statement of Financial Position, Statement of Operations, Statement of Change in Net Financial Assets, and Statement of Cash Flows. Each statement is explained in detail, providing comprehensive information on the Town's assets and liabilities, the activities undertaken during the year, and their financing.

In addition, the Town administers several trust funds that are not consolidated within these financial statements. These trust funds are reported and audited separately, and their financial results are included in this report.

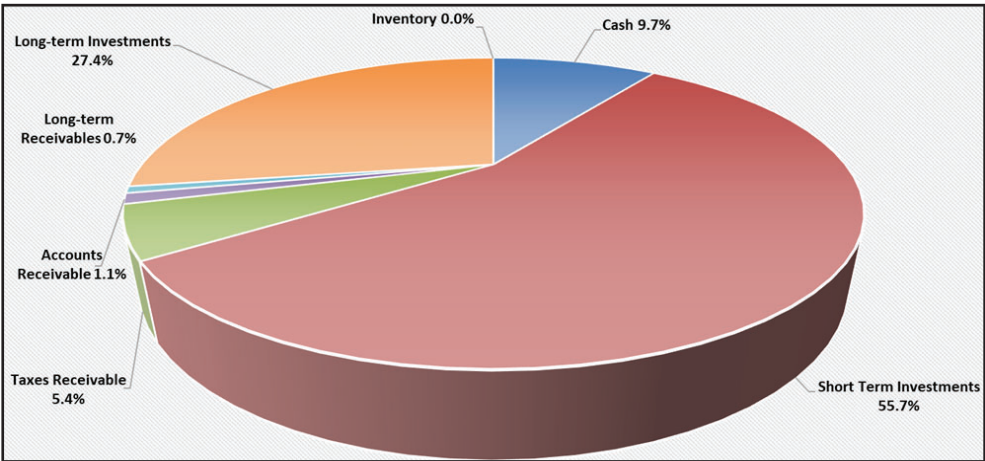
MANAGEMENT DISCUSSION & ANALYSIS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statement of Financial Position provides an overview of the Town’s financial health as of December 31, 2024. It outlines total financial assets, including cash, investments, and receivables, offset by liabilities such as payables, deferred revenue, and long-term debt, resulting in a net financial asset position. This statement also details the Town’s non-financial assets, including tangible capital assets and the Town’s accumulated surplus, which comprises reserves, unspent capital funds, and equity in tangible capital assets.

FINANCIAL ASSETS

The Town’s financial assets increased by \$13.9M in 2024, bringing the total net financial assets to \$186.2M at the end of 2024. The graph to the right provides a detailed breakdown of the Town’s financial assets.



Cash & Short-Term Investments

Short-term investments total \$103.6M, reflecting an increase of \$5.9M compared to the prior year. The Town’s cash position has also improved, increasing by \$6.2M since 2023. The combined growth in cash and short-term investments is due to the timing of a large building permit and development charge payment at year-end (\$4.2M) and the Town’s 2024 operating budget surplus (\$1.2M).

Return on Investment

The Town invests its reserves with the Region of Halton through a pooled investment agreement, while day-to-day operating funds are maintained in interest-bearing accounts with Scotiabank. The combined rate of return on all investments in 2024 was 3.43%, up from 3.08% in 2023. This increase is largely attributed to the favourable gains on the Town’s operating account because of the Bank of Canada’s policy decisions to raise interest rates throughout 2022 and 2023 (peaking at 5.0%) before beginning to lower rates in June 2024, ending the year at 3.25%.

Long-term Investments

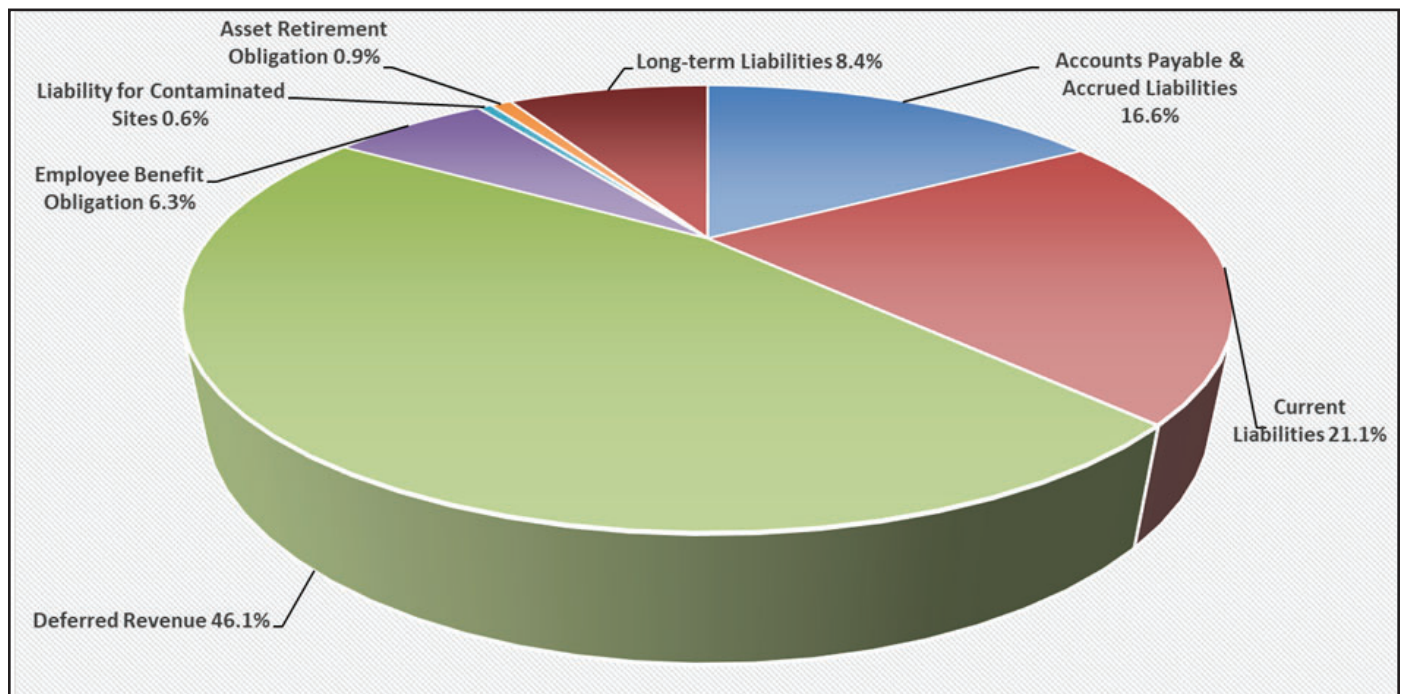
The Town’s Long-term investments total \$50.9M and include the Town’s investments in Halton Hills Community Energy Corporation (HHCEC) (\$43.6M), the outstanding promissory note with HHCEC (\$7.4M), and Halton Digital Access Services Corporation (HDASC) (deficit \$50K). Both HDASC and HHCEC are accounted for on the modified equity basis in the consolidated financial statements.

LIABILITIES

The Town's liabilities total \$82.5M and have increased by \$4.2M since 2023, primarily driven by the rise in deferred revenue.

Accounts payable and other current liabilities have increased by \$2.2M since 2023, reaching a total of \$31.1M. This increase is primarily driven by an early payment of development charges (\$4.2M) that were not yet owed to the Town until January 2025, and a (\$1.3M) increase in tax credits that had been processed but not yet disbursed to property owners. These increases were partially offset by a (\$2.8M) decrease in accounts payable, due to the timing of scheduled payment runs for 2024.

Further details on deferred revenue funds can be found on page 12 of this report.



Long-Term Liabilities

Long-term liabilities, relating to the remaining debt principal of \$6.9M, have decreased by \$2.4M since 2023 as a result of scheduled debt repayments. No new debentures were issued in 2024. The Town's current outstanding debentures consist of \$6.7M payable to the Regional Municipality of Halton and \$128K payable to SouthWestern Energy.

The Province establishes an annual debt limit for municipalities, stipulating that annual debt repayments must not exceed 25% of net revenues. In addition, Town Council has adopted more restrictive limits through the 2019 Corporate Debt Management Policy, which caps annual external debt carrying costs at 10% of the annual tax levy. In 2024, the Town's debt carrying costs were 3.7% of the annual tax levy, remaining well within the Council approved debt threshold.

2024 Debt Repayments to Annual Tax Levy			
Debt Carrying Cost	2024 Tax Levy	2024 Town Debt Limit	Council Imposed Debt Limit
\$2,600,886	\$69,968,495	3.7%	10%

In addition to the provincially prescribed debt limit, the Province assesses each municipality's debt load using a financial indicator that measures annual debt servicing costs as a percentage of total operating revenue, excluding donated assets. In 2022, this indicator returned to the low-risk category after six consecutive years at a moderate risk, and in 2024 it remains in the low-risk category at 2.4%. The improvement in this indicator is attributed to the retirement of a significant debenture that was issued in 2011, which reduced the annual debt servicing costs in addition to a consistent increase in Town revenues over the same time period.

The Town has also borrowed \$27.1M from its own reserves with commitments to borrow a further \$6.9M, bringing the total internal debt to \$34M. Internal debt is not reported separately in the financial statements, instead the Town's short-term investments are reported net of the cash withdrawn, with an offsetting decline in accumulated surplus.

Deferred Revenue

Deferred revenue represents funds received which by their nature are restricted revenues. Once qualifying expenses are incurred by the Town, these deferred revenues are transferred into revenue in the fiscal period that they are expended. It is the largest contributor to the Town's liabilities with a total of \$38M, and consists of the following balances:

Restricted deferred revenues of \$8.9M include unrecognized Canada Community Building Fund revenues of \$4.8M and Transportation Maintenance funds in the amount of \$3.5M for perpetual maintenance of stormwater ponds and infrastructure. It also includes funds which are held by the Town for on-going maintenance of assumed subdivisions, and deferred government grants.

2024 DEFERRED REVENUE		
	\$000's	%
Restricted Deferred Revenue	8,925	23.6%
Development Charges	2,566	6.7%
Community Benefit Charges	741	1.9%
Parkland Cash In Lieu	16,495	43.4%
Growth Stabilization Fund	2,044	5.4%
Building Stabilization Fund	5,646	14.8%
General Deferred Revenue	1,628	4.2%
	<u>\$ 38,045</u>	<u>100%</u>

Development charges (DC) also contribute to the deferred revenue balance. Positive balances in the Transportation, Fire and Transit services funds total \$2.5M at the end of 2024. Several DC funds were in a negative position at the end of 2024 and required interim funding in the amount of \$27.1M (\$26.5M in 2023) from Town reserves.

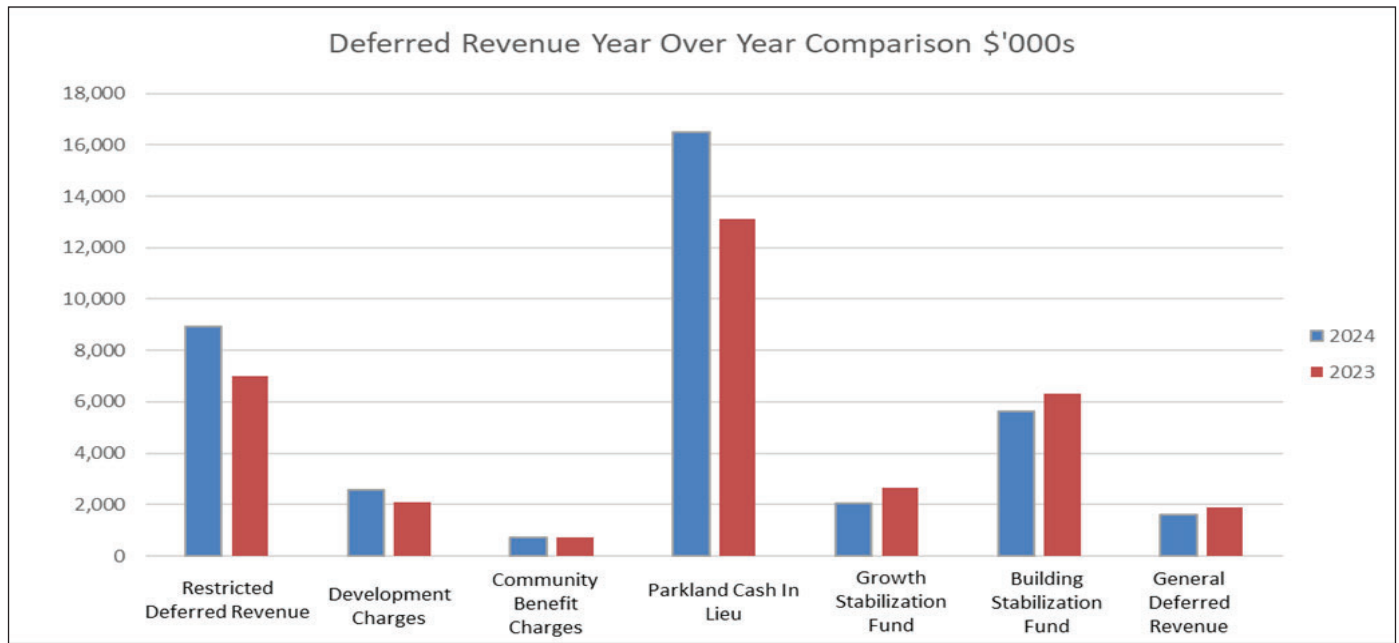
The Parkland Cash in Lieu fund is also included within deferred revenues and totals \$16.5M at the end of 2024 (\$13.1M in 2023). The increase in 2024 is due to collections of funds that exceeded in-year draws to finance eligible expenditures. The purpose of this fund is to finance the acquisition of land for parks or recreational purposes, and the development or redevelopment of land, parks and recreational facilities.

The Growth Stabilization fund holds deferred revenues related to fees received for development applications and agreements. These fees are intended to fund the staff time related to the processing of the development applications and agreements. Due to the long-term nature of the new developments and the fact that related staff time could span multiple years, the fees are deferred until the costs are incurred. At the end of 2024, there is a total of \$2M (\$2.6M in 2023) in this fund reflecting the use of these funds to support growth-related positions identified in the operating budget.

The Town also has a Building Stabilization fund within the deferred revenue line which amounted to \$5.6M at the end of 2024 (\$6.3M). As permitted under the Building Code Act, the purpose of this fund is to address fluctuations in year-to-year service volumes. This fund is used to defer revenues received in advance of work being performed. The reduction in the balance of the Building Permit reserve for 2024 is related to a \$904,000 deficit in building permit revenues collected in 2024 when compared with actual building permit related activity for 2024.

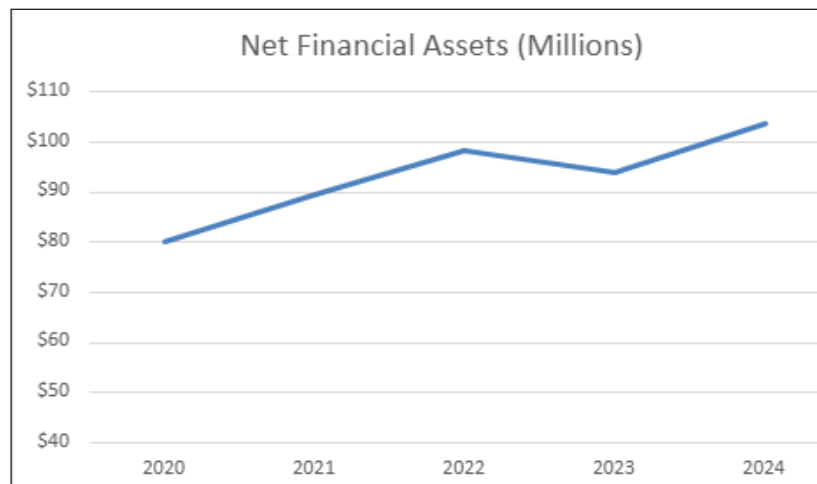
In addition to the restricted and obligatory funds outlined above, the deferred revenue line also includes \$1.6M of general deferred revenues such as the Ontario Community Infrastructure Fund (OCIF) and Regional revenues related to the fire station on Maple Avenue.

The following graph shows the year-over-year comparison of the change in composition of deferred revenue on the Statement of Financial Position.



NET FINANCIAL ASSETS

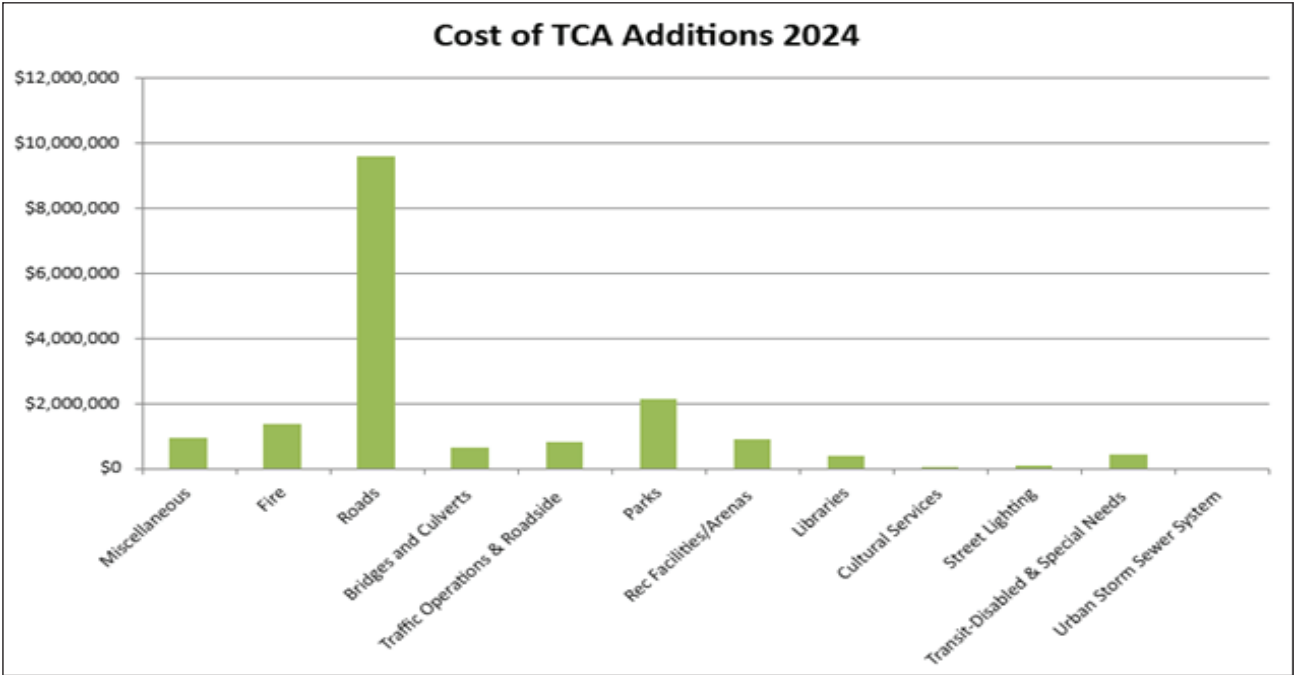
As of the end of 2024, the Town is in a net financial asset position of \$103.7M, representing an increase of \$9.7M from the prior year. A positive net financial asset position indicates that the Town has resources available to support future obligations and priorities. The year-over-year increase is primarily attributed to a combination of factors, including an operating budget surplus and higher year-end cash and investment balances. The slight decline in the 2023 net financial assets can be attributed to significant acquisition of tangible capital assets in the year, with the largest share invested in infrastructure projects related to upgrades of Town's road network. The following chart illustrates the growth in the Town's net financial assets since 2020:



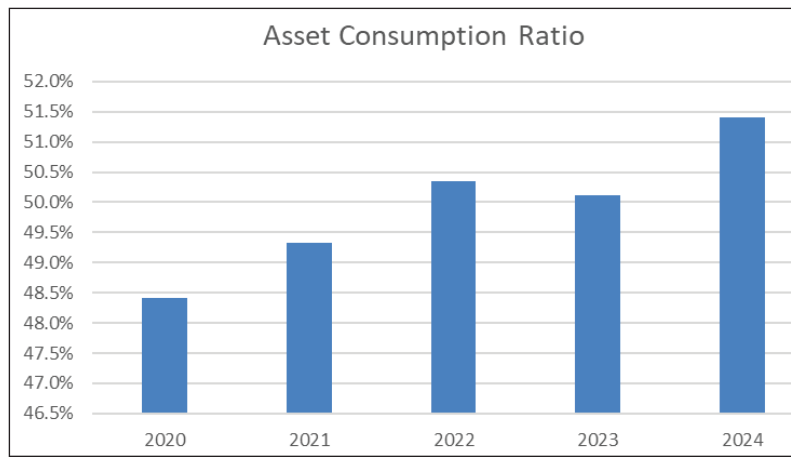
NON-FINANCIAL ASSETS

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

In 2024, the Town added over \$17.1M in tangible capital assets. Infrastructure projects related to the upgrade of the Town’s road network amounted to \$9.5M and include road additions, vehicles and equipment, \$1.1M in outdoor washroom facilities at Trafalgar Sports Park, \$528K in parking lot paving, and \$1.3M in fire vehicle replacements. The following graph shows the distribution by cost and asset group of the 2024 tangible capital assets:



Investment in capital assets can be measured through different ratios and indicators; one such measure is the asset consumption ratio which calculates the closing amortization balance as a percentage of the total historical cost of capital assets. In essence, it highlights the aging of infrastructure and the potential need for replacement; the higher the ratio, the faster the assets are being used. At the end of 2024, the Town's asset consumption ratio had increased slightly to 51.4%, from 50.1% in the year before. Historically, the Town's asset consumption ratio has been increasing due to several contributing factors, including a slowdown in large-scale construction projects, an underfunded asset management plan resulting from lower than projected budget increases for the state of good repair program, and a reduced pace of new asset acquisitions from developers. The graph below illustrates the asset consumption ratio, highlighting the trend over the past five years:



ACCUMULATED SURPLUS

In addition to reflecting the Town's reserves, the accumulated surplus also includes unspent capital project funds, the value of non-financial assets such as the equity in tangible capital assets and the Town's investment in both Halton Hills Community Energy Corporation, and Halton Digital Access Services Corporation.

The Town's reserves total \$45.4M (reserves of \$72.6M less DC internal loans of \$27.1M) at the end of 2024. This represents an increase in reserve balances of \$7.7M in the past 12 months which can be attributed to the distribution of the 2024 operating budget surplus, approved increases to operating budget contributions to reserves, and repayment of internal borrowing from loans related to development charges.

The Town's unexpended capital financing, which represents the backlog in the capital program, increased by \$748K over 2023 and totals \$21.5M.

CONSOLIDATED STATEMENT OF OPERATIONS

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

BUDGET

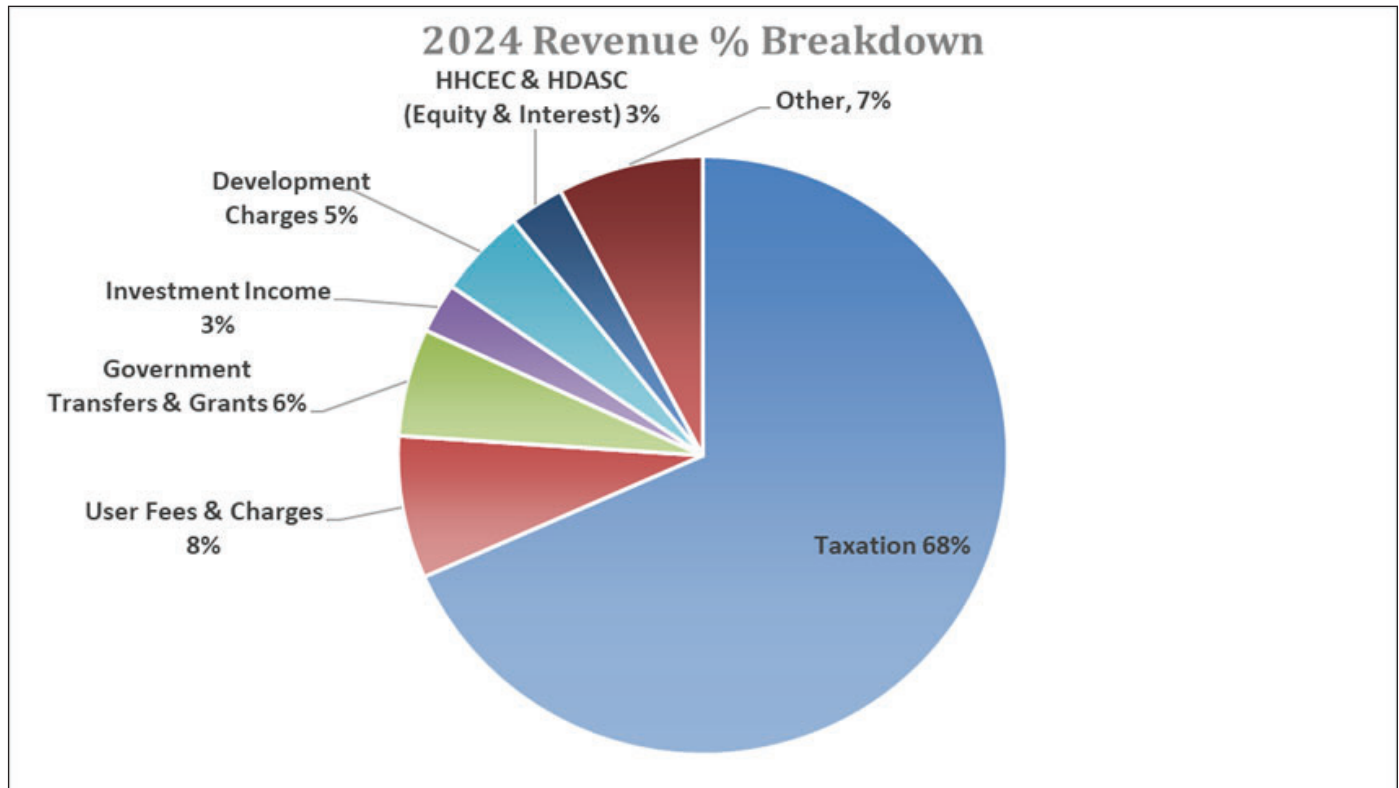
The Town compiles its annual operating and capital budgets in accordance with the Municipal Act. For the purposes of Financial Statement preparation in accordance with the Public Sector Accounting Board (PSAB) requirements, there are differences between the reported numbers. To ensure comparability of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

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

Operating Budget Surplus	\$ 1,599,278
Unused budgeted contract labour retained in general surplus	(251,188)
Adjusted Operating Budget Surplus	\$ 1,348,090
Net change in unused budgeted contract labour	(6,816)
Increase surplus by reversal of non-PSAB eligible expenditures	
<i>Debt principal repayment</i>	2,427,390
<i>Net transfers to/(from) reserves</i>	12,643,419
Add other revenues (external to operating budget)	
<i>Non reserve revenues that fund the capital budget</i>	11,526,230
<i>Investment income allocated directly to reserves</i>	599,524
<i>Miscellaneous recoveries allocated to reserves</i>	57,740
<i>Gain on disposal of assets</i>	712,527
<i>Decrease liability for post closure landfill</i>	33,337
Add other expenses (external to operating budget)	
<i>Contaminated sites</i>	(8,061)
<i>Increase liability for asset retirement obligations</i>	(7,672)
<i>Amortization</i>	(19,020,514)
<i>Capital expenses not considered Tangible Capital Assets</i>	(3,904,410)
<i>Post employment benefits</i>	(172,442)
<i>Recovery from Kiwanis user groups</i>	(76,781)
Consolidate net income/(loss) of other entities	
<i>BIAs</i>	20,814
<i>HHCEC</i>	1,448,586
<i>HDASC</i>	(24,985)
PSAB Annual Surplus	\$ 7,595,976
<i>(Reported in the Financial Statements)</i>	

REVENUES

Revenues have increased by \$868K since 2023 driven by the annual tax levy increase, user fees, and investment income. These increases are partially offset by reductions in recognition of grants from other levels of government and there were no contributed tangible capital assets in 2024. The following chart illustrates the percentage breakdown of all 2024 revenues:



Taxation

Council approved a 9.04% increase in the general levy tax (Town portion) for 2024. This tax increase supports the general services expected by residents and enhances the quality of life in Halton Hills. The 2024 tax increase provided resources for delivering a broad range of public services to its residents and businesses as approved through the 2024 budget process. The following priority areas were the focus of the 2024 tax increase: maintaining existing service levels, the management of existing infrastructure and assets, addressing corporate and community security, and implementing Council directed initiatives.

User Fees & Charges

Revenue from user fees and charges increased by \$558K in 2024, driven by the ongoing recovery in programming and facility utilization. Recreation programming experienced steady growth across multiple areas, including swimming lessons, summer camps, seniors programming, and active living initiatives, contributing to a \$250K increase over 2023. Demand also increased for facility and ice rentals for recreation programs and from user groups, generating an additional \$183K in revenue. Conversely, cemetery sales declined by \$112K compared to 2023 due to a series of plot buy-backs and reduced interment demand.

The following table provides a breakdown of the various fees included in the reported user fee revenue line:

Comparison Of User Fees Year Over Year			
	<u>2024</u>	<u>2023</u>	<u>Difference</u>
Activan	\$187,331	\$190,666	(\$3,335)
Aquafit/Lifesaving	104,557	94,272	10,285
Arena Floor Rental	82,692	82,994	(302)
Business Licenses	168,106	139,284	28,822
Cemetery Fees	247,941	359,539	(111,598)
Facility Rentals	669,211	636,039	33,172
General Admission	120,773	109,218	11,555
General Registration	1,651,323	1,443,069	208,254
Ice Rental	2,364,391	2,214,114	150,277
Memberships	129,604	110,141	19,463
Park Rental	305,894	353,868	(47,974)
Planning Fees	1,055,510	872,860	182,650
Tax Certificates & Information	313,457	293,095	20,362
Miscellaneous User Fees	825,883	769,355	56,528
	<u>\$8,226,673</u>	<u>\$7,668,514</u>	<u>\$558,159</u>

Planning fee revenue, encompassing development applications and agreements, rose by \$183K in 2024 as application volumes recovered from the lower-than-average levels seen in 2023. To support expenditures associated with planning fees, unearned planning fees held in the Growth Stabilization Reserve Fund were recognized as revenue under other revenue on the statement of operations.

Development Charges

In 2024, \$5M of development charges were recognized as revenue, which is an increase of \$1.7M from 2023 (\$3.3M). Recognition of revenue from development charges is used to fund eligible growth-related capital projects or any associated internal loan repayments and external debt servicing costs from previously constructed projects.

Government Transfers and Grants

Transfers from upper levels of government are a significant source of revenue for the Town. In 2024, government transfers totaled \$6.2M (6% of revenues).

Federal grant funding of \$1.3M was recognized as revenue in 2024, representing a decrease of \$4.9M compared to the prior year. This decline is mainly driven by the timing of capital expenditures. Funding received under federal grants, such as the Canada Community Building Fund, are deferred and recognized as revenue upon completion of qualifying capital projects. Once construction works are completed, the funding is allocated to the capital project to cover the costs incurred. The amount of Canada Community Building Fund funding received each year remains relatively consistent, with revenue recognition variances being influenced by the timing of construction.

Provincial funding is received through several grant programs that support municipal services ranging from seniors' services to road construction. The Town received funding through the Ontario Community Infrastructure Fund

(OCIF) which is allocated to capital projects and recognized as revenue as expenditures in eligible capital projects occur. Other Provincial grants included the Seniors Active Living Centres program and Provincial Gas Tax which is applied to specialized transit services (ActiVan). Overall, provincial funding decreased by \$1.7M compared to 2023, primarily due to completion of two grant programs: the Ontario Connecting Links program and the Municipal Modernization Program.

Transfers from other municipalities increased by \$276K due to capital construction work completed on a shared boundary road with Wellington County. The cost of the project was recovered from Wellington County as per the boundary agreement in place.

Contributed Capital Assets

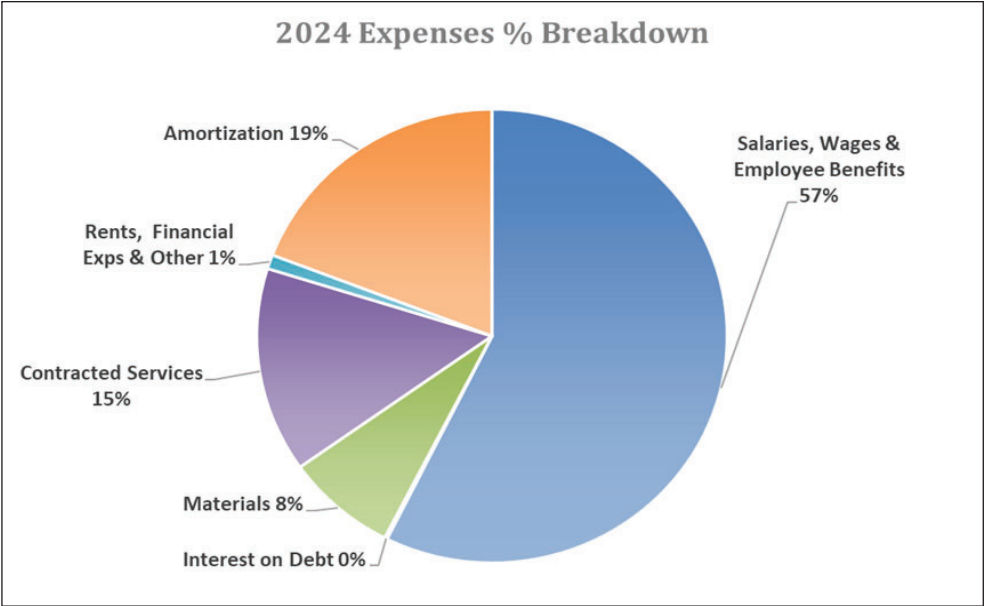
Contributed tangible capital assets include any assets that the Town has assumed from developers, private organizations or individuals. These are reported as revenue in the statement of operations as the assets provide a future benefit to the Town. The Town did not assume any new tangible capital assets in 2024.

EXPENSES

Expenses have increased by \$3.4M over 2023, driven mainly by salaries, wages and benefits. The following table shows the percentage split of total expenses:

Salaries, Wages & Employee Benefits

Labour costs, including salaries, wages, and benefits, increased by \$2.8M in 2024 and continue to represent the largest proportion of expenses at 57%. This increase is primarily driven by approved cost of living adjustments for non-union staff and contract increases for CUPE and Fire union employees as identified in the collective bargaining agreements. Additional contributing factors include higher statutory and private benefit costs, position adjustments resulting from the job evaluation process, and new positions that were approved by Council through the 2024 budget process to address pressures from downloaded services and growing demand for services.



Amortization

Amortization expenses represent the annual allocation of a portion of the historical cost of tangible capital assets as an expense over its useful life. The purpose of amortization is to show the decline in the asset’s value as it ages through time and use. In 2024 the amortization expense increased by \$761K mainly the result of the large road additions (\$16.4M) at the end 2023 beginning to have depreciation recognized in 2024.

Materials

Material costs, representing 8% of the Town’s total expenses, increased by \$913K in 2024. Included in these costs are inflationary and volume demand increases of \$210K stemming from market rates and the installation of new HVAC systems at the arenas. Additionally, the cost of materials used for road maintenance and winter control activities have increased by \$260K compared to 2023. Library services also contributed to the overall increase in material costs with a continued shift toward electronic subscriptions and e-books which are operating expenditures instead of capital assets.

Contracted Services

Contracted services remained consistent with prior spending levels at \$14.5M in 2024, a decrease of \$27K from 2023, representing 15% of the Town’s total expenses.

ANNUAL SURPLUS

An annual surplus of \$7.6M is being reported for 2024, which increases the Town's accumulated surplus to \$452.3M.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

The Consolidated Statement of Change in net financial assets outlines the difference between the reported annual surplus and the change in net financial assets. It provides details on the acquisition and use of non-financial assets, such as Tangible Capital Assets, and their impact on the net financial position.

The increase in the net financial position is attributable to increases in financial assets, mainly cash and short-term investments. These are partially offset by increases in deferred revenues, resulting in an overall increase of \$9.7M in net financial assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows shows how the Town used its cash in 2024.

By adjusting the annual surplus for items that do not result in a cash transaction and accounting for the changes in working capital since the prior year, the result is a net increase in cash of \$29.4M from operations. Of the total \$41.2M available in cash, \$19.5M was used to buy new capital assets and repay debt and loans. Additional monies of \$1.4M were received in the form of dividends from Halton Hills Community Energy Corporation, and \$0.7M was received in cash proceeds from the disposal of fixed assets.

There was a net cash inflow to the pooled investment held with the Region of \$5.9M. This consisted of \$2.9M in earned interest and a \$3M transfer into the investment portfolio. The following table shows the movements of the Town's cash inflows and outflows throughout 2024:

Cash at beginning of year		\$11,869,118
Annual Surplus	\$7,595,976	
Adjust for all non-cash transactions	\$15,580,396	
Remove impact of non-cash working capital	\$6,231,963	
	<u>\$29,408,335</u>	<u>\$41,277,453</u>
How was this cash used?		
Purchase of new Capital Assets	(\$17,105,200)	
Repayment of Debt and Other Loans	(\$2,431,301)	
	<u>(\$19,536,501)</u>	<u>\$21,740,952</u>
New cash coming in the door.....		
Cash from Fixed Asset disposals	\$781,725	
Dividends from HHCEC	\$1,492,000	
	<u>\$2,273,725</u>	<u>\$24,014,677</u>
Investments transferred to the Region	(\$5,918,858)	
Cash at end of year		\$18,095,819

PLANNING DOCUMENTS

LONG RANGE FINANCIAL PLAN

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

The LRFP is based on the following key principles:

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

ASSET MANAGEMENT PLAN

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

The Town aligns asset management with other key corporate initiatives including the Long Range Financial Plan, Storm Water Management, Fleet Management, Urban Tree Management Strategy, the Climate Change Adaptation Plan and the Corporate Technology Strategic Plan. The culminating effect of this alignment is reflected in the annual capital and operating budgets where carefully planned funding optimizes asset lifecycles.

CONCLUSION

In recent years, the Town has placed a strong emphasis on long-range financial planning and maintaining the flexibility to respond to evolving circumstances. Through the strategic reinvestment of available funds into reserves and the implementation of a disciplined debt management approach, the Town has demonstrated resilience amid a range of fiscal challenges. These positive results reflect prudent operating budget management and a continued commitment to building and preserving healthy reserves to support future growth. Maintaining a focus on long-term planning and adaptability will remain essential to sustaining the Town's strong financial position.



Moya Leighton CPA, CGA, MBA

Treasurer

July 7, 2025

FINANCIAL MANAGEMENT

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

CAPITAL BUDGET

The capital budget process commences with planning for the implementation of Council's strategic priorities. These priorities in combination with the Asset Management Plan guide the creation of the capital budget. A detailed business case for each capital project is compiled which is then subject to a management review and prioritized using a scoring matrix. Financial affordability is determined through the Long Range Financial Plan and the appropriate funding sources are confirmed by the Treasurer and allocated to capital projects. Following a comprehensive review by Senior Management, the proposed capital budget is presented to Budget Committee with opportunity for public input prior to final adoption by Council.

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

OPERATING BUDGET

The creation of the annual operating budget also follows a highly structured process. Starting with a detailed needs assessment, senior management reviews existing programs and service levels along with requests for new initiatives to determine if additional resources will be required, or if there is the opportunity to reallocate resources to achieve efficiencies. Research is conducted and projections are made to determine appropriate inflationary increases for operating expenditures. Senior management holds a series of thorough discussions to review revenues and expenditures for potential savings, opportunities for economies of scale and/or adjustments to services and programs. The proposed tax rate increase is reviewed for consistency with prior tax years, comparability with neighbouring municipalities and affordability for the average taxpayer. The proposed operating budget is presented to Council early in the process to allow opportunity for discussion and public input. The operating budget process culminates with a Budget Committee meeting and final adoption by Council.

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

FINANCE TEAM

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

In addition to maintaining accurate records, the Finance team regularly provides information to management, who are accountable for the programs, services, and capital projects they oversee. The team also reports periodically to Council on various financial matters, including reserve balances and performance against the budget.

Annually, the Finance team prepares the Town's financial statements in compliance with the standards set by the Public Sector Accounting Board (PSAB) and coordinates the operating and capital budget processes. Adhering to Ontario Regulation 284/09, which mandates municipalities to prepare a report to Council detailing expenses excluded from budgets, the Finance team converts the budget into a PSAB-compliant format. This report is presented to the Budget Committee, audited by the Town's external auditors, and included in the annual consolidated financial statements.

The Finance team is also responsible for developing, monitoring, and ensuring compliance with financial controls. Recognizing that accurate information is crucial for sound decision-making and effective resource management, robust financial controls and processes are essential. These controls provide reasonable assurance regarding the accuracy of the Town's data and the resulting financial statements.

MANAGEMENT REPORT

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

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

Additionally, the Town has implemented numerous accounting policies to provide technical guidance for various transactions. Note 1 in the accompanying financial statements notes contains a summary of the significant accounting policies utilized in preparing the financial statements. Note 2 of the financial statements provides a list of new accounting standards introduced by the Public Sector Accounting Board in 2024 that are applicable to municipalities: PS 3400 Revenue, PSG – 8 Purchased Intangibles and PS 3160 Public Private Partnerships. The adoption of these standards in 2024 did not have a significant impact on the Town's financial statements.

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

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



Moya Leighton CPA, CGA, MBA

Treasurer

July 7, 2025



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2024 CONSOLIDATED FINANCIAL STATEMENTS

CORPORATION OF THE TOWN OF HALTON HILLS



**KPMG LLP**

354 Davis Road, Suite 402
 Oakville, ON L6J 2X1
 Canada
 Telephone 905 815 8045
 Fax 289 815 0641

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Halton Hills

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Halton Hills (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets, its consolidated statement of remeasurement losses 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. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
July 11, 2025

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Financial Position
As at December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash	\$ 18,095,819	\$ 11,869,118
Short-term investments (Note 3)	103,664,141	97,745,283
Taxes receivable (Note 4)	10,092,506	8,353,280
Accounts receivable	2,056,796	3,357,395
Long-term receivables (Note 5)	1,317,777	1,357,056
Note Receivable from HHCEC (Note 6a)	7,400,000	7,400,000
Investment in HHCEC (Note 6c)	43,634,121	42,185,535
Investment in HDASC (Note 7)	(50,394)	(25,409)
Inventory for resale	14,013	14,671
	186,224,779	172,256,929
Financial Liabilities		
Accounts payable and accrued liabilities (Note 9)	13,719,793	13,182,271
Other current liabilities (Note 9)	17,424,557	15,701,510
Deferred revenue (Note 10)	38,045,093	33,814,214
Employee benefits obligation (Note 11)	5,227,622	5,022,008
Contaminated sites (Note 12)	482,210	474,149
Asset Retirement Obligation (Note 13)	715,106	740,771
Long-term liabilities (Note 14)	6,910,999	9,342,300
	82,525,380	78,277,223
Net financial assets	103,699,399	93,979,706
Non-financial assets		
Tangible capital assets - net (Note 15)	346,075,453	348,059,965
Prepaid expenses and internal inventory	2,578,430	2,717,635
	348,653,883	350,777,600
Accumulated surplus (Note 16)	\$ 452,353,282	\$ 444,757,306
Contingent liabilities (Note 17)		
Lease commitments (Note 18)		

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2024, with comparative information for 2023

	Budget (Note 23)	2024	2023
Annual surplus	\$ 10,906,258	\$ 7,595,976	\$ 10,181,611
Acquisition of tangible capital assets	(24,012,000)	(17,105,200)	(30,848,520)
Asset Retirement Obligation	-	-	(436,580)
Amortization of tangible capital assets	17,843,000	19,020,514	18,259,028
Gain on disposal of tangible capital assets	-	(712,527)	(1,837,401)
Proceeds on sale of tangible capital assets	-	781,725	1,855,061
Change in prepaid expenses and inventory	-	139,205	(1,378,413)
Change in net financial assets	4,737,258	9,719,693	(4,205,214)
Net financial assets, beginning of year	93,979,706	93,979,706	98,184,920
Net financial assets, end of year	\$ 98,716,964	\$ 103,699,399	\$ 93,979,706

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Consolidated Statement of Operations**

Year ended December 31, 2024, with comparative information for 2023

	Budget (Note 23)	2024	2023
Revenues			
Taxation	\$ 72,431,950	\$ 72,974,749	\$ 66,163,897
User fees and charges	7,887,727	8,226,673	7,668,514
Government transfers			
Federal (Note 19)	3,588,000	1,254,876	6,234,535
Provincial (Note 19)	3,288,332	3,790,980	5,464,615
Other municipalities	1,348,778	1,164,448	888,063
Investment income	1,156,000	2,881,503	2,245,612
Development charges (Note 10)	4,623,300	5,091,937	3,325,020
Contributed tangible capital assets (Note 15a)	4,500,000	-	2,299,366
Donations	-	23,154	8,350
Interest from HHCEC (Note 6a)	210,900	210,900	257,504
Equity income from HHCEC (Note 6)	2,015,161	2,940,586	1,455,500
Equity loss from HDASC (Note 7)	-	(24,985)	(25,509)
Other	6,123,442	8,237,130	9,917,735
	107,173,590	106,771,951	105,903,202
Expenses			
General government	17,115,900	15,850,394	20,742,056
Protection services	16,497,800	17,769,065	16,572,944
Transportation services	28,446,829	29,041,259	27,011,193
Environmental services	1,492,700	1,493,214	1,491,796
Health services	409,796	382,276	401,185
Social and family services	928,200	940,058	913,172
Community services	27,146,597	29,204,000	24,613,086
Planning and development	4,229,510	4,495,709	3,976,159
	96,267,332	99,175,975	95,721,591
Annual Surplus	10,906,258	7,595,976	10,181,611
Accumulated surplus, beginning of year	444,757,306	444,757,306	434,575,695
Accumulated surplus, end of year (Note 16)	\$455,663,564	\$452,353,282	\$ 444,757,306

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Consolidated Statement of Cash Flows**

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating Activities		
Annual Surplus	\$ 7,595,976	\$ 10,181,611
Items not affecting cash:		
Gain on disposal of tangible capital assets	(712,527)	(1,837,401)
Amortization of tangible capital assets	19,020,514	18,259,028
Donated tangible capital assets	-	(2,299,366)
Change in employee benefit obligation	205,614	1,135,957
Change in liability for contaminated sites	8,061	15,591
Change in liability for ARO	(25,665)	(196,020)
Equity income from HHCEC	(2,940,586)	(1,455,500)
Equity loss from HDASC	24,985	25,409
Changes in non-cash working capital:		
Taxes receivable	(1,739,226)	(2,835,730)
Accounts receivable	1,300,599	(661,428)
Long-term receivables	39,279	11,755
Prepaid expenses and inventory	139,205	(1,378,413)
Accounts payable and accrued liabilities	537,522	2,810,139
Other current liabilities	1,723,047	4,125,536
Deferred revenue	4,230,879	(1,529,514)
Inventory	658	(743)
Net change in cash from operations	29,408,335	24,370,911
Capital Activities		
Acquisition of tangible capital assets	(17,105,200)	(28,549,154)
Proceeds on sale of tangible capital assets	781,725	1,855,061
Net change in cash from capital activities	(16,323,475)	(26,694,093)
Investing Activities		
Redemption of investments	(5,918,858)	6,150,410
Dividends from HHCEC	1,492,000	1,691,951
Net change in cash from investing activities	(4,426,858)	7,842,361
Financing Activities		
Long-term debt repaid	(2,431,301)	(2,822,534)
Net change in cash from financing activities	(2,431,301)	(2,822,534)
Net change in cash activities	6,226,701	2,696,645
Cash, beginning of year	11,869,118	9,172,473
Cash, end of year	\$ 18,095,819	\$ 11,869,118

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
 Year ended December 31, 2024

1. Summary of Significant Accounting Policies

The consolidated financial statements of The Corporation of the Town of Halton Hills (Town) are the representation of the Town's management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Town are as follows:

(a) Basis of Consolidation

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenue, and expenses of the reporting entity (excluding Halton Hills Community Energy Corporation see (ii) below). The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned and controlled by the Town. The following local boards are included in these consolidated financial statements:

The Halton Hills Library Board
 Acton Business Improvement Area
 Georgetown Central Business Improvement Area

All interdepartmental and organizational transactions and balances are eliminated on consolidation.

(ii) Investment in Halton Hills Community Energy Corporation (HHCEC) and Halton Digital Access Services Corporation (HDASC)

The Town's investments in Halton Hills Community Energy Corporation (HHCEC) and Halton Digital Access Services Corporation (HDASC) are accounted for on a modified equity basis, consistent with Canadian public sector accounting standards. Under the modified equity basis, accounting principles of HHCEC and HDASC are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of HHCEC and HDASC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from HHCEC and HDASC are reflected as reductions in the investment asset account.

(iii) Accounting for region and school board transactions

The taxation revenues and development charges with respect to the school boards and the Region of Halton are not reflected in these consolidated financial statements.

(iv) Trust funds

Trust funds and their related operations administered by the Town are not consolidated but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

(b) (i) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Short-term Investments

Short-term investments consist of bonds and debentures and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

(iii) Inventory

Inventory for resale and internal inventory is valued at the lower of cost and net realizable value.

(iv) Tangible capital assets

(a) Tangible capital assets are recorded at cost plus all directly related charges incurred in order to bring the asset into a condition ready for use by the Town. Cost includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset. The only exception as noted below is for land, which is considered to have an infinite life. Amortization costs are recorded in the Consolidated Statement of Operations and are calculated and charged monthly against the appropriate asset class. The asset categories and useful lives are as follows:

ASSETS	USEFUL LIFE (YEARS)
Land	Infinite
Land improvements	3-100
Buildings	10-50
Equipment	3-25
Vehicles	3-20
Linear assets	5-50
Leasehold improvements	Duration of lease

The Town regularly reviews its tangible capital assets to eliminate obsolete items.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Notes to Consolidated Financial Statements**Year ended December 31, 2024

1. Summary of Significant Accounting Policies (Continued)**(iv) Tangible capital assets (Continued)**

Work in progress assets are not amortized until the asset is available for productive use. Interest on debt incurred during construction of related tangible capital assets is expensed in the consolidated statement of operations. Interest is not capitalized to the cost of work in progress assets.

- (b) Contributed and donated tangible capital assets are recorded at their fair value at the date of receipt and are also recorded as revenue.

(v) Taxation and related revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) based upon Current Value Assessment (CVA). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and the requisition made by the Region of Halton in respect of regional services. The Town is required to collect education taxes on behalf of the Province of Ontario. Requisitions from the Region of Halton and the Province for education taxes are not reported in taxation revenue on the consolidated statement of operations. A mandatory property tax mitigation process exists in Ontario whereby commercial, industrial and multi-residential property tax increases are capped at the greater of 10% of the previous year's actual taxes and 5% of the previous year's actual CVA taxes. The cap is funded through a reserve at the Region. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received the Town determines the taxes applicable and renders supplemental tax billings. Taxation revenues and related services are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(vi) Deferred revenue

Receipts which are restricted by governments, acts, legislation, or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are brought into revenue in the fiscal period they are expended.

(vii) Investment income

Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds and deferred revenue balances for which the nature of the restriction requires it, is added to the fund balance and forms part of the respective deferred revenue balances.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

(viii) Other revenue

Other revenue received throughout the year is recognized on an accrual basis when collectability is reasonably assured.

(ix) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(x) Employee benefits obligation

(a) WSIB and health and dental benefits

The Town provides certain employee benefits which will require funding in future periods. These benefits include benefits under the Workplace Safety and Insurance Board (WSIB) Act, and extended health and dental benefits for a closed group of early retirees. An independent actuarial study to determine the costs of benefits under the Workplace Safety and Insurance Board Act and liabilities for future payments of extended health and dental benefits has been undertaken using management's best estimate of insurance and health care cost trends, long term inflation rates and discount rates. Unamortized actuarial gains and losses are amortized over the expected average remaining service life of the employee group (EARS�). EARS� is 13.42 years for WSIB and 14 years for extended health and dental benefits.

(b) Compensated vacation and overtime

Under CUPE agreement, unused vacation time and banked overtime hours for CUPE employees are calculated and accrued at December 31 as entitlement is earned between June 1 and May 31 annually.

(c) Pension agreement

The cost of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(xi) Liability for 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.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

(xi) Liability for contaminated sites (continued)

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.

The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

(xii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments, with a term to maturity of 90 days or less at acquisition.

(xiii) Long-term receivables

The long-term receivables are valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. The loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned. Loans with significant concessionary terms (such as non-interest bearing loans), are accounted for as a grant which is shown as an expense on the Consolidated Statement of Operations. Long-term receivables are reported in Note 5.

(xiv) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in estimating provisions for accrued liabilities, doubtful accounts, in performing actuarial valuations of employee future benefits, estimating the liabilities for contaminated sites and post closure solid waste landfill.

In addition, the Town's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

(xv) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The Town has recognized a liability for the removal of asbestos from several buildings, as well as a liability for activities required by a land lease at the end of the lease term. These liabilities result in an accompanying increase to the respective tangible capital asset. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in 1 (iv). The liabilities are recognized at their current cost on the prospective basis and updated annually.

Additionally, a liability for post-closure care relating to the Maple Ave landfill site has been recognized based on estimated future expenses including pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The estimated costs to maintain solid waste landfill sites are based on estimated future expenses, discounted, adjusted for estimated inflation, and reduce the liability when paid. As the landfill is unproductive, any changes in the liability are expensed in the period incurred.

(xvi) 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.

(xvii) Financial Instruments

The Town invests all available funds with Halton Region. Within this investment portfolio there are no instruments that contain embedded derivatives or other elements which would require fair market value treatment. The Region's investment policy has an emphasis on the preservation and safety of capital while ensuring the liquidity of funds needed to meet current obligations.

All investments held with the Region are reported at amortized cost. As there are no investments carried at fair value, a Consolidated Statement of Remeasurement Gains and Losses has not been prepared.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

(xvii) Financial Instruments (continued)

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

2. Adoption of new accounting standards

The Town adopted the following standards concurrently beginning January 1, 2024: PS 3400 *Revenue*, PSG – 8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligation (i.e., the payor expects a good or service from the Town), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a measurable component of a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships* ("P3s") provide specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

The Town has chosen to adopt these standards on a prospective basis. PS 3400 *Revenue*, PSG-8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships* did not have a significant impact on the consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

3. Short-term Investments

The Town pools its investment money with the Region of Halton in an effort to obtain a better rate of return. The Town is able to withdraw funds as needed with no restrictions. The Town has \$103,664,141 (2023 - \$97,745,283) invested in the fund as at December 31, 2024. The market value of the investment is \$99,189,556 (2023 - \$91,580,555). During 2024, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.98% (2023 – 2.74%).

4. Taxes Receivable

Included in taxes receivable of \$10,092,506 (2023 - \$8,353,280) as reported on the Consolidated Statement of Financial Position as at December 31, 2024, are taxes owing from 5 (2023 – 8) properties in the amount of \$273,208 (2023 - \$205,570), which have been placed under tax registration under the authority of the Municipal Tax Sales Act of 1990. It is the policy of Council to take all authorized measures to control the escalation of defaulted tax payments.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

5. Long-term Receivables

	<u>2024</u>	<u>2023</u>
Halton Hills Gymnastic Centre Loan	\$ 51,610	\$ 88,221
Acton Town Hall	130,732	153,806
Georgetown Soccer Club	605,244	664,878
Halton Hills Minor Football Association	180,026	197,173
Home Retrofit Loans	332,843	231,746
Other long-term receivables	17,322	21,232
	<u>\$ 1,317,777</u>	<u>\$ 1,357,056</u>

Halton Hills Gymnastic Centre Loan

The loan is repayable annually in the amount of \$36,610 plus interest at the average 10 year Canadian Bond rate in effect at the beginning of the calendar year which was 3.10% (2023 – 3.21%). The loan amount is not to exceed \$324,000 and matures November 30, 2026.

Acton Town Hall

The loan is repayable monthly in the amount of \$1,923 plus interest based on the Bank of Canada prime business rate in effect on December 31 of the previous year which was 3.02% (2023 – 3.28%). The loan matures on December 3, 2030.

Georgetown Soccer Club Loan

The loan is repayable annually in the amount of \$102,600 and matures in 2032. It carries an effective interest rate of 6.5% (2023 – 6.5%).

Halton Hills Minor Football Association Loan

The loan is repayable annually in the amount of \$30,000 and matures in 2032. It carries an effective interest rate of 6.5% (2023 – 6.5%).

Home Retrofit Loans

The Town has 10 loans provided to local residents. Each loan is repayable annually in equal amounts, over a 10-year period, and carries an effective interest rate of 0%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

6. Investment in Halton Hills Community Energy Corporation (“HHCEC”)

HHCEC and its wholly owned subsidiaries is owned and controlled by the Town and as a government business enterprise is accounted for on the modified equity basis in these consolidated financial statements.

HHCEC serves as the electrical distribution utility for Halton Hills’ residents. Other activities of HHCEC and its subsidiaries are to provide hot water tank and sentinel light rentals, water metre reading and billing services as well as energy related services.

(a) Promissory Note Receivable

HHCEC issued a promissory note to the Town, which bears interest at a prescribed rate set annually by the Town. In 2024, the prescribed rate of interest on the note is 2.85% (2023 was 4.12% from January to June, and 2.85% from July to December). Interest received during the year with respect to the promissory note is \$210,900 (2023 - \$257,504). The balance owing on the promissory note is \$7,400,000 at December 31, 2024. The repayment of the note has been deferred to a future date, which will be determined in December 2028.

The obligations of HHCEC for the promissory note payable to the Town are subordinated to secured credit agreements of HHCEC to TD bank.

(b) Loan payable to SouthWestern Energy Inc. (Geothermal)

The Town entered into an agreement with SouthWestern Energy Inc. to install a geothermal HVAC System at a Town facility. The loan payable was in the amount of \$535,614 with a prescribed rate of interest of 1.57% per annum (2023 – 1.57%). Quarterly interest and principal repayments are scheduled up to January 1, 2029 with an outstanding balance of \$128,245 as at December 31, 2024 (2023 - \$157,201).

(c) Investment in government business enterprise

The investment balance in HHCEC at December 31, 2024 is as follows:

	<u>2024</u>	<u>2023</u>
Investment in HHCEC at January 1	\$ 42,185,535	\$ 42,421,986
Equity change in earnings	2,940,586	1,455,500
Dividends on common shares	(1,492,000)	(1,691,951)
Investment in HHCEC at December 31	\$ 43,634,121	\$ 42,185,535

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

6. Investment in Halton Hills Community Energy Corporation (Continued)

The following table provides condensed supplementary consolidated financial information for HHCEC and its subsidiaries for the year ended December 31, 2024 and 2023:

Financial Position	2024	2023
Assets		
Current	\$ 16,374,315	\$ 16,747,018
Capital	121,476,306	121,462,200
Other	19,317,894	25,880,943
Total Assets	\$ 157,168,515	\$ 164,090,161
Liabilities		
Current	\$ 22,189,471	\$ 22,046,296
Promissory note payable to Town of Halton Hills	7,400,000	7,400,000
Other	83,944,923	92,458,330
Total Liabilities	\$ 113,534,394	\$ 121,904,626
Equity		
Share capital	\$ 16,161,663	\$ 16,161,663
Retained earnings	27,610,358	26,161,772
Accumulated other comprehensive loss	(137,900)	(137,900)
Total equity	\$ 43,634,121	\$ 42,185,535
Total liabilities and equity and regulatory balances	\$ 157,168,515	\$ 164,090,161
Financial Activities		
Revenue	\$ 90,495,994	\$ 84,223,417
Expenses	88,147,145	82,027,374
Net movement in regulatory balances	(591,737)	740,543
Net income & net movement in regulatory balances	\$ 2,940,586	\$ 1,455,500
Total comprehensive income	\$ 2,940,586	\$ 1,455,500
Equity income from HHCEC	\$ 2,940,586	\$ 1,455,500
Retained earnings, beginning of year	\$ 26,161,772	\$ 26,398,223
Net income & net movement in regulatory balances	2,940,586	1,455,500
Dividends on common shares	(1,492,000)	(1,691,951)
Retained earnings, end of year	\$ 27,610,358	\$ 26,161,772
Accumulated other comprehensive loss, beginning of year	\$ (137,900)	\$ (137,900)
Accumulated other comprehensive loss, end of year	\$ (137,900)	\$ (137,900)
Town of Halton Hills' investment in HHCEC represented by:		
Promissory note receivable	\$ 7,400,000	\$ 7,400,000
Investment in shares of HHCEC	16,161,663	16,161,663
Accumulated other comprehensive loss	(137,900)	(137,900)
HHCEC retained earnings	27,610,358	26,161,772
Investment in HHCEC	\$ 43,634,121	\$ 42,185,535
Total investment in HHCEC	\$ 51,034,121	\$ 49,585,535

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

6. Investment in Halton Hills Community Energy Corporation (Continued)

Related Party Transactions and Balances

The following summarizes the Town's related party transactions measured at the exchange amounts and balances with the Corporation for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>Transactions</u>		
Revenue		
Property taxes	169,912	162,983
Interest on promissory notes	210,900	257,504
Expenses		
Energy purchases (at commercial rates)	1,399,787	1,221,011
Distribution expenses	385,366	357,118
Street light maintenance and other	113,956	899,068
Dividends Received	1,492,000	1,691,951
Amounts due to the Town		
Promissory note	7,400,000	7,400,000
Amounts due to related party		
Accounts payable and accrued liabilities	201,079	1,024,696
Loan payable to SWE* (Geothermal)	128,245	157,201
*SWE - SouthWestern Energy Inc		

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

7. Investment in Halton Digital Access Services Corporation (“HDASC”)

HDASC is owned equally by the Regional Municipality of Halton, The Corporation of the Town of Oakville, The Corporation of the City of Burlington, The Corporation of the Town of Milton, and The Corporation of the Town of Halton Hills. HDASC serves to consolidate the negotiation and provision of licencing and permitting of pole positions within the Halton Region boundary. Retained earnings (deficiency) are shared equally amongst all municipalities and the Region owning HDASC.

	<u>2024</u>	<u>2023</u>
Opening Balance	\$ (25,509)	\$ -
Net loss for the year	(24,985)	(25,509)
Balance - end of year	<u>(50,494)</u>	<u>(25,509)</u>
Share capital	100	100
Investment in HDASC	\$ <u>(50,394)</u>	\$ <u>(25,409)</u>

8. Credit facilities

Credit facilities available to the Town from a financial institution, by way of loans, overdrafts or Bankers Acceptances, amount to \$10,000,000. Interest on these facilities is at prime minus 0.80%. These credit facilities were not utilized by the Town during 2024 or 2023.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require the Town to pay for goods and services acquired or provided prior to the accounting date. Accounts payable and accrued liabilities represent payments due to other levels of government (federal, provincial, regional, school boards) and other current payables due to vendors. A further breakdown is provided below:

	<u>2024</u>	<u>2023</u>
Trade Accounts Payable	\$ 10,886,381	\$ 11,308,165
Payables to Other Governments	2,563,811	1,704,289
Accrued Liabilities	<u>269,601</u>	<u>169,817</u>
	\$ <u>13,719,793</u>	\$ <u>13,182,271</u>

Other current liabilities include various deposits received on construction permits, payroll related accruals, and other miscellaneous liabilities.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

10. Deferred Revenue

In accordance with standards established by PSAB, obligatory reserve funds are reported as deferred revenue. Provincial legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Town are provided below:

	Balance at 31-Dec-23	Receipts	Revenue Recognized	Balance at 31-Dec-24
Development charges	\$ 2,080,350	\$ 5,577,937	\$ (5,091,937)	\$ 2,566,350
Community Benefit Charges	716,557	24,875	-	741,432
Parkland	13,117,927	3,470,393	(93,000)	16,495,320
Building Code Act, 1992	6,330,348	2,071,915	(2,756,336)	5,645,927
Gas tax - Federal	3,008,688	2,147,569	(314,584)	4,841,673
Deferred Government Grants	92,671	3,218	-	95,889
Growth Stabilization	2,654,826	92,163	(702,993)	2,043,996
Transportation Maintenance	3,451,053	163,080	(108,798)	3,505,335
Gateway Feature	193,378	6,713	-	200,091
Private Traffic Signal Maintenance	273,335	9,488	(2,200)	280,624
Total Deferred Revenue - Obligatory	31,919,133	13,567,351	(9,069,848)	36,416,637
Other	1,895,081	8,960,696	(9,227,321)	1,628,456
	<u>\$ 33,814,214</u>	<u>\$ 22,528,047</u>	<u>\$ (18,297,169)</u>	<u>\$ 38,045,093</u>

The balance reported for Development Charges funds at December 31, 2024 has been fully committed to be spent on active capital projects approved by Council as part of the budget process.

Development Charges Fund	Fund Balance at Dec 31, 2024	Loans from Town Reserves	Net Balance on Development
Transportation Services	\$ 2,320,573	\$ -	\$ 2,320,573
Storm Water Management Services	-	(589,197)	(589,197)
Fire Protection Services	127,974	(1,000,369)	(872,395)
Recreation and Parks Services	-	(22,870,868)	(22,870,868)
Library Services	-	(1,953,626)	(1,953,626)
Administration Services	-	(735,381)	(735,381)
Transit Services	117,803	(4,116)	113,687
	<u>\$ 2,566,350</u>	<u>\$ (27,153,557)</u>	<u>\$ (24,587,207)</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

11. Employee Benefits Obligation

Summary of employee benefits obligation is provided below:

Future payments required for:	<u>2024</u>	<u>2023</u>
Liability for WSIB (a)	\$ 2,387,992	\$ 2,391,334
Vacation pay liability (b)	209,246	176,074
Retirement benefits (c)	2,630,384	2,454,600
	\$ 5,227,622	\$ 5,022,008

(a) Liability for Workplace Safety & Insurance Board (WSIB)

The Town is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the Town assumes the liability for any award made under the Act.

An independent actuarial valuation dated March 16, 2024 estimated the liability at \$2,387,992 (2023 - \$2,391,334) as at December 31, 2024. The Town has a reserve in place for unexpected claims that qualify under WSIB rules in the amount of \$1,335,036 (2023 - \$1,158,188), which is available to partially offset this liability. The Town plans to increase the funds available in the reserve to match the level of liability estimated by the actuarial valuation.

The significant actuarial assumptions adopted in estimating the Town's accrued benefits obligations are as follows:

	<u>2024</u>	<u>2023</u>
Interest (discount rate)	3.75%	3.75%
Administration costs	23.00%	23.00%
WSIB Benefit escalations		
for Loss of Earnings	1.25%	1.25%
for Health Care	3.75%	3.75%
for Survivor Benefits	2.00%	2.00%
for Non-Economic Loss	2.00%	2.00%

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

11. Employee Benefits Obligation (continued)

(a) Liability for Workplace Safety & Insurance Board (WSIB) (continued)

Information about the Town's WSIB liability is as follows:

WSIB Liability	2024	2023
Accrued benefit obligation (ABO) at January 1	\$ 2,374,670	\$ 1,520,949
Increase at Dec 31, 2023 due to survivor award	-	825,133
Service cost	134,661	130,575
Interest cost	87,478	56,512
Less expected benefit payments	(218,494)	(158,499)
Expected ABO at December 31	2,378,315	2,374,670
Actual ABO at December 31	2,378,315	2,374,670
Unamortized actuarial gain / (loss) from prior valuations	9,677	16,664
Liability for Employee benefits obligation at December 31	\$ 2,387,992	\$ 2,391,334
Included in current service cost is amortization of the actuarial gain in the amount of \$6,987 (2023 - \$6,987)		

(b) Vacation Pay Liability

The vacation year for CUPE members is from May 1 to April 30. Vacation earned in that twelve month period may be taken anytime during the following twelve months. The vacation pay liability at December 31, 2024 represents the vacation earned but not yet taken.

(c) Retirement Benefits

The Town provides dental and health care benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS), or retires at a normal retirement age, up to the age of 65.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

11. Employee Benefits Obligation (continued)

(c) Retirement Benefits (continued)

Using the information contained in an independent actuarial valuation dated March 8, 2024, management has estimated a liability of \$2,630,384 (2023 - \$2,454,600) for the retirement benefits based on the present value of the current obligation for past and current employees. The significant actuarial assumptions adopted in estimating the Town's accrued benefit obligations are as follows:

	<u>2024</u>	<u>2023</u>
Interest (discount rate)	4.00%	4.00%
Future inflation rates	1.75%	1.75%
Future salaries escalation	2.75%	2.75%
Dental benefit escalation	3.75%	3.75%
Health benefit escalation*	5.08%	5.42%
HCSA** per Fire employee	\$ 2,000	\$ 2,000
HCSA Admin costs and taxes	15.50%	15.50%
* Reduced by 0.333% per year to 3.75% in 2028		
** HCSA - Health Care Spending Account		

Information about the Town's benefit liabilities are as follows:

Retirement Benefit Liability	<u>2024</u>	<u>2023</u>
Accrued benefit obligation (ABO) at January 1	\$ 3,053,402	\$ 2,833,387
Current period benefit expense	171,594	147,461
Increase due to plan amendment	-	171,643
Interest accrued	121,880	112,062
Benefit payments	(184,417)	(211,151)
Expected ABO at December 31	3,162,459	3,053,402
Actuarial loss	-	-
ABO at December 31	3,162,459	3,053,402
Unamortized actuarial loss	(532,075)	(598,802)
Accrued benefit obligation at December 31	\$ 2,630,384	\$ 2,454,600
Included in current service cost is amortization of the actuarial loss in the amount of \$66,727 (2023 - \$66,727)		

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

12. Liability for contaminated sites

The Town estimated a liability of \$482,210 as at December 31, 2024 (2023 - \$474,149) for remediation of a contaminated site. The site was a former junk yard with shallow soils less than 0.5m below grade which have been impacted and contain broken glass, bricks and small fragments of plastic and metal. The soil contamination obligates the Town to undertake remediation activities. Clean up and restoration to the standards set by the Ministry of Environment, Conservation and Parks requires subsurface investigation, sort/screen, removal of materials, and placement of clean fill. Subsequent to the initial measurement, the obligation will be adjusted at the end of each year to reflect the passage of time and changes in the estimated obligation. Changes in the obligation are recognized in the Consolidated Statement of Operations as an operating expense.

The future remediation costs and any post-remediation costs have an estimated undiscounted cost of \$500,534 and have been recorded in the financial statements at present value using a discount rate of 1.9%. Estimates for these costs are based upon quotes provided by experts.

Additional contaminated sites

The Town owns the former Acton Quarry site which has been determined to be contaminated based on an environmental review, due to an old landfill site that existed at the location. The Town also owns the site at 34 Guelph Street which was a historical waste disposal site. The Town presently has no plans to remediate these sites in the near future, and the full extent of the contamination and associated costs are not known, therefore a reasonable estimate of the Town's obligation cannot be made. The Town has not recognized an obligation for these sites.

13. Asset retirement obligation

On January 1, 2023, the Town adopted Public Accounting Standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in the withdrawal of the existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the prospective basis and the liabilities were estimated using current costs as of the date of adoption of the standard.

The Town's Asset Retirement Obligation consists of several obligations as follows:

a) Landfill obligation

The Town owns a former landfill site located on Maple Ave. The liability for the post-closure care of the site has been recognized under PS 3280 Asset Retirement Obligation and estimated based on the current post-closure cost of the site forecasted over a 40 year period. The Town ceased to operate its solid waste landfill site in 1973 and is required to conduct post-closure procedures. These procedures are conducted by the Region of Halton on behalf of the Town. The Region monitors the site and the expenditure is included in the waste management levy.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

13. Asset retirement obligation (continued)

a) Landfill obligation (continued)

The recorded liability of \$256,009 (2023 - \$289,346) is the present value of future cash flows associated with the closure and post-closure costs of \$11,619 annually, discounted using an average long-term borrowing rate of 5% net of an annual inflation rate of 1.7% (2023 – 3.4%). The total undiscounted liability is \$673,527. The estimated length of time required for post-closure care is estimated to be 40 years on a rolling basis.

b) Asbestos obligation

The Town owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of a building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset Retirement Obligations in 2023, the Town recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2023. The estimated useful life of these buildings ranges from 10 to 50 years from the date of acquisition. The timing of remediation activities cannot yet be reasonably estimated, so no discounting has been applied to the liability.

An asset retirement obligation of \$388,641 has been recognized at the end of 2024 (2023 - \$382,147), representing the current estimate of the obligation.

c) Leasehold obligation

The Town has entered into a land lease that requires the restoration of the site to its original condition at the end of the lease term. The Town has recognized the cost of removing leasehold improvements on the site as estimated at January 1, 2023. The lease has a one-year term with renewal options. It is currently estimated that the lease will be in effect for 10 years.

An asset retirement obligation of \$70,456 has been recognized at the end of 2024 (2023 - \$69,278), representing the current estimate of the obligation.

d) Asset Retirement obligation (ARO) recorded

Changes to the Capital assets due to the asset retirement obligation in the year are as follows:

	<u>Landfill</u>	<u>Asbestos</u>	<u>Leaseholds</u>	<u>Total</u>
Opening 2024	\$ 289,346	\$ 382,147	\$ 69,278	\$ 740,771
Accretion	(33,337)	6,494	1,178	(25,665)
Closing ARO	\$ 256,009	\$ 388,641	\$ 70,456	\$ 715,106

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

14. Long-term Liabilities

(a)

Total long-term liabilities incurred by the Town at the end of the year.

	<u>2024</u>	<u>2023</u>
Debentures payable to Region of Halton	\$ 6,782,754	\$ 9,185,099
LT Debt SWE (Geothermal) (Note 5)	<u>128,245</u>	<u>157,201</u>
	<u>\$ 6,910,999</u>	<u>\$ 9,342,300</u>

(b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2025	\$ 1,059,772
2026	1,080,644
2027	1,102,493
2028	1,125,520
2029	1,126,033
2030-2032	<u>1,416,537</u>
	<u>\$ 6,910,999</u>

- (c) The long-term liabilities in (a) issued in the name of the Town have been approved through by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest expense on net long-term liabilities amounted to \$173,496 (2023 - \$244,478). The long-term liabilities bear interest at rates ranging from 1.15% to 3.45%.
- (e) The Town is set to recover a portion of the outstanding debt from another municipality. At December 31, 2024 the recoverable portion was \$17,322 (2023 - \$21,233).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

15. Tangible Capital Assets

Cost	Balance 31-Dec-23	Additions	Disposals	Balance 31-Dec-24
General				
Land	\$ 41,271,190	-	-	\$ 41,271,190
Land improvements	52,188,313	209,092	-	52,397,405
Buildings	101,035,496	2,092,854	39,504	103,088,846
Equipment	22,753,047	1,632,126	790,057	23,595,117
Vehicles	6,787,256	3,769,084	1,509,284	9,047,056
Leasehold improvements	396,309	9,974	-	406,283
Infrastructure				
Land	4,670,235	-	-	4,670,235
Land improvements	5,410,313	528,844	-	5,939,157
Buildings	9,166,605	49,703	-	9,216,308
Linear assets	416,976,842	4,222,871	689,569	420,510,144
Equipment	11,595,189	709,611	-	12,304,800
Vehicles	12,502,777	2,902,879	1,113,167	14,292,489
Construction in progress				
Work in progress	6,479,541	5,498,373	4,520,212	7,457,703
Total Cost	\$ 691,233,113	21,625,412	8,661,793	\$ 704,196,732
Accumulated Amortization				
General				
Land improvements	26,151,693	1,835,242	-	27,986,935
Buildings	48,689,088	2,888,584	39,504	51,538,168
Equipment	13,450,912	1,751,064	790,057	14,411,919
Vehicles	4,087,369	368,528	1,499,532	2,956,365
Leasehold improvements	272,553	13,406	-	285,959
Infrastructure				
Land improvements	2,098,318	202,967	-	2,301,285
Buildings	3,756,038	375,999	-	4,132,037
Linear assets	230,437,364	10,204,368	630,123	240,011,609
Equipment	7,473,131	544,257	-	8,017,388
Vehicles	6,756,682	836,100	1,113,167	6,479,615
Accumulated Amortization	\$ 343,173,148	19,020,514	4,072,383	\$ 358,121,279
Net Book Value				
General				
Land	41,271,190	-	-	41,271,190
Land improvements	26,036,620	(1,626,150)	-	24,410,470
Buildings	52,346,408	(795,730)	-	51,550,678
Equipment	9,302,135	(118,938)	-	9,183,197
Vehicles	2,699,887	3,400,556	9,752	6,090,691
Leasehold improvements	123,756	(3,432)	-	120,324
Infrastructure				
Land	4,670,235	-	-	4,670,235
Land improvements	3,311,995	325,877	-	3,637,872
Buildings	5,410,567	(326,296)	-	5,084,271
Linear assets	186,539,478	(5,981,497)	59,446	180,498,535
Equipment	4,122,058	165,354	-	4,287,412
Vehicles	5,746,095	2,066,779	-	7,812,874
Construction in progress				
Work in progress	6,479,541	5,498,373	4,520,212	7,457,703
Net Book Value - 2024	\$ 348,059,965	2,604,898	4,589,410	\$ 346,075,453
Net Book Value - 2023	\$ 335,051,553	20,330,186	7,321,774	\$ 348,059,965

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

15. Tangible Capital Assets (Continued)

(a) Contributed Tangible Capital Assets

The Town received \$Nil (2023 - \$2,299,366) in contributed capital assets.

<u>Contributed Assets</u>	<u>2024</u>	<u>2023</u>
Paved Roads & Sidewalks	\$ -	\$ 1,929,008
Street Lighting	-	80,029
Urban Storm Sewers	-	290,329
	<u>\$ -</u>	<u>\$ 2,299,366</u>

(b) Tangible Capital Assets Disclosed at Nominal Values

There are no tangible capital assets recognized at a nominal value.

(c) Write Down of Tangible Capital Assets

The Town has recorded \$Nil (2023 - \$Nil) in write-downs of tangible capital assets.

(d) Works of art and historical treasures

The Town has received paintings and other pieces of artwork that are displayed at various Town facilities. The works of art and historical treasures are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of social rather than financial benefits they provide to the community. The historical costs of the art and treasures are not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

16. Accumulated Surplus

	<u>2024</u>	<u>2023</u>
General surplus/deficit		
-for operating surplus to be distributed to reserves		
-General Surplus (Contract employee costs)	\$ 251,188	\$ 258,003
-General Surplus (Asset Disposal Proceeds)	-	2,502,860
-Unexpended capital financing	21,574,459	20,825,812
	<u>21,825,647</u>	<u>23,586,675</u>
Equity in tangible capital assets		
-Net tangible capital assets	338,617,750	341,580,424
-Construction in progress	7,457,703	6,479,541
-Debt issued (net of Region recoveries) (Note 13)	(6,893,678)	(9,321,068)
	<u>339,181,775</u>	<u>338,738,897</u>
Equity in HHCEC	51,034,121	49,585,535
Equity in HDASC	(50,494)	(25,509)
Unfunded employee benefits	(3,481,730)	(3,486,136)
Unfunded liability for contaminated sites	(482,210)	(474,149)
Unfunded liability for Asset Retirement Obligations (ARO)	(715,106)	(740,771)
Business Improvement Area	141,738	152,165
Recovery from Kiwanis user groups	785,270	862,051
Reserve funds set aside for specific purposes by Council		
- Operating	17,678,169	13,144,182
- Capital	26,263,246	23,404,051
Total Reserves	<u>43,941,415</u>	<u>36,548,233</u>
Reserve funds set aside for specific purposes related to discretionary funds		
- John Elliott Award	10,673	10,315
- Community Healthcare	162,183	-
Total Discretionary Reserve Funds	<u>172,856</u>	<u>10,315</u>
	<u>\$ 452,353,282</u>	<u>\$ 444,757,306</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

17. Contingent Liabilities

- (a) From time to time, the Town may be involved in claims in the normal course of business. Management assesses such claims and where material exposure is considered likely and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The Town does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.
- (b) In the normal course of business, appeals are made by taxpayers against property assessments, the resolution of which is not known as at the date of issuance of these financial statements. It is the practice of the Town to provide for any claims only when the amount of decrease in assessment can be estimated.

18. Lease Commitments

The Town leases premises and is committed to minimum annual lease payments under terms of lease agreements which include Georgetown Seniors Centre lease which expires in 2029 and also the 50 year lease of Heritage Acton for recreational programming purposes:

2025	\$	374,733
2026		413,736
2027		463,116
2028		485,370
2029		373,828
Thereafter		894,712
	\$	<u>3,005,495</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

19. Government Transfers

<u>Federal</u>	<u>2024</u>	<u>2023</u>
Canada Community Building Fund (formerly Gas Tax)	\$ 314,584	\$ 5,645,042
Canada Community Revitalization Fund (CCRF)	771,475	360,953
Other grants	168,817	228,540
	<u>\$ 1,254,876</u>	<u>\$ 6,234,535</u>
 <u>Provincial</u>		
Dedicated Gas Tax	\$ 561,671	\$ 564,325
Ministry of Health and Long Term Care	227,601	241,788
Ontario Community Infrastructure Fund	2,630,142	3,399,612
Ontario Connecting Links	-	830,552
Municipal Modernization Program	-	172,478
Investing in Canada Infrastructure Program (ICIP)	135,000	26,822
Other grants	236,566	229,038
	<u>\$ 3,790,980</u>	<u>\$ 5,464,615</u>

20. Segmented Information

Segmented information has been identified based on various operating departments within the Town. Their activities are reported by functional area in the body of the financial statements. Revenue and expenses are separately disclosed in the segmented information, along with the services they provide, as follows:

General government – Mayor and Council, Office of the CAO, Finance, Information Technology, Purchasing

The departments within general government are responsible for the general management and control of the Town, including adopting bylaws, adopting administrative policy, levying taxes, providing administrative, technical, and financial services. They also ensure quality services are provided to the community and that the services provided are aligned with Council approved actions.

Protection services – Fire Protection and Preventive Services Department, By-law Enforcement, Licensing, Animal and Weed Control, Building Services

The Fire Protection and Preventive Services department provides a wide range of fire prevention, fire suppression and emergency rescue services. Community, marriage and business licensing are provided by Finance department. Animal and weed control are provided by the Planning & Infrastructure department. The Building Services Division is responsible for permit processing and building inspections and by-law enforcement.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
 Year ended December 31, 2024

20. Segmented Information (Continued)

Transportation services – Planning & Infrastructure Department, Parking Control

The Planning & Infrastructure department is responsible for operations, infrastructure management (roads, bridges and sewers), traffic control, accessible transit service and development engineering. The Enforcement Services team under Office of the CAO provides the parking enforcement.

Environmental services – Storm Water Management

Storm water management services are provided by the Planning & Infrastructure department.

Health services

Cemetery services are provided by the Planning & Infrastructure department and Recreation and Parks departments.

Social and family services

The Senior Centres services are provided by the Recreation and Parks department.

Community services – Recreation and Parks Department, Library

The Community Services department is responsible for the development, provision and maintenance of facilities, parks and recreation and cultural programs and services. Planning & Infrastructure department provides the maintenance for parks. The Halton Hills Public Library provides the community with materials, programs and services to support and encourage informal life-long learning.

Planning and development – Planning and Sustainability, Economic Development, Business Improvement Area

The Planning & Infrastructure department provides direction to Council and the community through land use policy formulation and implementation. The Economic Development section of the Office of the CAO assists businesses through technical processes associated with the relocation or set up of business. With support of the Town, the Business Improvement Area board of management provides business promotion and improvement in downtown Acton and Georgetown.

THE CORPORATION OF THE TOWN OF HALTON HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2024

20. Segmented Information (Continued)

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Property taxation has been apportioned to segments based on net budgeted expenses. Equity income from Halton Hills Hydro has been included under the General Government segment, other revenue. For additional information, see the schedules below for the years 2024 and 2023.

2024	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Community Services	Planning & Development	Total 2024
Revenue:									
Taxation for municipal purposes	\$ 12,625,353	\$ 12,945,474	\$ 20,822,131	\$ 2,291,791	\$ 391,829	\$ 1,184,972	\$ 19,348,240	\$ 3,364,959	\$ 72,974,749
User fees and charges	632,485	6,308	652,994	-	288,151	102,696	5,849,603	694,436	8,226,673
Government of Canada grants	46,592	-	147,554	-	-	5,644	964,667	90,419	1,254,876
Province of Ontario grants	9,384	135,000	3,100,022	-	-	200,214	346,360	-	3,790,980
Other municipalities	-	45,148	1,119,300	-	-	-	-	-	1,164,448
Investment income	2,881,503	-	-	-	-	-	-	-	2,881,503
Development charges	141,003	219,228	2,468,068	-	-	-	2,263,638	-	5,091,937
Donations	-	-	-	-	-	-	23,154	-	23,154
Gain on disposal	624,505	50,000	15,336	-	-	-	22,686	-	712,527
Other	6,043,286	2,927,111	800,096	-	2,816	88,731	294,733	494,331	10,651,104
Total revenue	23,004,111	16,328,269	29,125,501	2,291,791	682,796	1,582,257	29,113,081	4,644,145	106,771,951
Expenses:									
Salaries, wages & employee benefits	10,046,062	14,164,951	11,505,212	-	147,670	551,304	17,480,459	3,003,721	56,899,379
Interest on long-term debt	173,496	-	-	-	-	-	-	-	173,496
Purchased goods	459,071	408,715	3,230,811	-	24,261	31,966	3,135,332	301,079	7,591,235
Purchased services	6,189,061	1,609,744	3,654,807	-	29,620	16,146	2,428,317	561,299	14,488,994
Financial expenses	338,802	-	-	-	-	269,953	66,106	489	675,350
Transfers to others	(2,077,027)	706,561	(463,655)	-	81,009	70,314	1,397,600	612,205	327,007
	15,129,465	16,889,971	17,927,175	-	282,560	939,683	24,507,814	4,478,793	80,155,461
Amortization	720,929	879,094	11,114,084	1,493,214	99,716	376	4,696,185	16,916	19,020,514
Total expenses	15,850,394	17,769,065	29,041,259	1,493,214	382,276	940,059	29,203,999	4,495,709	99,175,975
Annual surplus/(deficit)	\$ 7,153,717	\$ (1,440,796)	\$ 84,242	\$ 798,577	\$ 300,520	\$ 642,198	\$ (90,918)	\$ 148,436	\$ 7,595,976

2023	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2023
Revenue:									
Taxation for municipal purposes	\$ 11,476,490	\$ 11,940,487	\$ 18,955,449	\$ 1,842,946	\$ 300,895	\$ 1,022,079	\$ 17,715,312	\$ 2,910,240	\$ 66,163,898
User fees and charges	578,363	3,860	574,003	-	394,709	76,820	5,464,754	576,005	7,668,514
Government of Canada grants	34,615	-	5,645,042	-	-	-	525,243	29,635	6,234,535
Province of Ontario grants	215,582	-	4,787,591	-	-	211,800	249,642	-	5,464,615
Other municipalities	-	58,904	829,159	-	-	-	-	-	888,063
Investment income	2,245,612	-	-	-	-	-	-	-	2,245,612
Development charges	72,110	83,469	2,726,510	-	-	-	442,931	-	3,325,020
Donations	-	-	2,009,037	290,329	-	-	8,350	-	2,307,716
Gain/(Loss) on disposal	30,473	-	1,803,953	-	-	-	3,966	(991)	1,837,401
Other	4,394,864	3,056,452	1,241,309	-	3,297	99,299	385,950	586,657	9,767,828
Total revenue	19,048,109	15,143,172	38,572,053	2,133,275	698,901	1,409,998	24,796,148	4,101,546	105,903,202
Expenses:									
Salaries, wages & employee benefits	12,479,450	13,268,631	10,135,891	-	156,822	501,933	14,846,483	2,711,335	54,100,545
Interest on long-term debt	242,478	-	-	-	-	-	-	-	242,478
Purchased goods	477,448	349,030	2,942,085	-	15,723	68,398	2,546,398	278,718	6,677,800
Purchased services	6,593,868	1,557,955	3,712,593	-	31,986	11,788	1,904,721	703,870	14,516,781
Financial expenses	1,412,880	7,370	-	-	-	263,155	56,173	(1,212)	1,738,366
Transfers to others	(1,146,624)	530,889	(234,938)	-	86,608	67,522	615,598	267,538	186,593
	20,059,500	15,713,875	16,555,631	-	291,139	912,796	19,969,373	3,960,249	77,462,563
Amortization	682,556	859,069	10,455,562	1,491,796	110,046	376	4,643,713	15,910	18,259,028
Total expenses	20,742,056	16,572,944	27,011,193	1,491,796	401,185	913,172	24,613,086	3,976,159	95,721,591
Annual surplus/(deficit)	\$ (1,693,947)	\$ (1,429,772)	\$ 11,560,860	\$ 641,479	\$ 297,716	\$ 496,826	\$ 183,062	\$ 125,387	\$ 10,181,611

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

21. Trust Funds

Trust funds administered by the Town amounting to \$3,670,388 (2023 - \$3,483,963) are not included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

22. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, which as of December 31, 2024, was on behalf of 527 members of its staff (2023 – 503). The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9% for earnings up to the yearly maximum pensionable earnings of \$68,500 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings. Contributions of employees with a normal retirement age of 60 (Fire Department) were being made at a rate of 9.2% for earnings up to the yearly maximum pensionable earnings of \$68,500 and at a rate of 15.8% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2024 was \$3,977,250 (2023 - \$3,600,169) for current service and is included as an expense on the Consolidated Statement of Operations.

As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$2.9 billion as of December 31, 2024 (2023 – deficit of \$4.2 billion). This unfunded liability may result in required future payments by participating employees and members.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

23. Budget data

The budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budget approved by Council on December 5, 2023. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenue:	Budget 2024
Operating Budget	\$ 94,979,592
Capital Budget	26,592,000
BIAs	464,837
Add:	
Donated Tangible Capital Assets	4,500,000
Equity Income on Investments	323,161
Less:	
Contribution from Reserves (Operating)	(1,305,100)
Contribution from Reserves (Capital)	(15,395,000)
Other transfers	(2,985,900)
Total Revenue	107,173,590
Expenses:	
Operating budget	94,979,592
Capital budget	26,592,000
BIAs	464,837
Add:	
Amortization	17,843,000
Less:	
Debt principal repayments	(2,427,500)
Acquisition of Tangible Capital Assets	(24,012,000)
Transfers to Reserves	(14,186,697)
Other transfers	(2,985,900)
Total Expenses	96,267,332
Annual Surplus	\$ 10,906,258

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2024

24. Related Party Disclosures

The Town's related parties, as defined by the CPA Canada Public Sector Accounting Board in standard PS 2200 Related Party Disclosures, are Halton Hills Community Energy Corporation (HHCEC) and its subsidiaries, and key management personnel of the Town and their close family members. The Town may enter into transactions with these entities and individuals in the normal course of operations.

During fiscal year 2024 there were no material transactions between the Town and its key management personnel.

Transactions between the Town and HHCEC for fiscal year 2024 are itemized in Note 5 to the consolidated financial statements. Debt liabilities and promissory note receivable with HHCEC are also described in Note 5.

25. Contractual rights

The Town is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights are rights to economic resources, leading to both revenues and assets in the future.

The Town has a number of Federal and Provincial funding agreements with estimated future funding of \$10.3M, and incoming rental agreement for Town-owned property of \$109,310 per year.

2024 FINANCIAL STATEMENTS

TRUST FUNDS

CORPORATION OF THE TOWN OF HALTON HILLS



**KPMG LLP**

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Oakville, ON L6J 2X1
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Telephone 905 815 8045
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Halton Hills

Opinion

We have audited the accompanying financial statements of The Trust Funds of The Corporation of the Town of Halton Hills (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its changes in net financial assets and its 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. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
July 11, 2025

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Statement of Financial Position

As at December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash	\$ 1,151,120	\$ 1,075,654
Investments (Note 2)	2,519,268	2,408,309
Net financial assets, accumulated surplus	\$ 3,670,388	\$ 3,483,963

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Statement of Change in Net Financial Assets
Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus	\$ 186,425	\$ 191,306
Net financial assets, beginning of year	3,483,963	3,292,657
Net financial assets, end of year	\$ 3,670,388	\$ 3,483,963

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Statement of Operations**

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue		
Cemetery maintenance	\$ 81,409	\$ 96,718
Interest	141,622	125,676
	223,031	222,394
Expenses		
Transfer to Town of Halton Hills	34,754	29,847
Transfer to Georgetown Hospital	459	336
Limehouse Presbyterian Cemetery	1,393	905
	36,606	31,088
Annual surplus	186,425	191,306
Accumulated surplus, beginning of year	3,483,963	3,292,657
Accumulated surplus, end of year	\$ 3,670,388	\$ 3,483,963
Composition of Accumulated surplus		
Fairview Cemetery	\$ 777,106	\$ 741,246
Greenwood Cemetery	1,659,931	1,591,205
Hornby Presbyterian Cemetery	926	910
Limehouse Presbyterian Cemetery	59,909	45,952
Union Presbyterian Cemetery	6,709	6,483
Hillcrest Cemetery	1,150,607	1,083,017
Georgetown Hospital Foundation	15,200	15,150
Total trust funds	\$ 3,670,388	\$ 3,483,963

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Statement of Cash Flows**

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities		
Annual surplus	\$ 186,425	\$ 191,306
Financing activities		
Acquisition of investments	(110,959)	(94,843)
Net change in cash	75,466	96,463
Cash, beginning of year	1,075,654	979,191
Cash, end of year	\$ 1,151,120	\$ 1,075,654

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Notes to Financial Statements**Year ended December 31, 2024

1. Summary of Significant Accounting Policies

The financial statements of the Trust Funds of The Corporation of the Town of Halton Hills (the "Town") are the representation of the Trust's management prepared in accordance with Canadian public sector accounting standards recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The investments held at year end are in accordance with the Trustee Act R.S.O. 1990.

Significant accounting policies adopted by the Trust Funds of the Town are as follows:

i) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

ii) Investment income

Investment income is reported as revenue in the period earned.

iii) Investments

Investments are carried at cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

iv) Financial Instruments

The Town invests some of the trust funds with Halton Region. Within this investment portfolio there are no instruments that contain embedded derivatives or other elements which would require fair market value treatment. The Region's investment policy has an emphasis on the preservation and safety of capital while ensuring the liquidity of funds needed to meet current obligations.

All investments held with the Region are reported at amortized cost.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Notes to Financial Statements**

Year ended December 31, 2024

2. Investments

The Town pools its investment money with Halton Region in an effort to obtain a better rate of return. The Town is able to withdraw the funds as needed with no restrictions. The Town has \$2,519,268 (2023 - \$2,408,309) invested in the fund as at December 31, 2024. The market value of the amount invested is \$2,410,526 (2023 - \$2,256,419) at December 31, 2024. During 2024, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.98% (2023 – 2.74%).

3. Hillcrest Cemetery Trust Fund

On March 27, 2018, the Town entered into a Trust deed for the Hillcrest Cemetery Trust whereby the ownership and assets of the Hillcrest Cemetery (“the Cemetery”) were to be transferred to the Town by a local church organization for the ongoing maintenance of the Cemetery.

In 2024, no cash transfer was received from investments made previously by the Hillcrest Cemetery board (2023 - \$nil). No bequest estate distribution was received in 2024 (2023 - \$nil).

The following revenue and expenses have been recognized in 2024 and 2023 relating to the Cemetery:

	2024	2023
Revenue		
Cemetery maintenance	\$ 10,351	\$ 21,597
Acquisition of Hillcrest Cemetery	-	-
Interest	57,239	53,621
Total Revenue recognized	67,590	75,218
Expenses		
Transfer to Town of Halton Hills	-	-
Total Expenses recognized	-	-
	\$ 67,590	\$ 75,218

THE CORPORATION OF THE TOWN OF HALTON HILLS**Trust Funds****Notes to Financial Statements**Year ended December 31, 2024

4. Trust Fund Transfers

Transfers from the trust funds are repayments of funds to the beneficiaries of the trust funds, as per agreed terms.

- i) Transfer to Town of Halton Hills – transfer of funds that are dedicated for the perpetual maintenance of cemeteries.
- ii) Transfer to Georgetown Hospital – transfer of interest earned on the funds entrusted to the Town.
- iii) Transfer to Limehouse Presbyterian Cemetery – transfer of interest earned in the prior year. In the case of the Limehouse Presbyterian Cemetery the Town holds the money on behalf of a third-party cemetery operator who is responsible for the maintenance of the cemetery. The full amount of interest earned on the funds is forwarded annually to the cemetery operator.



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2024 FINANCIAL STATEMENTS

THE LIBRARY BOARD

CORPORATION OF THE TOWN OF HALTON HILLS

hhpl halton hills
public library



**KPMG LLP**

Commerce Place
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 Telephone 905 523 8200
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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Halton Hills Library Board, and to the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Halton Hills

Opinion

We have audited the accompanying financial statements of the Halton Hills Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Halton Hills Library Board as at December 31, 2024, and its results of operations, its changes in net debt, and its 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. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.



Page 3

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada

August 5, 2025

Halton Hills Library Board**Statement of Financial Position**

As at December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Accounts receivable	\$ 160	\$ -
Due from the Town of Halton Hills (Note 8)	700,531	765,846
	700,691	765,846
Financial liabilities		
Accrued liabilities	2,943	-
Deferred revenue	280	16,076
Due to Town of Halton Hills - loan for unfunded DC (Note 8)	1,953,626	1,797,509
Long-term liabilities (Note 2)	3,235,683	3,616,414
	5,192,532	5,429,999
Net debt	(4,491,841)	(4,664,153)
Non-financial assets		
Tangible capital assets (Note 3)	10,992,978	11,636,719
Accumulated surplus (Note 5)	\$ 6,501,137	\$ 6,972,566

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Halton Hills Library Board****Statement of Change in Net Debt**

Year ended December 31, 2024, with comparative information for 2023

	Budget (Note 6)	2024	2023
Annual Deficit	\$ (47,600)	\$ (471,429)	\$ (472,690)
Acquisition of tangible capital assets	(612,000)	(369,839)	(576,445)
Amortization of tangible capital assets	895,000	1,013,580	1,014,012
Change in net debt	235,400	172,312	(35,123)
Net debt, beginning of year	(4,664,153)	(4,664,153)	(4,629,030)
Net debt, end of year	\$ (4,428,753)	\$ (4,491,841)	\$ (4,664,153)

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Halton Hills Library Board****Statement of Operations**

Year ended December 31, 2024, with comparative information for 2023

	Budget (Note 6)	2024	2023
Revenue			
Town of Halton Hills	\$ 4,748,800	\$ 4,748,561	\$ 4,560,629
Government of Canada grants (Note 4)	-	15,076	2,179
Province of Ontario grants (Note 4)	61,300	67,050	67,050
Halton Hills contribution - Development charges	368,900	260,211	40,900
Fines, rentals and other	33,600	47,259	46,560
	5,212,600	5,138,157	4,717,318
Expenses			
Salaries, wages and benefits	4,090,350	3,942,362	3,816,492
Materials and supplies	23,400	48,429	30,466
Programming	16,800	26,079	14,479
Repairs and maintenance	10,900	28,978	12,524
Telephone	4,850	6,103	6,403
Advertising	3,700	3,680	4,060
Printing and photocopying	21,500	19,761	18,700
Audit	5,500	6,162	5,953
Contracted services	96,800	134,978	130,062
Equipment costs	2,500	2,500	2,500
General	88,900	376,974	134,357
Amortization	895,000	1,013,580	1,014,012
	5,260,200	5,609,586	5,190,008
Annual Deficit	(47,600)	(471,429)	(472,690)
Accumulated surplus, beginning of year	6,972,566	6,972,566	7,445,256
Accumulated surplus, end of year	\$ 6,924,966	\$ 6,501,137	\$ 6,972,566

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS**Halton Hills Library Board****Statement of Cash Flows**

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities		
Annual Deficit	\$ (471,429)	\$ (472,690)
Item not affecting cash:		
Amortization of tangible capital assets	1,013,580	1,014,012
Changes in non-cash working capital:		
Accounts receivable	(160)	-
Due to/from Town of Halton Hills	65,315	40,667
Accrued liabilities	2,943	(559)
Deferred revenue	(15,796)	2,576
Due to Town of Halton Hills - unfunded DC	156,117	365,708
Net change in cash from operations	750,570	949,714
Capital activities		
Acquisition of tangible capital assets	(369,839)	(576,445)
Net change in cash from capital activities	(369,839)	(576,445)
Financing activities		
Long-term debt repaid	(380,731)	(373,269)
Net change in cash from financing activities	(380,731)	(373,269)
Net change in cash		
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies

The financial statements of the Halton Hills Library Board of The Corporation of the Town of Halton Hills (the "Library") are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended and established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Halton Hills Library Board are as follows:

(i) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Deferred revenue

Receipts which are restricted by governments or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. These amounts will be recognized as revenues in the fiscal year the services are performed.

(iii) Measurement Uncertainty

The preparation of financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

(iv) Other income

Other income is reported as revenue in the period earned.

(v) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made, except when and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

(vi) Development charges

Development Charges are funded and recognized as revenue in the Library's Statement of Operations when eligible Library owned tangible capital assets are purchased.

(vii) Tangible Capital Assets

(a) Tangible capital assets are recorded at cost plus all directly related charges incurred in order to bring the asset into a condition ready for use by the Library. Cost includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset. The only exception as noted below, is for land, which is considered to have an infinite life. Amortization costs are recorded in the Statement of Operations and are calculated and charged monthly against the appropriate asset class. The asset categories and useful lives are as follows:

ASSET	USEFUL LIFE (YEARS)
Land	Infinite
Buildings	10-50
Equipment	3-25

The Library regularly reviews its tangible capital assets to eliminate obsolete items.

Assets under construction (work in progress) are not amortized until the asset is available for productive use. Interest is not capitalized to the cost of work in progress assets.

(b) Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(viii) Adoption of new accounting standards

Effective January 1, 2024, the Library adopted the Public Sector Accounting Board's (PSAB) standard PS 3400 *Revenue*. The new standard addresses the reporting of general revenues not covered under other PS sections and differentiates between revenue arising from transactions with performance obligations, and transactions without. The adoption of this standard did not have a significant impact on the Library's financial statements.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2024

2. Long-term Liabilities

(a)

	<u>2024</u>	<u>2023</u>
Total long-term liabilities incurred by the Library	\$3,235,683	\$ 3,616,414

(b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2025	388,454
2026	396,232
2027	404,196
2028	412,296
2029	420,623
2030-2032	<u>1,213,882</u>
	<u>\$ 3,235,683</u>

(c) Interest expense on net long-term liabilities amounted to \$69,125 (2023 - \$76,633). The long-term liabilities bear interest at 2.0%.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2024

3. Tangible Capital Assets

Cost	Balance December 31, 2023	Additions	Disposals	Balance December 31, 2024
Land	458,655	-	-	458,655
Buildings	17,059,028	-	-	17,059,028
Equipment	3,949,606	369,839	(345,013)	3,974,432
Total Cost	21,467,289	369,839	(345,013)	21,492,115
Accumulated Amortization				
Buildings	7,836,445	512,475	-	8,348,920
Equipment	1,994,125	501,105	(345,013)	2,150,217
Accumulated Amortization	9,830,570	1,013,580	(345,013)	10,499,137
Net Book Value				
Land	458,655	-	-	458,655
Buildings	9,222,583	(512,475)	-	8,710,108
Equipment	1,955,481	(131,266)	-	1,824,215
Net Book Value - 2024	11,636,719	(643,741)	-	10,992,978
Net Book Value - 2023	12,074,286	(437,567)	-	11,636,719

(i) Contributed Capital Assets

The Library received \$nil (2023 - \$nil) in contributed tangible capital assets.

(ii) Tangible Capital Assets Disclosed at Nominal Values

There are no tangible capital assets recognized at a nominal value.

(iii) Write-down of Tangible Capital Assets

The Library has not recorded write-downs of tangible capital assets in the current year or 2023.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2024

4. Government Transfers

The government transfers reported in the Statement of Operations are:

	2024	2023
Federal		
New Horizons for Seniors grant	\$ 15,076	\$ 2,179
	<u>\$ 15,076</u>	<u>\$ 2,179</u>
Provincial		
Per Capita	\$ 67,050	\$ 67,050
	<u>\$ 67,050</u>	<u>\$ 67,050</u>

5. Accumulated Surplus

	2024	2023
General Operating Surplus	\$ 101,844	\$ 99,051
Unexpended Capital financing	<u>99,182</u>	<u>107,834</u>
	<u>201,026</u>	<u>206,885</u>
Equity in tangible capital assets		
Net tangible capital assets	10,992,978	11,636,719
Due to Town for unfunded DCs	(1,953,626)	(1,797,509)
Debt recoverable	<u>(3,235,683)</u>	<u>(3,616,414)</u>
	<u>5,803,669</u>	<u>6,222,796</u>
Library Capital Reserve	<u>496,442</u>	<u>542,885</u>
Total Reserves	<u>496,442</u>	<u>542,885</u>
	<u>\$ 6,501,137</u>	<u>\$ 6,972,566</u>

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2024

6. Budget

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by Council on December 5, 2023. Amortization was not incorporated into the development of the budget and, as such, has not been included in the budget approved by Council. The chart below reconciles the approved operating and capital budget to the budget figures reported in these financial statements.

	Budget 2024
Revenue:	
Operating Budget	\$ 4,793,600
Capital Budget	612,000
Total Revenue	5,405,600
Expenses:	
Operating budget	4,793,600
Capital budget	612,000
Add:	
Amortization	895,000
Less:	
Acquisition of Tangible Capital Assets	(612,000)
Contribution from Reserves (Capital Budget)	193,000
Debt principal repayments	(380,700)
Interfund transfers	(47,700)
Total Expenses	5,453,200
Annual Deficit	\$ (47,600)

THE CORPORATION OF THE TOWN OF HALTON HILLS**Halton Hills Library Board****Notes to Financial Statements**Year ended December 31, 2024

7. Development Charges

The Town of Halton Hills manages a development charge obligatory reserve fund for the Library. At the end of 2024 there were no funds available in the development charge reserve to be utilized. This reserve is funded by contributions from developers as stipulated by the development charges by-law and identified in the development charges background study.

The development charges will be spent on tangible capital assets to facilitate Library growth. Tangible capital assets are Town owned, recognizing that the Town maintains title of Library facilities and furniture.

8. Related Party Transactions

The Town of Halton Hills manages all accounts receivable and payable on behalf of the Library. All transactions are made and posted using the Town's bank account held with Scotiabank and investment accounts held with the Region of Halton. The Due from the Town balance represents the net amount receivable of \$700,531 by the Library from the Town of Halton Hills at December 31, 2024 (2023 - \$765,846).

Over the last few years collections on development charges have been insufficient to cover eligible budgeted expenses. The Town has provided a loan to the Library in order to ensure that external debts could be honoured by the Library. The loan amount at December 31, 2024 is \$1,953,626 (2023 - \$1,797,509), and it is to be repaid annually over 10 years, at an effective interest rate of 2.7%. The loan repayment is contingent on future Development Charges collected by the Library.



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2024 FINANCIAL STATEMENTS

ACTON BUSINESS IMPROVEMENT AREA



Downtown
ACTON

It's Worth the Drive!



**KPMG LLP**

354 Davis Road, Suite 402
 Oakville, ON L6J 2X1
 Canada
 Telephone 905 815 8045
 Fax 289 815 0641

INDEPENDENT AUDITOR'S REPORT

To the Members of Acton Business Improvement Area

Opinion

We have audited the accompanying financial statements of Acton Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its changes in net financial assets and its 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our Auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Page 2

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

April 23, 2025

ACTON BUSINESS IMPROVEMENT AREA

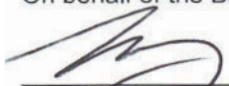
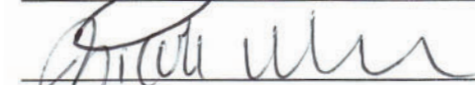
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash	\$ 51,965	\$ 41,247
Accounts receivable (note 3)	24,152	24,152
	<u>76,117</u>	<u>65,399</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	3,621	6,954
	<u>3,261</u>	<u>6,954</u>
Net Financial assets	72,496	58,445
Non-Financial Assets		
Tangible capital assets (note 2)	65,064	68,466
Accumulated surplus	<u>\$ 137,560</u>	<u>\$ 126,911</u>

See accompanying notes to financial statements.

On behalf of the Board:


 Director Monica Galway

 Director Nicole Walker

ACTON BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023.

	2024 Budget (note 4)	2024 Actual	2023 Actual
Revenue:			
Town of Halton Hills (note 3)	\$ 112,256	\$ 112,256	\$ 106,910
Leathertown Festival	20,000	20,026	13,460
Farmer's Market	5,000	1,820	5,571
Summer Student Grant	8,000	—	9,455
Infrastructure Grant (note 3)	5,882	—	—
	151,138	134,102	135,396
Expenses:			
Salaries and wages	59,250	48,729	58,828
Advertising and promotion	3,750	2,975	5,574
Repairs and maintenance	39,056	29,073	32,612
Rent	10,500	10,131	8,446
General expenses	9,182	6,334	9,456
Event entertainment	13,000	7,572	4,792
Amortization	—	3,402	2,692
Insurance	2,500	1,791	1,791
Professional fees	2,400	1,862	4,569
Miscellaneous	11,500	11,584	6,258
HHBTRF grant expense	—	—	433
	151,138	123,453	135,451
Annual (deficit) surplus	—	10,649	(55)
Accumulated surplus, beginning of year	126,911	126,911	126,966
Accumulated surplus, end of year	\$ 126,911	\$ 137,560	126,911

See accompanying notes to financial statements.

ACTION BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 4)	2024 Actual	2023 Actual
Annual (deficit) surplus	\$ —	\$ 10,649	\$ (55)
Purchase of tangible capital assets	—	—	(9,980)
Amortization of tangible capital assets	—	3,402	2,692
Prepaid expenses	—	—	—
Change in net financial assets	—	14,051	(7,343)
Net financial assets, beginning of year	—	58,445	65,788
Net financial assets, end of year	\$ —	\$ 72,496	\$ 58,445

See accompanying notes to financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 10,649	\$ (55)
Item not involving cash:		
Amortization of capital assets	3,402	2,692
Change in non-cash operating working capital:		
Accounts receivable	—	56,675
Prepaid expenses	—	—
Accounts payable and accrued liabilities	(3,333)	6,433
Net change in cash from operating activities	10,718	65,745
Capital activities:		
Purchase of tangible capital assets	—	(9,980)
Net change in cash	10,718	55,765
Cash beginning of year	41,247	(14,518)
Cash end of year	\$ 51,965	\$ 41,247

See accompanying notes to financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The financial statements of the Business Improvement Area are the representations of management prepared in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

(c) Other income:

Revenues from other income, fundraising and donations are recognized as earned.

(d) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Tangible capital assets:

(i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on over their estimated useful lives at the following rates and methods:

Asset	Basis	Rate
Street signs	Straight-line	15 years
Trash receptacles	Straight-line	10 years
Computer equipment	Declining-balance	55%
Container	Declining-balance	20%
Benches	Declining-balance	20%
Snowflake Lights	Straight-line	5 years

Amortization is charged from the date of acquisition.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt and also recorded as revenue.

(f) Adopt of new accounting policy:

On January 1, 2024, the Business Improvement Area adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement. The adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Land	\$ 51,470	\$ —	\$ —	\$ 51,470
Street signs	4,761	—	—	4,761
Trash receptacles	4,612	—	—	4,612
Computer equipment	3,241	—	—	3,241
Container	3,158	—	—	3,158
Benches	5,214	—	—	5,214
Snowflake Lights	9,980	—	—	9,980
	\$ 82,436	\$	\$	\$ 82,436

Accumulated amortization	Balance at December 31, 2023	Amortization expense	Disposals	Balance at December 31, 2024
Land	\$ —	\$ —	\$ —	\$ —
Street signs	4,761	—	—	4,761
Trash receptacles	1,153	461	—	1,614
Computer equipment	3,145	53	—	3,198
Container	1,703	291	—	1,994
Benches	2,210	601	—	2,811
Snowflake Lights	998	1,996	—	2,994
	\$ 13,970	\$ 3,402	\$	\$ 17,372

	Net book value December 31, 2023	Net book value December 31, 2024
Land	\$ 51,470	\$ 51,470
Street signs	—	—
Trash receptacles	3,459	2,998
Computer equipment	96	43
Container	1,455	1,164
Benches	3,004	2,403
Snowflake Lights	8,982	6,986
	\$ 68,466	\$ 65,064

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil during the year ended December 31, 2024 (2023 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the Town of Halton Hills:

Revenue:

	2024	2023
Member levy collected on behalf of the Business Improvement Area	\$ 112,256	\$106,910

At the end of the year, the Business Improvement Area had a payable of \$2,250 (2023 - \$ nil) to the Town of Halton Hills related to operating expenses outstanding as of December 31 and accounts receivable of \$24,152 (2023 - \$24,152).

4. Budget:

The budget data is based on the approved 2024 budget approved by the Board on October 18, 2023. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and as such have not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

2024 FINANCIAL STATEMENTS

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA



**KPMG LLP**

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 Oakville, ON L6J 2X1
 Canada
 Telephone 905 815 8045
 Fax 289 815 0641

INDEPENDENT AUDITOR'S REPORT

To the Members of Georgetown Central Business Improvement Area

Opinion

We have audited the accompanying financial statements of Georgetown Central Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and accumulated surplus, its changes in net financial assets and its 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. Our responsibilities under those standards are further described in the “***Auditor's Responsibilities for the Audit of the Financial Statements***” section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.



Page 2

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.



Page 3

- 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 Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada
June 17, 2025

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash	\$ 71,274	\$ 109,402
Accounts receivable	–	821
	<u>71,274</u>	<u>110,223</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 3)	<u>3,565</u>	<u>18,035</u>
Net financial assets	67,709	92,188
Non-financial assets		
Tangible capital assets (note 2)	57,263	39,535
Prepaid expenses	<u>1,533</u>	<u>1,533</u>
	<u>58,796</u>	<u>41,068</u>
Lease commitments (note 5)		
Accumulated surplus	<u>\$ 126,505</u>	<u>\$ 133,256</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
	(note 4)		
Revenue:			
Town of Halton Hills (note 3)	\$ 220,500	\$ 219,500	\$ 216,240
Farmer's market	53,000	44,042	45,366
Sponsorship program	3,000	2,080	2,650
Other events	28,500	27,292	22,220
Student grant	8,700	—	8,680
	313,700	292,914	295,156
Expenses:			
Salaries and wages	140,200	126,760	128,428
Repairs and maintenance	75,900	66,117	57,500
Advertising and promotion	57,900	48,685	50,467
Office and general	11,000	28,522	18,971
Rent	7,500	8,241	16,898
Amortization of tangible capital assets	—	13,514	12,270
Insurance	4,400	1,080	1,240
Professional fees	9,100	2,294	9,926
Memberships	2,000	4,452	4,018
Loss on disposal of tangible capital asset	—	—	820
	313,700	299,665	300,538
Annual deficit	—	(6,751)	(5,382)
Accumulated surplus, beginning of year	133,256	133,256	138,638
Accumulated surplus, end of year	\$ 133,256	\$ 126,505	\$ 133,256

See accompanying notes to financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 4)	2024 Actual	2023 Actual
Annual deficit	\$ —	\$ (6,751)	\$ (5,382)
Amortization of tangible capital assets	—	13,514	12,270
Loss on disposal of tangible capital assets	—	—	820
Purchase of tangible capital assets	—	(31,242)	—
Proceeds on disposal of tangible capital assets	—	—	1,120
Change in prepaid expenses	—	—	(67)
Change in net financial assets	—	(24,479)	8,761
Net financial assets, beginning of year	67,709	92,188	83,427
Net financial assets, end of year	\$ 67,709	\$ 67,709	\$ 92,188

See accompanying notes to financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (6,751)	\$ (5,382)
Item not involving cash:		
Amortization of tangible capital assets	13,514	12,270
Loss on disposal of tangible capital assets	—	820
Proceeds on disposal of tangible capital assets	—	1,120
Change in non-cash operating working capital:		
Accounts receivable	821	(821)
Prepaid expenses	—	(67)
Accounts payable and accrued liabilities	(14,470)	(25,380)
Net change in cash used in operating activities	(6,886)	(17,440)
Capital activities:		
Purchase of tangible capital assets	(31,242)	—
Net decrease in cash	(38,128)	(17,440)
Cash, beginning of year	109,402	126,842
Cash, end of year	\$ 71,274	\$ 109,402

See accompanying notes to financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2024

The Georgetown Central Business Improvement Area (the Business Improvement Area) was established in accordance with Section 220 of the Municipal Act (R.S.O. 1990) for the purpose of providing improvement, beautification and maintenance of lands, buildings and structures in the area and the promotion of Georgetown as a business and shopping area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are the representations of management prepared in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or creation of a legal obligation to pay.

(b) Government transfers:

Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(e) Change in accounting policies:

On January 1, 2024, the Business Improvement Area adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement. The adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are stated at cost plus all directly related charges incurred in order to bring the asset into a condition ready for use by the organization less accumulated amortization. Tangible capital assets are amortized over the estimated useful life of the asset. All asset categories are amortized. Amortization costs are recorded in the statement of operations. Amortization is calculated and charged monthly against the appropriate asset class. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods.

Asset	Basis	Rate/Years
Waste receptacles and benches	Straight-line	10 years
Leasehold improvements	Straight-line	5 years
Signage and sculpture	Straight-line	15 years
Office furniture	Declining balance	20%
Computer equipment	Declining balance	55%

The Business Improvement Area regularly reviews its capital assets to eliminate obsolete items.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Waste receptacles and benches	\$ 18,143	\$ –	\$ –	\$ 18,143
Leasehold improvements	13,023	31,242	–	44,265
Signage and sculpture	125,607	–	–	125,607
Office furniture	4,317	–	–	4,317
Computer equipment	2,956	–	–	2,956
	\$ 164,046	\$ 31,242	\$ –	\$ 195,288

Accumulated amortization	Balance at December 31, 2023	Amortization expense	Disposals	Balance at December 31, 2024
Waste receptacles and benches	\$ 13,790	\$ 1,523	\$ –	\$ 15,313
Leasehold improvements	13,023	3,124	–	16,147
Signage and sculpture	92,115	8,416	–	100,531
Office furniture	2,958	272	–	3,230
Computer equipment	2,625	179	–	2,804
	\$ 124,511	\$ 13,514	\$ –	\$ 138,025

	Net book value December 31, 2023	Net book value December 31, 2024
Waste receptacles and benches	\$ 4,353	\$ 2,830
Leasehold improvements	–	28,118
Signage and art sculpture	33,492	25,076
Office furniture	1,359	1,087
Computer equipment	331	152
	\$ 39,535	\$ 57,263

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the Town of Halton Hills:

Revenue:

	2024	2023
Member levy collected on behalf of the Business Improvement Area	\$ 219,500	\$ 216,240

At the end of the year, the Business Improvement Area had a payable of \$nil (2023 - \$5,873) to the Town of Halton Hills related to operating expenses.

4. Budget:

The budget data presented in these financial statements is based upon the 2024 budget approved by the Board on September 19, 2023.

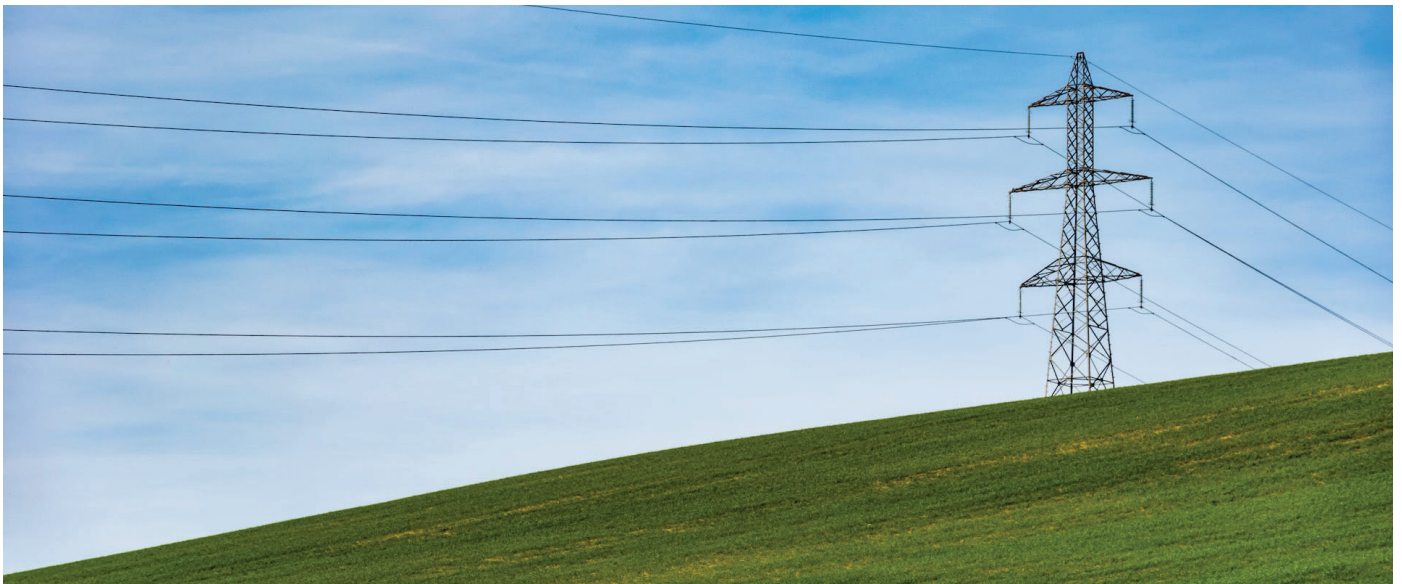
5. Lease commitments:

The Business Improvement Area is committed to minimum annual lease payments under an operating lease for its office space expiring in 2028 as follows:

2025	\$	7,500
2026		7,500
2027		7,500
2028		6,875

2024 FINANCIAL STATEMENTS

HALTON HILLS COMMUNITY ENERGY CORPORATION



**KPMG LLP**

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Canada
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Fax 905-523-2222

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Halton Hills Community Energy Corporation

Opinion

We have audited the consolidated financial statements of Halton Hills Community Energy Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter 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 Entity as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditor's report.

We are independent of the Entity 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.



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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 IFRS 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 generally accepted auditing standards 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 the consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 1, 2025

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Financial Position

Year ended December 31, 2024, with comparative information for 2023

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents		\$ 366,884	\$ 25,045
Accounts receivable	5	6,243,312	7,804,791
Unbilled revenue		7,008,125	6,200,975
Income tax receivable		365,460	539,041
Materials and supplies	6	1,653,542	1,554,738
Current portion of note receivable	9	29,413	28,956
Prepaid expenses		707,579	618,517
Total current assets		16,374,315	16,772,063
Non-current assets			
Property, plant and equipment	7	121,476,306	121,462,200
Note receivable	9	98,832	128,245
Deferred charges		223,781	223,781
Derivative asset	21	5,940,342	6,301,949
Deferred income taxes	10	286,635	354,700
Goodwill		295,604	295,604
Total non-current assets		128,321,500	128,766,479
Total assets		144,695,815	145,538,542
Regulatory balances	11	12,472,700	11,698,000
Total assets and regulatory balances		\$ 157,168,515	\$ 157,236,542

	Note	2024	2023
Liabilities and Shareholder's Equity			
Current liabilities			
Bank indebtedness		\$ 7,070,000	\$ 7,256,927
Accounts payable and accrued liabilities	12	12,562,489	12,313,194
Current portion of bank term loans	13	2,013,023	1,966,528
Customer deposits		539,575	520,092
Current portion of lease liability	8	-	14,600
Income taxes payable		4,384	-
Total current liabilities		22,189,471	22,071,341
Non-current liabilities			
Bank term loans	13	59,747,041	61,760,066
Note payable	20	7,400,000	7,400,000
Employee future benefits	14	985,003	959,823
Lease liability	8	-	24,334
Deferred revenue		10,469,082	10,803,621
Deferred income taxes	10	10,303,568	9,774,556
Total non-current liabilities		88,904,694	90,722,400
Total liabilities		111,094,165	112,793,741
Equity			
Share capital	15	16,161,663	16,161,663
Retained earnings		27,610,358	26,161,772
Accumulated other comprehensive loss		(137,900)	(137,900)
Total equity		43,634,121	42,185,535
Total liabilities and equity		154,728,286	154,979,276
Regulatory balances	11	2,440,229	2,257,266
Contingencies	19		
Total liabilities and equity		\$ 157,168,515	\$ 157,236,542

See accompanying notes to the consolidated financial statements.

Signed on behalf of the Board:



Director



Director

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023

	Note	2024	2023
Revenue			
Distribution revenue		\$ 17,040,775	\$ 16,047,385
Other income	17	3,467,158	4,931,121
		20,507,933	20,978,506
Sale of electricity		69,988,061	63,244,911
Total revenue	16	90,495,994	84,223,417
Operating expenses			
Employee salaries and benefits	18	5,939,494	6,223,257
Material costs		220,955	397,788
Contract services		1,244,946	1,507,124
Property costs		1,631,507	1,397,924
Other costs		724,131	623,836
Communication costs		504,989	483,270
Depreciation		4,414,408	4,382,269
Provision for material	6	-	102,707
Provision for fixed assets	7	-	234,103
		14,680,430	15,352,278
Cost of power purchased		69,662,857	61,213,066
Total expenses		84,343,287	76,565,344
Income from operating activities		6,152,707	7,658,073
Gain (loss) on disposal of property, plant and equipment		163,604	(2,319)
Finance income		140,302	199,702
Finance costs			
Interest		(3,013,900)	(3,158,384)
Fair value adjustment on derivative liability	21	(361,607)	(2,471,436)
Total finance costs		(3,071,601)	(5,432,437)
Income before income taxes		3,081,106	2,225,636
Income tax expense	10	(732,257)	(29,593)
Net income		2,348,849	2,196,043
Net movement in regulatory balances, net of tax			
Net movement in regulatory balances	11	(262,226)	(1,837,312)
Income tax	11	853,963	1,096,769
Net movement in regulatory balances, net of tax		591,737	(740,543)
Total comprehensive income for the year		\$ 2,940,586	\$ 1,455,500

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023

	Note	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2023		\$16,161,663	\$26,398,223	\$ (137,900)	\$42,421,986
Net income and net movement in regulatory balances		-	1,455,500	-	1,455,500
Dividends	15	-	(1,691,951)	-	(1,691,951)
Balance at December 31, 2023		\$16,161,663	\$26,161,772	\$ (137,900)	\$42,185,535
Balance at January 1, 2024		\$16,161,663	\$26,161,772	\$ (137,900)	\$42,185,535
Net income and net movement in regulatory balances		-	2,940,586	-	2,940,586
Dividends	15	-	(1,492,000)	-	(1,492,000)
Balance at December 31, 2024		\$16,161,663	\$27,610,358	\$ (137,900)	\$43,634,121

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities		
Net income and net movement in regulatory balances	\$ 2,940,586	\$ 1,455,500
Adjustments for:		
Depreciation	4,668,008	4,602,154
Gain on sale of property, plant and equipment	(163,604)	(2,319)
Amortization of deferred revenue	(533,681)	(496,524)
Impairment loss on inventory	-	102,707
Impairment loss on fixed assets	-	234,103
Employee future benefits	25,180	19,088
Net finance costs	2,873,598	2,958,682
Deferred income tax	597,077	-
Income tax expense	-	29,593
Fair value adjustment on derivative liability	361,607	2,471,435
Change in non-cash operating working capital:		
Accounts receivable	1,561,479	252,653
Unbilled revenue	(807,150)	115,330
Materials and supplies	(98,804)	307,913
Prepaid expenses	(89,062)	(83,991)
Income tax receivable	173,581	-
Accounts payable and accrued liabilities	299,283	(4,447,095)
Customer deposits	19,483	(67,204)
Capital contributions	199,142	3,428,004
Regulatory balances	(591,737)	740,543
Income tax paid	4,384	(165,949)
Interest paid	(3,013,900)	(3,158,384)
Interest received	140,302	199,702
Net cash from operating activities	8,565,772	8,495,941
Investing activities		
Purchase of property, plant and equipment	(4,745,930)	(8,202,974)
Proceeds on disposal of property, plant and equipment	227,420	8,641
Proceeds from note receivable	28,956	163,134
Net cash used in investing activities	(4,489,554)	(8,031,199)
Financing activities		
Dividends paid	(1,541,988)	(1,691,951)
Issuance of bank term loans	-	5,000,000
Repayment of bank term loans	(1,966,530)	(1,835,044)
Principal repayments of lease liabilities	(38,934)	(34,574)
Net cash (used in) from financing activities	(3,547,452)	1,438,431
Change in cash and bank indebtedness	528,766	1,903,173
Cash and bank indebtedness, beginning of year	(7,231,882)	(9,135,055)
Cash, end of year	366,884	25,045
Bank indebtedness, end of year	(7,070,000)	(7,256,927)
Cash and bank indebtedness, end of year	\$ (6,703,116)	\$ (7,231,882)

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

1. Reporting entity:

Halton Hills Community Energy Corporation (the "Corporation") is wholly-owned by the Town of Halton Hills.

The Corporation is the parent company of Halton Hills Hydro Inc., Southwestern Energy Inc. and 2008949 Ontario Ltd. o/a Quality Tree Service. The principal activities of the Corporation are to deliver electricity and energy related services to customers in the Town of Halton Hills, generate energy and provide water meter reading and billing services for residents of the Town of Halton Hills. The address of the Corporation's registered head office is 43 Alice Street, Halton Hills (Acton), Ontario.

The consolidated financial statements comprise the Corporation and its subsidiaries as at and for the year ended December 31, 2024.

In November 2023, a wholly owned company initiated a partial cessation of operations within its Civil and Electrical Division and in 2024, the division was entirely discontinued in February 2024. The company divested the division's fixed assets and inventory in 2024.

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Board of Directors on May 1, 2025.

(b) Basis of measurement:

These financial statements have been prepared on a going concern basis under the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments:

(i) Assumptions and estimation uncertainty:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

2. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

(ii) Judgements:

Information about significant judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial information is included in the following note:

- (i) Note 3(c) – determination of the performance obligation for contributions from customers and the related amortization period
- (ii) Note 3(i), 10 – recognition and measurement of regulatory balances
- (iii) Note 3(n), 7 – leases; whether an arrangement contains a lease

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting:

(i) *Distribution revenue:*

For the distribution revenue, the Corporation files a "Cost of Service" ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor. The stretch factor ranges from 0% to 0.60% and is assigned based on LDCs total cost performance as benchmarked against other LDCs in Ontario.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

2. Basis of presentation (continued):**(e) Rate regulation (continued):**

Rate setting (continued):

(i) Distribution revenue (continued):

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation filed a COS application on August 27, 2020 for rates effective May 1, 2021. On March 18, 2021 the OEB issued its Decision and Order approving electricity distribution rates and other charges for effective May 1, 2021.

An IRM Application has been filed in each subsequent year.

The Company filed an application with the Ontario Energy Board (OEB) on November 13, 2023 requesting approval to change distribution rates effective May 1, 2024. The IRM Application, which provided a mechanistic and formulaic adjustment to distribution rates and charges, was approved by the OEB on March 21, 2024. The GDP IPI-FDD for 2024 is 4.8%, the Company's stretch factor is 0% and the productivity factor determined by the OEB is 0%, resulting in an overall 4.8% increase in distribution rates.

(ii) Electricity rates:

The OEB sets electricity prices for certain low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity or pursuant to their contract with a retailer. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

The OEB issued an Accounting Guidance on February 21, 2019 to standardize the accounting processes used by electricity distributors to improve the accuracy of settlements with the IESO for low-volume consumers. The standardization seeks to facilitate the accurate disposition of commodity pass-through variance account balances. The Corporation implemented these procedures by the due date of August 31, 2019 retroactive to January 1, 2019 as required by the OEB.

(iii) Retail transmission rates:

There are costs of delivering electricity from generating stations across the Province to local distribution networks. These charges include the costs to build and maintain the transmission lines, towers and poles and operate provincial transmission systems. Retail transmission rates are passed through to the operators of transmission networks and facilities.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

2. Basis of presentation (continued):

(e) Rate regulation (continued):

Rate setting (continued):

(iv) Wholesale market service rates:

These are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid and include the costs associated with funding Ministry of Energy conservation and renewable energy programs. The Company is billed for the cost of the wholesale electricity system by the Independent Electricity System Operator and passes this cost on to the customer at cost without a mark-up.

3. Material accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

a. Basis of consolidation:

These consolidated financial statements include the accounts of the following wholly owned corporations:

- i. Halton Hills Hydro Inc.
- ii. Southwestern Energy Inc.
- iii. 2008949 Ontario Ltd. o/a Quality Tree Service

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

All inter-company accounts and transactions have been eliminated.

b. Financial instruments:

All financial assets and all financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f). Derivatives are classified as financial assets or liabilities at fair value through profit or loss.

Hedge accounting has not been used in the preparation of these financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):**c. Revenue recognition:***Sale and distribution of electricity:*

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream.

Capital contributions:

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of *IFRS 15 Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of *IFRS 15 Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue:

Revenue earned from the provision of services is recognized as the service is rendered. Amounts received in advance of these milestones are presented as deferred revenue.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):

(c) Revenue recognition (continued):

Other revenue (continued):

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under Conservation and Demand Management (CDM) programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(d) Materials and supplies:

Materials and supplies, the majority of which are consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(e) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the date of transition to IFRS, less accumulated depreciation. All other items of PP&E measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of six months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E. When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss. Major spare parts and standby equipment are recognized as items of PP&E.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):**(e) Property, plant and equipment (continued):**

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction in process assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Asset	Years
Distribution system	25 - 50
Plant	20 - 42
Fleet	8 - 15
Other equipment	5 - 20
Computer equipment and software	1 - 5
General office	5
Store equipment	10
Contributed capital	20 - 50

(f) Impairment:**(i) Financial assets measured at amortized cost:**

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The goodwill acquired in a business combination for the purposes of impairment testing is allocated to CGU's that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a prorate basis, if applicable.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

For the regulated business, the carrying costs of most of the Company's non-financial assets are included in rate base (the aggregate of approved investment in PP&E and intangible assets, excluding construction in progress, less accumulated depreciation and amortization and unamortized capital contributions from customers, plus an allowance for working capital) where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):**(g) Customer deposits:**

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Regulatory balances:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or other comprehensive income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued)

(j) Employee future benefits:

The Corporation pays certain life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees and extended health and dental benefits under unfunded defined benefit plans, on behalf of early retirees.

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(i) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Re-measurement of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(k) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash balances and the note receivable.

Finance costs comprise interest expense on borrowings, customer deposits, fair value adjustment on derivative liability and lease liabilities. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):**(l) Income taxes:**

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

(m) Goodwill:

Goodwill is measured at cost less accumulated impairment losses as described in note 3(f).

(n) Leased assets:

At inception of a contract, the Corporation assesses whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

3. Material accounting policies (continued):

(n) Leased assets (continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash balances as well as bank overdraft amounts.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

4. New standards and interpretations not yet effective:

The following new accounting standards/amendments have been published by the International Accounting Standards Board (IASB) but are not effective as at December 31, 2024, and have not been adopted in these financial statements:

Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted, and are related to:

- Settling financial liabilities using electronic payments systems; and
- Assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Corporation is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities net profit will not change. Assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is in the process of assessing the impact of the new standard, particularly with respect to the structure of the Corporation's statement of comprehensive income, statement of cash flows and the additional disclosure required for MPMs. The Corporation is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as 'other'.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

5. Accounts receivable:

	2024	2023
Electric service receivable	\$ 3,755,863	\$ 3,963,319
Recoverable work	2,392,695	3,560,845
Other	52,237	345,596
Town of Halton Hills	199,476	177,054
Less: allowance for expected credit losses	(156,959)	(242,023)
	\$ 6,243,312	\$ 7,804,791

The accounts receivable from the Town of Halton Hills is in the normal course of operations and is due under normal terms of trade.

6. Materials and supplies:

The Corporation has included certain major standby equipment as in-service fixed assets and amortizes these assets over their estimated useful lives. The Corporation has reclassified \$1,224,226 (2023 - \$1,163,548) to capital assets during the year.

The amount of inventory consumed by the Corporation and recognized as an expense during 2024 was \$220,955 (2023 - \$397,788). During 2024, the Corporation has recognized an impairment loss of \$nil (2023 - \$102,707) on its inventory due to the partial closure of the civil and electrical division in Southwestern Energy Inc. in November 2023. The recoverable amount of the inventory was determined based on the estimated selling price through liquidation and in the ordinary course of business, less the estimated costs of completion and sale. Remaining amounts were disposed of during the year.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

7. Property, plant and equipment:

	January 1, 2024	Additions/ Depreciation	Disposals/ Retirements	Transfers	December 31, 2024
Cost					
Distributions system	\$ 129,864,753	\$ 5,790,062	\$ -	\$ -	\$ 135,654,815
Plant	4,718,436	185,581	-	-	4,904,017
Fleet	4,469,345	376,434	(737,134)	-	4,108,645
Other equipment	7,225,245	567,751	(400,790)	-	7,392,206
Computer equipment and software	2,460,739	578,936	-	-	3,039,675
General office	365,827	26,935	(44,484)	-	348,278
Stores equipment	4,732	-	-	-	4,732
Construction-in-process	5,064,465	-	-	(2,778,901)	2,285,564
	154,173,542	7,525,699	(1,182,408)	(2,778,901)	157,737,932
Accumulated Depreciation					
Distributions system	23,947,990	3,638,349	-	-	27,586,339
Plant	924,733	97,758	-	-	1,022,491
Fleet	2,673,523	325,799	(556,662)	-	2,442,660
Other equipment	2,752,064	357,787	(286,166)	-	2,823,685
Computer equipment and software	1,869,445	223,935	-	-	2,093,380
General office	304,752	24,380	(40,793)	-	288,339
Stores equipment	4,732	-	-	-	4,732
Construction-in-process	-	-	-	-	-
Provision for fixed asset	234,103	-	(234,103)	-	-
	32,711,342	4,668,008	(1,117,724)	-	36,261,626
Carrying amount	\$121,462,200	\$2,857,691	\$ (64,684)	\$ (2,778,901)	\$121,476,306
	January 1, 2023	Additions/ Depreciation	Disposals/ Retirements	Transfers	December 31, 2023
Cost					
Distributions system	\$ 119,539,820	\$ 10,324,933	\$ -	\$ -	\$ 129,864,753
Plant	4,718,436	-	-	-	4,718,436
Fleet	3,929,254	613,738	(73,647)	-	4,469,345
Other equipment	6,730,749	494,496	-	-	7,225,245
Computer equipment and software	2,249,614	211,125	-	-	2,460,739
General office	361,557	4,270	-	-	365,827
Stores equipment	4,732	-	-	-	4,732
Construction-in-process	8,510,053	-	-	(3,445,588)	5,064,465
	146,044,215	11,648,562	(73,647)	(3,445,588)	154,173,542
Accumulated Depreciation					
Distributions system	20,332,793	3,615,197	-	-	23,947,990
Plant	830,174	94,559	-	-	924,733
Fleet	2,369,341	371,507	(67,325)	-	2,673,523
Other equipment	2,404,637	347,427	-	-	2,752,064
Computer equipment and software	1,713,032	156,413	-	-	1,869,445
General office	287,701	17,051	-	-	304,752
Stores equipment	4,732	-	-	-	4,732
Construction-in-process	-	-	-	-	-
Provision for fixed asset	-	-	234,103	-	234,103
	27,942,410	4,602,154	166,778	-	32,711,342
Carrying amount	\$ 118,101,805	\$ 7,046,408	\$ (240,425)	\$ (3,445,588)	\$ 121,462,200

Interest capitalized in property, plant and equipment for 2024 was \$nil (2023 - \$nil).

Included in fleet are right-of-use assets of \$nil (2023 - \$126,269) as further described in note 8. During the year, the Corporation added \$nil (2023 - \$nil) to rolling stock.

At December 31, 2024, property, plant and equipment with a carry value of \$121,476,306 (2023 - \$121,462,200) are subject to a general security agreement.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

7. Property, plant and equipment (continued):

In the prior year, the Corporation has recognized an impairment loss of \$234,103 in 2023 on its property, plant and equipment due to the partial closure of the civil and electrical division in November 2023. The recoverable amount of the property, plant and equipment was determined based on the higher of their fair value less costs to sell and their value in use.

8. Lease liabilities:

Right-of-use asset	2024	2023
Opening balance	\$ 126,269	\$ 180,732
Renewal/additions	5,778	-
Disposal	(51,525)	-
Depreciation	(17,543)	(54,463)
	\$ 62,979	\$ 126,269

Lease liabilities	2024	2023
Opening balance	\$ 38,934	\$ 73,508
Renewal/additions	-	-
Paid in full	(37,718)	-
Interest expense	-	204
Interest repayments	-	(204)
Repayments	(1,216)	(34,574)
	\$ -	\$ 38,934

Lease liabilities	2024	2023
Current	\$ -	\$ 14,600
Non-current	-	24,334
	\$ -	\$ 38,934

Maturity analysis of undiscounted lease liabilities	2024	2023
One to five years	\$ -	\$ 38,934
Total undiscounted lease liabilities	\$ -	\$ 38,934

9. Note receivable:

The note receivable from the Town of Halton Hills in the issued amount of \$241,398 bears interest of 1.568% (2023 - 1.568%) per annum with quarterly interest and principal repayments up to August 30, 2029.

	2024	2023
Total note receivable	\$ 128,245	\$ 157,201
Less: Current portion	29,413	28,956
	\$ 98,832	\$ 128,245

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

10. Income tax expense:

Current tax expense (recovery)

	2024	2023
Current year	\$ 82,183	\$ (79,657)
Adjustment for prior years	52,997	(4,521)
	\$ 135,180	\$ (84,178)

Deferred tax expense (recovery)

	2024	2023
Origination and reversal of temporary differences	\$ 597,077	\$ 113,771
	\$ 597,077	\$ 113,771

Reconciliation of effective tax rate

	2024	2023
Net income and net movement in regulatory before taxes	\$ 2,818,881	\$ 388,324
Canada and Ontario statutory income tax rates	26.50%	26.50%
Expected tax provision on income at statutory rates	747,003	102,906
Increase (decrease) in income taxes resulting from:		
Permanent differences	1,802	5,016
Adjustment for prior years	(7,549)	(4,015)
Other	(8,999)	(74,314)
Income tax expense	\$ 732,257	\$ 29,593

Significant components of Company's deferred tax balances:

	2024	2023
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (15,885,086)	\$ (14,983,204)
Post employment benefits	261,026	254,354
Deferred revenue	2,774,307	2,862,960
Non-capital losses	3,395,751	3,232,400
Corporate minimum tax	948,805	65,497
Other	62,454	818,153
Fair value adjustment on derivative	(1,574,190)	(1,670,016)
	\$ (10,016,933)	\$ (9,419,856)

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

11. Regulatory balances:

Reconciliation of the carrying amount for each regulatory account:

Regulatory deferral account debit balances	January 1, 2024	Additions/ disposals	Recovery/ reversal	December 31, 2024	Remaining recovery/ reversal years
Other regulatory assets	\$ 292,594	\$ 79,099	\$ -	\$ 371,693	1-3 yrs
RSVA wholesale market services	795,328	423,114	(1,218,442)	-	1-3 yrs
RSVA network services	672,179	247,482	(488,235)	431,426	1-3 yrs
RSVA connection services	135,182	(92,050)	(31,584)	11,548	1-3 yrs
RSVA power	322,686	436,289	629,004	1,387,979	1-3 yrs
Global adjustment	470,084	629,480	(693,418)	406,146	1-3 yrs
Deferred income taxes	9,009,947	853,961	-	9,863,908	*
	\$ 11,698,000	\$ 2,577,375	\$ (1,802,675)	\$ 12,472,700	

Regulatory deferral account debit balances	January 1, 2023	Additions/ disposals	Recovery/ reversal	December 31, 2023	Remaining recovery/ reversal years
Other regulatory assets	\$ 91,274	\$ 201,320	\$ -	\$ 292,594	1-3 yrs
Low voltage variance	460,570	-	(460,570)	-	1-3 yrs
LRAM variance account	160,951	1,046	(161,997)	-	1-3 yrs
RSVA wholesale market services	1,252,828	(345,654)	(111,846)	795,328	1-3 yrs
RSVA network services	1,207,159	215,450	(750,430)	672,179	1-3 yrs
RSVA connection services	182,600	105,672	(153,090)	135,182	1-3 yrs
RSVA power	-	(463,479)	786,165	322,686	1-3 yrs
Global adjustment	35,619	488,534	(54,069)	470,084	1-3 yrs
Deferred income taxes	7,913,178	1,096,769	-	9,009,947	*
	\$ 11,304,179	\$ 1,299,658	\$ (905,837)	\$ 11,698,000	

*The deferred income taxes balances will be recovered over the lives of the related capital assets.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

11. Regulatory balances (continued):

Regulatory deferral account credit balances	January 1, 2024	Additions/ disposals	Recovery/ reversal	December 31, 2024	Remaining recovery/ reversal years
Low voltage variance	\$ (1,535,978)	\$ (361,369)	\$ 701,456	\$ (1,195,891)	1-3 yrs
Smart meter capital & recovery	(112,173)	(22,681)	68,141	(66,713)	1-3 yrs
RSVA wholesale market services	-	(324,402)	-	(324,402)	1-3 yrs
Disposition and refund regulatory balance	(609,115)	(1,277,186)	1,033,078	(853,223)	1-3 yrs
	\$ (2,257,266)	\$ (1,985,638)	\$ 1,802,675	\$ (2,440,229)	

Regulatory deferral account credit balances	January 1, 2023	Additions/ disposals	Recovery/ reversal	December 31, 2023	Remaining recovery/ reversal years
Low voltage variance	\$ -	\$ (878,327)	\$ (657,651)	\$ (1,535,978)	1-3 yrs
Smart meter capital & recovery	(80,575)	(48,384)	16,786	(112,173)	1-3 yrs
RSVA power	(112,865)	-	112,865	-	1-3 yrs
Disposition and refund regulatory balance	(929,462)	(1,113,490)	1,433,837	(609,115)	1-3 yrs
	\$ (1,122,902)	\$ (2,040,201)	\$ 905,837	\$ (2,257,266)	

The Company has determined that certain debit and credit balances arising from rate-regulated activities qualify for regulatory accounting treatment in accordance with IFRS 14 and the OEB's prescribed accounting procedures for electricity distributors. The regulatory balances are comprised of regulatory debit variances of \$12,472,700 (2023 - \$11,698,000) and regulatory credit balances of \$2,440,229 (2023 - \$2,257,266) for a net regulatory asset of \$10,032,471 (2023 - net regulatory asset of \$9,440,734).

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points, with the exception of the tax balances. In 2024, the rate was 5.49% from January to June, 5.20% for the period July to September and 4.40% for the period October to December.

The regulatory balances for the Corporation consist of the following:

(a) Settlement variances:

These accounts include the variances between amounts charged by the Corporation, based on regulated rates, and the corresponding cost of electricity and non-competitive electricity service costs incurred by the Corporation such as commodity charges, retail transmission rates and wholesale market services charges. The Corporation has deferred the variances and related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB. This account also includes variances between the amounts approved for disposition by the OEB and the amounts collected or paid through OEB approved rate riders.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

11. Regulatory balances (continued):**(a) Settlement variances (continued):**

Settlement variances are reviewed annually as part of a COS or IRM Application submitted to the OEB and a request for disposition is made if the aggregate of the settlement accounts exceeds the OEB's prescribed materiality level.

In the Corporation's 2024 IRM Application, submitted in November 2023, the Corporation requested and received OEB approval for the disposition of the 2022 audited balances including projected interest to April 30, 2024 of \$995,047.

(b) Income taxes:

The customer asset/liability for deferred taxes variance account relates to the expected regulatory asset or liability relating to deferred taxes arising from timing differences in the determination of income taxes as well as CCA acceleration.

(c) Other:

This deferral account includes the amounts approved for disposition from settlement variances approved for disposition and recovery, allowable costs associated with cost assessments, retail charges and other miscellaneous regulatory accounts.

12. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable - energy	\$ 5,086,659	\$ 4,735,237
Accounts payable and accrued liabilities	4,263,968	4,796,858
Payroll payable	502,437	646,262
Dividends payable	373,000	422,988
Other	2,336,425	1,711,849
	\$ 12,562,489	\$ 12,313,194

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

13. Credit facilities**(a) Credit limit:**

The Corporation has an operating credit facility available from a financial institution in the amount of \$12,150,000 (2023 - \$10,150,000) bearing interest at prime. Credit is available to the Corporation in the form of prime based loans, bankers' acceptances, letters of credit or stand-by letters of guarantee. At year end the operating line utilized is \$7,070,000 (2023 - \$6,460,000) and is included in bank indebtedness. Security is in the form of a first charge over the assets of its subsidiaries and undertakings and an assignment of liability and fire insurance has been provided. Amounts under this facility are due on demand.

(b) Security on electricity purchases:

The Company has a facility for \$1,754,315 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO with a limit of \$1,754,315, of which \$nil (2023 - \$nil) has been drawn and posted with the IESO.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

13. Credit facilities (continued):

(c) Term loans:

	2024	2023
i. Capital Transformer Station Swap #1: Fixed term loan bearing interest at rate 3.776% due September 1, 2049 repayable monthly in the amounts of \$107,000 principal and interest.	\$ 20,629,065	\$ 21,123,926
ii. Capital Term Loan Swap #2: Fixed term loan bearing interest at rate 2.621% due May 25, 2051 repayable monthly in the amounts of \$124,756 principal and interest.	28,515,626	29,254,765
iii. Capital Term Loan Swap #3: Fixed term loan bearing interest at rate 5.10% with a term of 5 years to July 05, 2028 and an amortization of 20 years repayable monthly in the amounts of \$33,275 principal and interest.	4,788,481	4,939,363
iv. Capital Term Loan 13: Floating rate term loan due August 11, 2026, repayable monthly in amount of \$11,667 principal and interest.	2,333,333	2,473,334
v. Capital Term Loan 14: Floating rate term loan due August 11, 2027, repayable monthly in amount of \$11,667 principal and interest.	2,473,333	2,613,334
vi. Term Loan Facility 3: Fixed rate term loan bearing interest at prime rate due June 26, 2036 repayable monthly in the amount of \$5,770 and interest.	796,270	865,510
vii. Term Loan Facility 4: Fixed rate term loan bearing interest at prime rate due February 28, 2038 repayable monthly in the amount of \$4,166 and interest.	658,283	708,280
viii. Bank Term Loan: Reducing Term Facility with a contractual term of 5 years to July 20, 2023 and an amortization period of 20 years to July 2, 2033. The loan interest is at a floating prime rate. The loan is payable in the amount of \$15,201 monthly principal plus interest.	1,565,673	1,748,082
	\$ 61,760,064	\$ 63,726,594

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

13. Credit facilities (continued):

(c) Term loans (continued):

The Corporation has entered into an interest rate swap agreement (swap #1) to pay a fixed rate of interest of 3.776%, exclusive of bank transaction fees, in lieu of prime rate on its capital transformer station loan to effectively reduce interest rate risk associated with the floating rate debt. The interest rate swap agreement was effective September 6, 2019 with the initial notional amount of CAD \$23,000,000. Payments are made monthly on the 1st of each month commencing on October 1, 2019 up to and including the Termination Date of August 1, 2049.

The Corporation executed a second interest rate swap (swap #2) on April 29, 2020 in the amount of \$31,077,000 at fixed interest rate of 2.621%. The loan was funded on May 25, 2021 and has an amortization term of 30 years. This swap transaction is to refinance existing term loans that matured in May 2021. Payments are made monthly on the 25th of each month commencing on June 25, 2021 up to and including the Termination Date of May 24, 2051.

The Corporation executed a third interest rate swap (swap #3) in the amount of \$5,000,000 at fixed interest rate of 5.10% with a term of 5 years to July 05, 2028 and an amortization of 20 years. The loan was funded on July 5, 2023

Scheduled principal payments on the term loans are as follows:

2025	\$ 2,013,023
2026	2,061,182
2027	2,111,068
2028	2,162,742
2029	2,216,279
2030 and thereafter	51,195,769
	61,760,064
Less: current portion	2,013,023
Long-term portion of loan	\$ 59,747,041

The fair value of the derivative assets are further described in note 21(b). Under the provisions of the term loan agreements, the Corporation is required to comply with certain financial covenants. As at December 31, 2024, the Corporation is in compliance with the financial covenants relating to combined debt service coverage ratio of non-consolidated Halton Hills Community Energy Corporation and SouthWestern Energy Inc. and debt to capitalization ratio and debt service coverage ratio of Halton Hills Hydro Inc.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

14. Employee future benefits:

(a) OMERS pension plan:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2024, the Corporation made employer contributions of \$491,070 to OMERS (2023 - \$504,932), of which \$295,008 (2023 - \$272,807) has been capitalized as part of PP&E and the remaining amount of \$192,264 (2023 - \$232,126) has been recognized in profit or loss. The Corporation estimates that a contribution of \$590,048 to OMERS will be made during the next fiscal year.

As at December 31, 2024, OMERS had approximately 640,000 members, of whom 47 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2024, which reported that the plan was 98% (2023 - 97%) funded, with an unfunded liability of \$2.9 billion (2023 - \$4.2 billion). This unfunded liability may result in increases to future payments by participating employers and members.

(b) Employee future benefits other than pension:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and re-measurements recognized for post-employment benefit plans. The accrued benefit liability and expenses for the year ended December 31, 2024 were based on results and assumptions determined by actuarial valuation as at December 31, 2022 with an extrapolation to 2024.

Reconciliation of the obligation	2024	2023
Defined benefit obligation, beginning of year	\$ 959,823	\$ 940,735
Included in profit or loss:		
Current service cost	34,164	34,880
Interest cost	47,056	45,948
	1,041,043	1,021,563
Benefits paid	(56,040)	(61,740)
Defined benefit obligation, end of year	\$ 985,003	\$ 959,823

Actuarial assumptions	2024	2023
Discount (interest) rate	5.05%	5.05%
Salary	3.00%	3.00%
Medical cost	5.10%	4.90%
Dental	5.40%	5.10%

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

15. Share capital:

	2024	2023
Authorized:		
Unlimited number of common shares		
Issued:		
2,000 common shares	\$ 16,161,663	\$ 16,161,663

Dividends:

The Corporation declared aggregate dividends in the year on common shares of \$746 per share (2023 - \$846), which amounted to total dividends declared in the year of \$1,492,000 (2023 - \$1,691,950).

16. Revenue from contracts with customers:

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include performance incentive payments under CDM programs.

	2024	2023
Revenue from contracts with customers	\$ 87,028,836	\$ 79,292,296
Other revenue:		
CDM Programs	-	70,391
Other	3,467,158	4,860,730
	\$ 90,495,994	\$ 84,223,417

In the following table, revenue from customer contracts is disaggregated by type of customer:

	2024	2023
Residential	\$ 41,200,621	\$ 37,205,826
Commercial	45,241,412	41,554,273
Other	586,803	532,197
	\$ 87,028,836	\$ 79,292,296

17. Other income:

	2024	2023
Rendering of services	\$ 2,933,477	\$ 4,364,206
Amortization of deferred revenue	533,681	496,524
Government grants under CDM programs	-	70,391
	\$ 3,467,158	\$ 4,931,121

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

18. Employee salaries and benefits:

	2024	2023
Salaries, wages and benefits	\$ 5,549,455	\$ 5,764,965
CPP and EI remittances	125,311	169,986
Contributions to OMERS	239,548	269,218
Post-employment benefit plans	25,180	19,088
	\$ 5,939,494	\$ 6,223,257

19. Contingencies:

General:

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2024, no assessments have been made.

20. Related party transactions:

(a) Parent and ultimate controlling party:

The Corporation is a wholly-owned subsidiary of the Town of Halton Hills. The Town produces consolidated financial statements that are available for public use.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

20. Related party transactions (continued):

(b) Transactions with parent (the Town):

The Corporation had the following transactions with its ultimate parent, a government entity:

	2024	2023
Transactions:		
Revenue		
Street light maintenance & other	\$ 113,956	\$ 899,068
Distribution revenue	385,366	357,118
Sale of electricity	1,399,787	1,221,011
Finance income on the loan receivable	2,182	1,237
Expenses		
Property taxes	169,912	162,983
Interest	210,900	257,504
Dividends	1,492,000	1,691,951
Balances:		
Amount due from:		
Accounts receivable	201,079	1,024,696
Loan receivable, bearing interest at 1.568% per annum with quarterly interest and principal repayments to August 30, 2029	128,245	157,201

The Corporation delivers electricity to the Town throughout the year for the electricity needs of the Town and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Town, including streetlight, traffic and other outdoor lighting maintenance services, sentinel lights and water and wastewater billing and customer care services.

The note payable is due to the Town of Halton Hills and bears interest at a prescribed rate set annually by the Town of Halton Hills. In 2024, the prescribed rate was 2.85% (2023 was 4.12% from January to June, and was 2.85% from July to December). Subsequent to the letter dated October 24, 2019 the Town of Halton Hills agreed to defer the repayment schedule of the loan to a future date beyond one year yet to be determined. Accordingly, the unpaid balance of \$7,400,000 is presented as a long-term liability. The Corporation incurred interest expense in respect of the note payable of \$210,900 (2022 - \$257,504).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

20. Related party transactions (continued):

(c) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and management team members. The compensation paid or payable is as follows:

	2024	2023
Salaries, director's fee, bonuses and short-term benefits	\$ 2,692,837	\$ 2,833,519
Employee future benefits	12,511	10,091
	\$ 2,705,348	\$ 2,843,610

21. Financial instruments and risk management:

Fair value disclosure:

The carrying values of accounts receivable, unbilled revenue, income taxes receivable/payable and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand. The carrying value of the bank overdraft approximates fair value as the overdraft bears interest at current market rates.

The fair value of the loan payable to the parent (Town) at December 31, 2024 is \$7.1 million. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2024 was 4.00%. The fair value of the note receivable from the ultimate parent (Town) at December 31, 2024 approximates carrying value. The fair value of the term loans approximate carrying value as the instruments have interest rate swaps or are at floating rates of interest.

Financial risks:

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

21. Financial instruments and risk management (continued):**Financial risks (continued):****(a) Credit risk:**

Financial assets carry credit risk that a counter party will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Town of Halton Hills. No single customer accounts for a balance in excess of 2% (2023 - 2%) of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for expected credit losses and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for expected credit losses at December 31, 2024 is \$156,959 (2023 - \$242,023). An impairment loss of \$73,671 (2023 - \$90,276) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers.

The extension of the OEB's winter disconnection ban negatively impacted the Corporation's ability to exercise the full extent of its collection tools to manage the credit risk. In response to the increased collection risk, the Corporation has increased its loss allowance for expected credit losses to adjust for the higher level of expected customer defaults on accounts receivable. The Corporation has estimated the expected credit losses using its historical loss rates and recent trends for customer collections along with current and forecasted economic conditions and data.

At December 31, 2024, approximately \$229,925 (2023 - \$226,092) is considered 90 days past due. The Corporation has over 23,660 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. The Corporation manages credit risk for certain of its general service customers through credit insurance. As at December 31, 2024, the Corporation holds security deposits in the amount of \$539,574 (2023 - \$520,092).

Deposits from electricity distribution customers are applied against any unpaid portion of individual customer accounts. Consumer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their electricity distribution service. Consumer deposits are also refundable to residential electricity distribution customers demonstrating an acceptable level of credit risk, as determined by the Corporation. Interest expense of \$26,648 (2023 - \$11,093) was incurred on consumer deposits. Interest is paid on customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

21. Financial instruments and risk management (continued):

Financial risks (continued):

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to interest rate risk since some of its term loans bear interest at prime rates. The Corporation is also exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

The Corporation is exposed to interest rate risk on its variable loans. The Corporation has mitigated its risk through the use of interest rate swap agreements as further described below.

The Corporation executed an interest rate swap transaction on January 4, 2021 in the amount of \$22,465,140. This swap transaction is to finance the construction loan relating to the capital transformer station. The effect is to fix the interest rate on the term facility loan at 3.776%. As at December 31, 2024, the interest rate swap is in a favourable position of \$1,006,548 (2023 - favourable position of \$1,092,945). Accordingly, the Corporation has recognized an unrealized fair value derivative loss of \$86,397 during the year (2023 - loss of \$919,652).

The Corporation has executed a second interest rate swap transaction on April 29, 2020 in the amount of \$31,077,000 at fixed interest rate of 2.621%. The loan was funded on May 25, 2021 and has an amortization term of 30 years. This swap transaction is to refinance existing term loans that matured in May 2021. As at December 31, 2024, the interest rate swap is in a favourable position of \$5,126,073 (2023 - favourable position of \$5,374,820). Accordingly, the Corporation has recognized an unrealized fair value derivative loss of \$248,747 during the year. (2023 - loss of \$1,385,966) during the year.

The Corporation has executed a third interest rate swap transaction in the amount of \$5,000,000 at fixed interest rate of 5.1%. The loan was funded on July 5, 2023 with a term of 5 years and an amortization of 20 years. As at December 31, 2024, the interest rate swap is in an unfavourable position of \$192,279.01 (2023 - \$165,817). Accordingly, the Corporation has recognized an unrealized fair value derivative loss of \$26,462 (2023 - \$165,817) during the year.

The potential replacement cost to the Corporation of the three interest rate swaps, representing estimated fair value derivative asset as presented on the balance sheet, was \$5,940,342 (2023

– derivative asset of \$6,301,949), which was in the favour of the Corporation. The Corporation entered into these interest rate swap transactions to fix the interest rate over the long-term and intends to hold these to maturity at which time there should be no replacement cost.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2024

21. Financial instruments and risk management (continued):**Financial risks (continued):****(c) Liquidity risk:**

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing demands. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing any interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The line of credit is outlined in note 13 (a). The majority of accounts payable, as reported on the balance sheet, are due within 60 days.

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity, bank term loans, and note payable. As at December 31, 2024, shareholder's equity amounts to \$43,634,121 (2023 - \$42,185,535), bank term loans amounts to \$61,760,064 (2023 - \$63,726,594) and note payable amounts to \$7,400,000 (2023 - \$7,400,000).

22. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

2024 FINANCIAL STATEMENTS

HALTON DIGITAL ACCESS SERVICES CORPORATION



**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Halton Digital Access Municipal Services Corporation

Opinion

We have audited the accompanying financial statements of Halton Digital Access Municipal Services Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of comprehensive loss for the period ended December 31, 2024
- the statement of changes in shareholder's equity (deficiency) for the period ended December 31, 2024
- the statement of cash flows for the period then ended
- and notes to the financial statements, including a summary of material accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its financial performance and its cash flows for the year ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.



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- 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 Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 9, 2025

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 251,875	\$ 431,775
Accounts receivable	8,965	6,939
Total current assets	260,840	438,714
Non-current assets:		
Capital assets (note 3)	1,592	2,653
Total assets	\$ 262,432	\$ 441,367
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,938	\$ 49,464
Due to shareholder (note 4)	2,465	18,949
Total current liabilities	14,403	68,413
Non-current liabilities:		
Shareholder loan (note 5)	343,668	324,215
Shareholders' equity (deficiency):		
Share capital (note 6)	500	500
Shareholder loan (note 5)	156,332	175,785
Deficit	(252,471)	(127,546)
	(95,639)	48,739
Total liabilities and shareholders' equity	\$ 262,432	\$ 441,367

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

_____ Director

_____ Director

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Comprehensive Loss

Year ended December 31, 2024, with comparative information of June 14, 2023 to December 31, 2023

	2024	2023
Interest Revenue	\$ 6,364	\$ 2,603
Expenses:		
Professional fees	\$ 33,886	\$ 67,255
Salaries and wages	72,162	51,936
Office expenses	24,180	10,427
Amortization expense	1,061	531
Net loss and comprehensive loss for the year	\$ (124,925)	\$ (127,546)

The accompanying notes are an integral part of these financial statements.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Changes in Shareholders' Equity (Deficiency)

Year ended December 31, 2024, with comparative information of June 14, 2023 to December 31, 2023

	Share capital	Shareholder Loan (note 5)	Deficit	Total
Balance at June 14, 2023	\$ –	\$ –	\$ –	\$ –
Share issuance	500	–	–	500
Fair value adjustment on initial loan	–	185,228	–	185,228
Accretion during the period	–	(9,443)	–	(9,443)
Net loss for the period	–	–	(127,546)	(127,546)
Balance at December 31, 2023	\$ 500	\$ 175,785	\$ (127,546)	\$ 48,739
Accretion during the year	–	(19,453)	–	(19,453)
Net loss for the year	–	–	(124,925)	(124,925)
Balance at December 31, 2024	\$ 500	\$ 156,332	\$ (252,471)	\$ (95,639)

The accompanying notes are an integral part of these financial statements.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Cash Flows

Year ended December 31, 2024, with comparative information of June 14, 2023 to December 31, 2023

	2024	2023
Operating activities:		
Net loss for the year	\$ (124,925)	\$ (127,546)
Items not involving cash:		
Amortization expense	1,061	531
Changes in operating assets and liabilities:		
Accounts receivable	(2,026)	(6,939)
Accounts payable	(37,526)	49,464
Due to shareholder	(16,484)	18,949
Net change in cash used in operating activities	(179,900)	(65,541)
Investing activities:		
Cash used to acquire capital assets	—	(3,184)
Financing activities:		
Proceeds from shareholder loan	—	500,000
Proceeds from share issuance	—	500
Cash from financing activities	—	500,500
(Decrease) Increase in cash	(179,900)	431,775
Cash, beginning of year	431,775	—
Cash, end of year	\$ 251,875	\$ 431,775

The accompanying notes are an integral part of these financial statements.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Purpose of the organization:

Halton Digital Access Services Corporation ("HDASC") is owned equally by The Regional Municipality of Halton ("Halton Region"), The Corporation of the Town of Oakville ("Town of Oakville"), The Corporation of the City of Burlington ("City of Burlington"), The Corporation of the Town of Milton ("Town of Milton"), and The Corporation of the Town of Halton Hills ("Town of Halton Hills"). HDASC serves to consolidate the negotiation and provision of licensing and permitting of pole positions within the Halton Region boundary. HDASC was incorporated on June 14, 2023.

2. Material accounting policies:

a) Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). HDASC remains in the development stage and is dependent on its shareholders for continued financial support as described in note 7.

These financial statements were approved by HDASC'S board of directors on April 23, 2025.

b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Entity's functional currency.

c) Equity:

Share capital represents the nominal value of shares that have been issued. Retained earnings (deficiency) include all current and prior period retained profits and losses.

d) Revenue:

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, the transaction has been approved by the relevant authorities and the amount of revenue can be estimated reliably.

The timing of transfer of risks and rewards is contingent on the terms of the transaction as approved by the Board.

e) Expenses:

Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Material accounting policies (continued):

f) Impairment:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the expected lifetime credit losses for the asset.

g) Provisions:

A provision is recognized if, as a result of past events, the Entity has a present or constructive legal obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

h) Capital assets:

Capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - Years
Office equipment	3-5

Half year amortization is charged in the year of acquisition and in the year of disposal.

i) Financial instruments:

All financial instruments are recognized on the balance sheet when the Entity becomes a party to the contractual provision of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of all financial assets and liabilities, except those held-for-trading and available for sale, are measured at amortized cost determined using the effective interest rate method.

All financial assets and financial liabilities are classified as amortized cost. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets. The Entity does not enter into derivative instruments.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Material accounting policies (continued):

j) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Capital Assets:

Cost	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024
Office Equipment	\$ 3,184	\$ –	\$ –	\$ 3,184
Total	\$ 3,184	\$ –	\$ –	\$ 3,184

Accumulated amortization	Balance at January 1, 2024	Disposals	Amortization expense	Balance at December 31, 2024
Office equipment	\$ 531	\$ –	\$ 1,061	\$ 1,592
Total	\$ 531	\$ –	\$ 1,061	\$ 1,592

Net value December 31, 2024	\$ 1,592
Net value December 31, 2023	\$ 2,653

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Related party transactions:

Throughout the normal course of operations, certain related party transactions occurred between HDASC and the Town of Oakville. Related party transactions are accounted for at the exchange amount agreed upon between the two parties. The following transactions occurred between the Town of Oakville and HDASC:

	2024
Due to/(from) Town of Oakville:	
Expenses not reimbursed as at December 31, 2024	\$ 2,465
The above balance is made up of the following:	
Staff support charges	\$ 2,465

5. Loan from Halton Region:

On June 16, 2023, HDASC entered into a loan agreement (the "Agreement") with the Regional Municipality of Halton (the "Lender"). This loan is interest free except that upon the occurrence of an event default, HDASC would be required to pay the Lender interest at 6% per annum upon the occurrence and during the continuation of an event default, both before and after demand and until actual payment is made in full. Prior to the occurrence of an event default, no interest shall accrue on the outstanding principal amount.

	2024
Opening balance	\$ 324,215
Accretion	19,453
Closing balance	\$ 343,668

The above loan is repayable in annual installments of \$100,000 commencing June 30, 2028 (i.e., no payments are required to be made for the initial 5 years), payable every subsequent June 30th, until it is fully repaid June 30, 2032. The loan bears interest at a rate of 6% in the event of a default until payment is received in full.

Given that the loan is interest-free except for in the event of default it has been initially measured at its fair value using the market rate of interest of 6% with the interest free portion of the loan recognized in equity.

As at December 31, 2024 HDASC was in compliance with the terms of the Agreement.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Share capital:

The Entity is authorized to issue an unlimited number of common shares. The common shareholders are entitled to one vote per common share.

	2024
Issued:	
100 Class A common shares – Halton Region	\$ 100
100 Class B common shares – City of Burlington	100
100 Class C common shares – Town of Halton Hills	100
100 Class D common shares – Town of Milton	100
100 Class E common shares – Town of Oakville	100
	\$ 500

7. Economic dependence:

The Entity is dependent on financial support from its Shareholders to fund operating expenses until such a point in time when operating activities begin and pole licensing and permit fees are being collected.

8. Financial instruments:

Fair value

The carrying value of the Entity's financial instruments as at December 31, 2024, other than shareholder loan, approximate fair value due to the short term nature of the repayment terms.

Financial risk management

The types of financial risk exposure and the way in which such exposure is managed by the Entity are as follows:

Credit risk

The Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the current fiscal year, 100% of the Entity's receivables related to government remittances receivable, as such there is limited collection risk at this time. The Entity's exposure to credit risk and management of this risk has not changed from the previous year. Management believes that the exposure is minimal as all amount's receivable are from government sources.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Financial instruments (continued):

Liquidity risk

Liquidity risk is the risk that the Entity will be unable to meet its financial obligations as they become due. The Entity manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. The Entity forecasts cash flows for a period of 12 months to identify financial requirements. These requirements are met through cash flows from operations.

At December 31, 2024, the Entity's current liabilities consisted of accounts payable and accrued liabilities, and amounts due to a related party. The Entity's cash and cash equivalents together with projected cash flows over the next 12 months is sufficient to pay these current liabilities.

8. Comparative information:

Certain comparative figures have been reclassified to conform with current year presentation.

FIVE YEAR STATISTICS

2020 - 2024



5 Year Statistics	2024	2023	2022	2021	2020
Consolidated Statement of Financial Position					
Financial assets					
Cash	\$ 18,095,819	\$ 11,869,118	\$9,172,473	\$13,323,118	\$11,526,200
Short term investments	103,664,141	97,745,283	103,895,693	101,670,670	87,474,125
Taxes receivable	10,092,506	8,353,280	5,517,550	5,132,506	6,903,045
Accounts receivable	2,056,796	3,357,395	2,695,967	2,977,327	3,019,315
Long-term receivables	1,317,777	1,357,056	1,368,811	1,374,228	1,412,304
Note Receivable from HHCEC	7,400,000	7,400,000	7,400,000	10,200,000	13,000,000
Investment in HHCEC	43,634,121	42,185,535	42,421,986	32,767,906	27,842,542
Investment in HDASC	(50,394)	(25,409)	-	-	-
Inventory for resale	14,013	14,671	13,928	12,959	10,994
Non-financial assets	348,653,883	350,777,600	336,390,775	333,199,784	329,406,620
Total Assets	\$ 534,878,662	\$ 523,034,529	\$ 508,877,183	\$ 500,658,498	\$ 480,595,145
Financial liabilities					
Accounts payable and accrued liabilities	\$ 31,144,350	\$ 28,883,781	\$ 21,948,106	\$ 19,489,045	\$ 14,644,771
Deferred revenue	38,045,093	33,814,214	35,343,728	37,393,315	31,081,443
Employee benefits obligation	5,227,622	5,022,008	3,886,051	3,799,065	3,591,306
Contaminated Sites	482,210	474,149	458,558	430,976	410,453
Asset Retirement Obligation	715,106	740,771	500,211	260,409	123,804
Long term liabilities	6,910,999	9,342,300	12,164,834	16,451,551	21,165,709
Total Liabilities	\$ 82,525,380	\$ 78,277,223	\$ 74,301,488	\$ 77,824,361	\$ 71,017,486
Accumulated Surplus	\$ 452,353,282	\$ 444,757,306	\$ 434,575,695	\$ 422,834,137	\$ 409,577,659
Consolidated Statement of Change in Net Financial Assets					
Annual surplus	\$ 7,595,976	\$ 10,181,611	\$ 11,741,558	\$ 13,256,478	\$ 10,100,740
Acquisition of tangible capital assets	(17,105,200)	(30,848,520)	(21,131,364)	(21,384,259)	(21,220,398)
Asset Retirement Obligation	-	(436,580)	-	-	-
Amortization of tangible capital assets	19,020,514	18,259,028	17,839,125	17,651,298	17,612,409
(Gain)/Loss on disposal of tangible capital assets	(712,527)	(1,837,401)	114,470	(122,145)	(3,068,910)
Proceeds on sale of tangible capital assets	781,725	1,855,061	67,841	194,685	3,236,038
Change in inventory and prepaid expenses	139,205	(1,378,413)	(81,063)	(132,743)	180,301
Change in net financial assets	\$ 9,719,693	\$ (4,205,214)	\$ 8,550,567	\$ 9,463,314	\$ 6,840,180
Net Financial Assets, Beginning of Year	\$ 93,979,706	\$ 98,184,920	\$ 89,634,353	\$ 80,171,039	\$ 73,330,859
Net Financial Assets, End of Year	\$ 103,699,399	\$ 93,979,706	\$ 98,184,920	\$ 89,634,353	\$ 80,171,039

5 Year Statistics	2024	2023	2022	2021	2020
Consolidated Statement of Operations					
Revenue					
Property taxes					
- General levy	\$ 69,968,495	\$ 63,286,800	\$ 58,914,300	\$ 56,039,500	\$ 53,557,300
- PIL & Supplementary taxes	3,006,254	2,877,097	2,632,448	2,324,370	2,444,695
User fees and Charges	8,226,673	7,668,514	6,366,701	4,033,722	3,591,456
Government transfers - Federal	940,292	589,493	390,850	122,128	62,251
- Federal gas tax	314,584	5,645,042	2,138,161	1,939,407	1,729,345
- Provincial	3,229,309	4,900,290	6,299,735	4,535,062	4,501,501
- Provincial gas tax	561,671	564,325	572,249	571,275	577,421
- Other Municipalities	1,164,448	888,063	991,675	1,180,464	2,376,900
Investment income*	2,881,503	2,245,612	1,889,468	1,768,687	2,076,930
Development Charges	5,091,937	3,325,020	4,748,323	5,210,748	5,226,869
Contributed Tangible Capital Assets	-	2,299,366	1,629,821	5,020,035	3,455,911
Interest from HHCEC	210,900	257,504	378,064	449,080	567,962
Equity income from HHCEC	2,940,586	1,455,500	11,346,030	6,617,313	(1,467,179)
Equity loss from HDASC	(24,985)	(25,509)	-	-	-
Other income	8,260,284	9,926,085	5,991,469	5,512,455	8,308,067
Total Revenue	\$ 106,771,951	\$ 105,903,202	\$ 104,289,294	\$ 95,324,246	\$ 87,009,429
Expenses					
Salaries, wages and benefits	\$ 56,899,379	\$ 54,100,545	\$ 49,274,553	\$ 46,249,847	\$ 42,566,655
Materials	7,591,235	6,677,800	6,922,955	5,330,610	5,303,603
Contracted services	14,488,994	14,516,781	16,948,049	11,179,745	9,734,901
Financial expenses	675,350	1,738,366	1,030,279	1,017,007	966,320
Government transfers	327,007	186,593	187,961	150,352	127,735
Interest on debentures	173,496	242,478	344,814	488,909	597,066
Amortization	19,020,514	18,259,028	17,839,125	17,651,298	17,612,409
Total Expenses	\$ 99,175,975	\$ 95,721,591	\$ 92,547,736	\$ 82,067,768	\$ 76,908,689
Annual Surplus	\$ 7,595,976	\$ 10,181,611	\$ 11,741,558	\$ 13,256,478	\$ 10,100,740
Accumulated Surplus, Beginning of Year	\$ 444,757,306	\$ 434,575,695	\$ 422,834,137	\$ 409,577,659	\$ 399,476,919
Accumulated Surplus, End of Year	\$ 452,353,282	\$ 444,757,306	\$ 434,575,695	\$ 422,834,137	\$ 409,577,659
*Return on Investment	3.43%	3.08%	2.27%	2.02%	2.63%

5 Year Statistics	2024	2023	2022	2021	2020
Long Term Liabilities					
Debentures	\$ 6,910,999	\$ 9,342,300	\$ 12,164,834	\$ 16,451,551	\$ 21,165,709
Total Long Term Liabilities	\$ 6,910,999	\$ 9,342,300	\$ 12,164,834	\$ 16,451,551	\$ 21,165,709
Recoverable from (\$)					
Tax levy/Reserves	\$ 1,285,080	\$ 1,631,071	\$ 2,269,695	\$ 3,768,612	\$ 5,676,787
Development charges	5,608,597	7,689,996	9,870,056	12,654,066	15,456,317
Upper tier municipality	17,322	21,233	25,083	28,873	32,605
	\$ 6,910,999	\$ 9,342,300	\$ 12,164,834	\$ 16,451,551	\$ 21,165,709
Recoverable from (%)					
Tax levy/Reserves	18.6%	17.5%	18.7%	22.9%	26.8%
Development charges	81.2%	82.3%	81.1%	76.9%	73.0%
Upper tier municipality	0.3%	0.2%	0.2%	0.2%	0.2%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Debenture Costs (Net debt)					
Principal	\$ 2,427,390	\$ 2,818,684	\$ 4,282,926	\$ 4,710,426	\$ 4,427,360
Interest	173,496	242,478	344,814	488,909	597,066
	\$ 2,600,886	\$ 3,061,162	\$ 4,627,740	\$ 5,199,335	\$ 5,024,426
Funded from (\$)					
Tax levy/Reserves	\$ 377,019	\$ 681,421	\$ 1,576,264	\$ 2,048,320	\$ 2,044,000
Development charges	2,223,867	2,379,741	3,051,476	3,151,015	2,980,426
	\$ 2,600,886	\$ 3,061,162	\$ 4,627,740	\$ 5,199,335	\$ 5,024,426
Funded from (%)					
Tax levy/Reserves	14.5%	22.3%	34.1%	39.4%	40.7%
Development charges	85.5%	77.7%	65.9%	60.6%	59.3%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Repayment Limit*	\$ 14,315,945	\$ 11,898,256	\$ 11,242,300	\$ 12,789,509	\$ 11,534,735
Council Debenture Cap**	\$ 6,996,850	\$ 6,328,680	\$ 5,891,430	\$ 5,603,950	\$ 5,355,730
<p>* Annual repayment limit is calculated at 25% of own source revenues, less current year net debt charges</p> <p>**Council directed debt cap is calculated at 10% of tax levy</p>					

5 Year Statistics	2024	2023	2022	2021	2020
Reserves, Reserve Funds					
Reserves	\$ 45,276,451	\$ 37,706,420	\$ 39,340,733	\$ 44,144,996	\$ 43,044,910
Discretionary reserve funds	172,856	10,315	10,230	10,230	10,618
Ending Reserve Balance	\$ 45,449,307	\$ 37,716,735	\$ 39,350,963	\$ 44,155,226	\$ 43,055,528
Obligatory Reserve Funds and Deferred Revenue					
Development Charges	\$ 2,566,350	\$ 2,080,350	\$ 3,934,315	\$ 5,784,579	\$ 6,985,870
Community Benefit Charges	741,432	716,557	-	-	-
Parkland	16,495,320	13,117,927	9,532,653	8,780,797	6,576,062
Gas tax	4,841,673	3,008,688	6,402,890	6,438,399	4,473,714
Building permit	5,645,927	6,330,348	5,520,373	5,242,304	5,186,685
Deferred Federal Grants	95,889	92,671	106,123	559,676	908,659
Growth Stabilization	2,043,996	2,654,826	3,409,453	3,687,126	1,061,799
Transportation Maintenance	3,505,335	3,451,053	3,159,415	3,195,609	3,011,529
Gateway Feature	200,091	193,378	187,533	183,345	179,625
Private Traffic Signal Maintenance	280,624	273,335	266,835	261,597	256,288
Other deferred revenue	1,628,456	1,895,081	2,824,138	3,259,883	2,441,212
Ending Deferred Revenue Balance	\$ 38,045,093	\$ 33,814,214	\$ 35,343,728	\$ 37,393,315	\$ 31,081,443
Interfund Loans					
Development charges	\$ 27,153,558	\$ 26,517,570	\$ 23,527,264	\$ 21,577,353	\$ 19,559,459
Reserves	(27,962,848)	(27,228,612)	(24,142,332)	(22,071,800)	(20,059,906)
Operating fund	809,290	711,042	615,068	494,447	500,447
Net interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Analysis					
Total consolidated expenditures per capita	\$1,575	\$1,521	\$1,470	\$1,304	\$1,257
Debt charge per capita	\$41	\$49	\$74	\$83	\$82
Debt charge per household	\$115	\$135	\$206	\$234	\$227
Interest on Debt charges as % of consolidated expenditures	0.2%	0.3%	0.4%	0.6%	0.8%
Revenue Analysis					
Property taxes and user fees as a % of consolidated revenue	76.1%	69.7%	65.1%	65.5%	68.5%
Total grants as a % of consolidated revenue	4.7%	11.0%	9.0%	7.5%	7.9%
Debt charges as a % of consolidated revenue	2.4%	2.9%	4.4%	5.5%	5.8%
Staffing Analysis (as at December 31) ^(Note 1)					
Full time positions	362	349	349	341	347
Part time positions	512	470	522	445	373
Seasonal employees	59	76	27	26	31
Tangible Capital Asset Cost					
Assets, beginning of year	\$ 691,233,113	\$ 665,359,966	\$ 646,741,840	\$ 628,529,776	\$ 609,856,805
Additions	21,625,412	38,589,214	26,659,692	28,321,680	27,496,566
Disposals	(8,661,793)	(12,716,067)	(8,041,566)	(10,109,616)	(8,823,595)
Assets, end of year	\$ 704,196,732	\$ 691,233,113	\$ 665,359,966	\$ 646,741,840	\$ 628,529,776
Tangible Capital Asset Amortization					
Accumulated amortization, beginning of year	\$ 343,173,148	\$ 330,308,413	\$ 314,800,215	\$ 300,248,572	\$ 285,016,462
Annual amortization	19,020,514	18,259,028	17,839,125	17,651,298	17,612,409
Accumulated amortization on disposal	(4,072,383)	(5,394,293)	(2,330,927)	(3,099,655)	(2,380,299)
Accumulated Amortization, end of year	\$ 358,121,279	\$ 343,173,148	\$ 330,308,413	\$ 314,800,215	\$ 300,248,572
Net Book Value of Tangible Capital Assets	\$ 346,075,453	\$ 348,059,965	\$ 335,051,553	\$ 331,941,625	\$ 328,281,204
Investment in HHCEC					
Promissory note receivable	\$ 7,400,000	\$ 7,400,000	\$ 7,400,000	\$ 10,200,000	\$ 13,000,000
Investment in shares of HHCEC	16,161,663	16,161,663	16,161,663	16,161,663	16,161,663
Retained earnings	27,472,458	26,023,872	26,260,323	16,606,243	11,680,879
Investment in HHCEC, end of year	\$ 51,034,121	\$ 49,585,535	\$ 49,821,986	\$ 42,967,906	\$ 40,842,542

5 Year Statistics	2024	2023	2022	2021	2020
Statistics					
Population ^(Note 2)	62,951	62,951	62,951	62,951	61,161
Households ^(Note 3)	22,699	22,638	22,518	22,206	22,123
Residential permits issued	312	322	420	729	555
Non-residential permits issued	248	204	298	100	91
Total paved lane km	906	906	893	891	891
Total unpaved lane km	24	24	24	24	24
Trails total km	32	32	28	26	26
Indoor recreational facility space (m ²)	33,410	33,410	33,410	30,510	30,510
Outdoor recreational facility space (m ²)	14,545	14,545	14,545	14,545	14,545
Taxable Assessment (\$'000s) (non-weighted)					
Residential	\$ 12,343,688	\$ 12,208,184	\$ 12,102,371	\$ 12,018,419	\$ 11,896,199
Multi-Residential	109,002	114,647	111,505	112,017	114,443
Farm/Forests/Pipelines	446,826	437,867	444,411	451,018	453,931
Commercial & Industrial (C/I)	1,979,808	1,927,219	1,950,434	1,933,208	1,900,325
Total Taxable Assessment (\$'000s)	\$ 14,879,324	\$ 14,687,917	\$ 14,608,721	\$ 14,514,662	\$ 14,364,898
Annual assessment growth rate ^(Note 4)	1.5%	0.7%	0.5%	0.7%	2.3%
Ratio of C/I to Total Taxable Assessment	13.3%	13.1%	13.4%	13.3%	13.2%
Annual Taxes on weighted CVA of \$100,000 (residential rate)					
Town portion	\$ 441	\$ 406	\$ 380	\$ 364	\$ 351
Region portion	302	294	285	279	274
Education	153	153	153	153	153
Total Annual Taxes on weighted CVA	\$ 896	\$ 853	\$ 818	\$ 796	\$ 779
Note 1 - Staffing reported based on MMAH requirements					
Note 2 - Source: Stats Canada					
Note 3 - Source: MPAC					
Note 4 - Based on unweighted assessment value					

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TOWN OF HALTON HILLS

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