2023
ANNUAL FINANCIAL REPORT

TOWN OF
HALTON HILLS

This page is intentionally left blank.

TABLE OF CONTENTS

This page is intentionally left blank.

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	22,638 (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

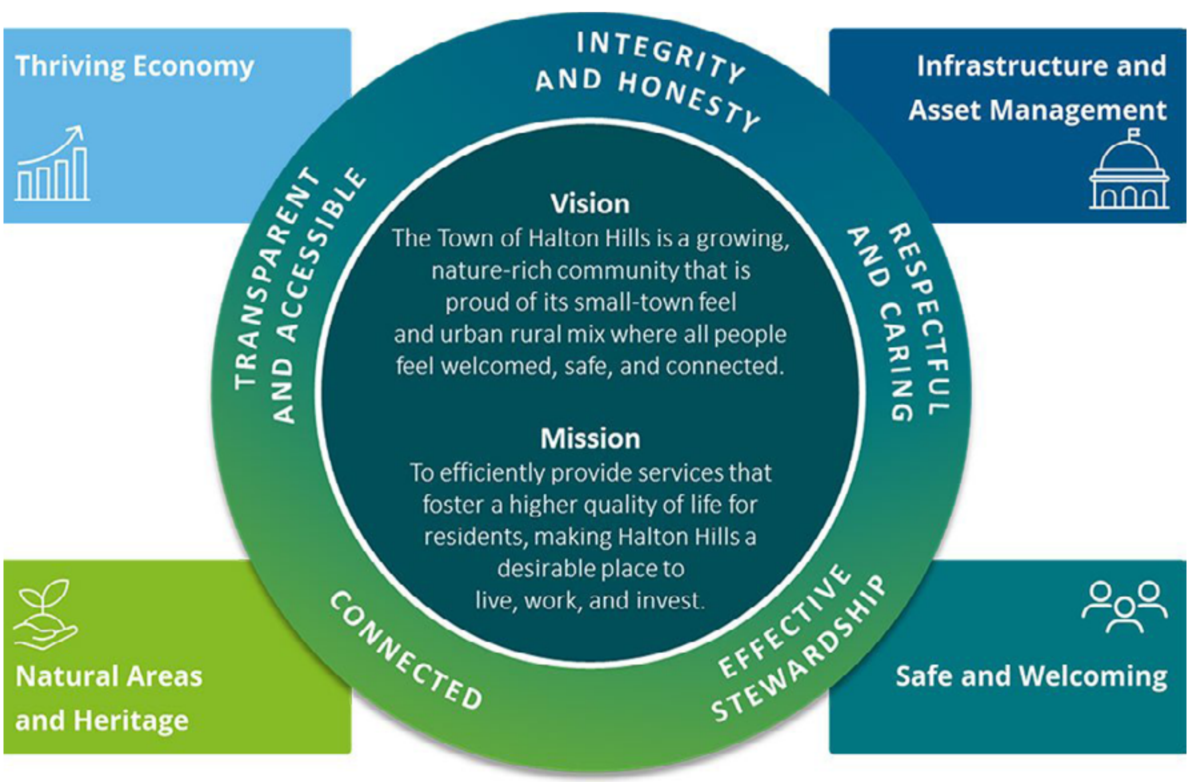
We build on our collective strengths to achieve the best possible outcomes as stewards of our community, corporate assets, resources, and the natural environment.

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.

2023 AWARDS & ACCREDITATION

CULTURE DAYS NATIONAL RECOGNITION

The Town of Halton Hills received national recognition for its 2023 Culture Days celebration. The Town placed 2nd for Top Participating Mid-Size Cities and 3rd overall nationwide for the 118 free and by donation arts and culture activities presented by artists, cultural organizations and businesses. This is the first time that Halton Hills has placed in the Top 3 in either category.

ONTARIO CULTURE DAYS RECOGNITION

Local celebrations also received accolades from Ontario Culture Days, winning the Spotlight Award for Best Collaborative Program for “A Place I Call Home Halton”. This interactive installation was created and led by contemporary artist Faisal Anwar in collaboration with the Town of Halton Hills, Town of Oakville, Town of Milton, Museums of Burlington, and Halton Region Heritage Services.

2023 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.

$19,920 FOR SENIORS

Funded from the New Horizons for Seniors Grant

The Town used this funding to support the "You Are Not Alone: Wellness & Awareness Series," a program developed by the staff at the Hillsview Active Living Centre in response to the increasing evidence of social isolation among seniors. This initiative focused on providing a Lunch and Learn series aimed at educating seniors on aging in place through preventive health measures, creating accessible and safer living environments, and improving social connections within the community.

The program ran from April 1, 2023, to March 29, 2024, and included transportation support via ActiVan tickets to enhance accessibility to the Centre. The long-term goal is for participants to share their experiences with other seniors, healthcare providers, family, and friends, raising awareness of the resources and options available through Hillsview Active Living Centre to help combat isolation and loneliness.

$17,255 FOR READING BUDDIES PROGRAM

Funded from the New Horizons for Seniors Grant

The Town used this grant to enable the Halton Hills Public Library to launch the Reading Buddies program, offering local children one-on-one reading support from senior volunteers and mentors. Through weekly sessions over several months, the program fostered intergenerational connections, enhanced literacy skills in reluctant readers, and provided meaningful volunteer opportunities for seniors. The impact of the initiative extended beyond the grant period, leaving a lasting positive effect on both volunteers and participants, and laid the foundation for the program's continuation and future expansion.

$719,850 FOR GUELPH STREET/SINCLAIR AVENUE INTERSECTION IMPROVEMENTS

Funded from the MTO Connecting Links Funding

The Town utilized the funding for the reconstruction of the signalized intersection at Guelph Street (Highway 7) and Sinclair Avenue, with the addition of northbound and southbound right-turn lanes on Sinclair Avenue. These exclusive turn lanes were designed to address intersection capacity concerns and accommodate future growth. The project also involved modernizing the 1981 traffic signal infrastructure, including the installation of updated underground systems, poles, medians, handwells, signal and pedestrian heads, pre-emption equipment, Traffic Signal Management communication radios, tactile plates, and accessible pedestrian signals.

Additionally, the project introduced the Town's first bike signals and crossride, enhancing safety for cyclists. The traffic control signals installed meet current AODA standards.

A MESSAGE FROM THE TREASURER

The 2023 Consolidated Financial Statements highlight the Town's commitment to program and service delivery, alongside prudent management of cash and reserves, to maintain financial stability and demonstrate resilience in challenging times.

Moya Leighton CPA, CGA, MBA
Treasurer
July 8, 2024

The Town of Halton Hills is pleased to present the 2023 Management Discussion and Analysis (MD&A), offering a detailed narrative to accompany the consolidated financial statements. These statements outline the municipality's financial position and activities for the fiscal year ending December 31, 2023. They include the operations of the Town, the Halton Hills Public Library Board, the Acton Business Improvement Area, the Georgetown Central Business Improvement Area, the Town's investment in its local distribution company, Halton Hills Community Energy Corporation (HHCEC), and its investment in the shared services company, Halton Digital Access Services Corporation (HDASC).

The financial statements, prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB), include the consolidated statement of financial position, the statement of operations, the statement of change in net financial assets, and the statement of cash flows. Each of these four statements is explained in detail, providing comprehensive information on the Town's assets and liabilities, the activities undertaken during the year, and their financing.

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

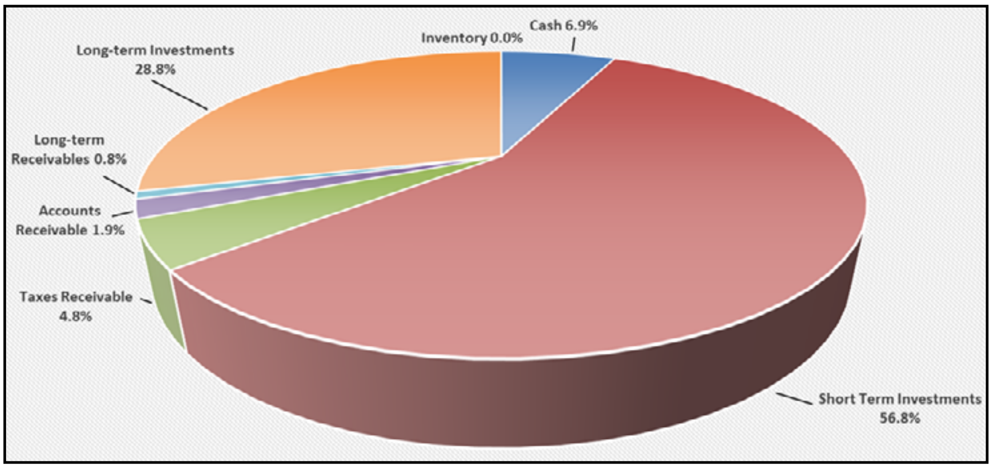
MANAGEMENT DISCUSSION & ANALYSIS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position presents a snapshot of the Town's financial health as of December 31, 2023. 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. Additionally, this statement provides details on the Town's non-financial assets, which include tangible capital assets and the Town's accumulated surplus, encompassing reserves, unspent capital funds, and equity in tangible capital assets.

FINANCIAL ASSETS

The Town has maintained its financial assets at a consistent level, with net financial assets totaling $172.3M as of the end of 2023. The graph to the right offers a comprehensive breakdown of these financial assets:



Cash & Short-Term Investments

Short-term investments of $97.7M have decreased by $6.1M compared to the prior year, while the Town's cash position has risen by $2.7M since 2022. The combined decrease in cash and short-term investments is due to the funding of expenses related to the 2023 operating budget deficit ($1.7M) and prepaid costs related to 2024 insurance premiums ($1.3M).

Return on Investment

The Town invests its reserves with the Region of Halton through a pooled investment agreement and holds its day-to-day operating funds with Scotiabank in interest-bearing accounts. The combined rate of return from all investments is 3.08%, marking an increase from 2022's return of 2.27%. The rate of return on the investment portfolio has increased slightly, driven by the Bank of Canada's policy decision to increase interest rates throughout 2023, rising from 4.25% in December 2022 to 5.0% in December 2023.

Long-term Investments

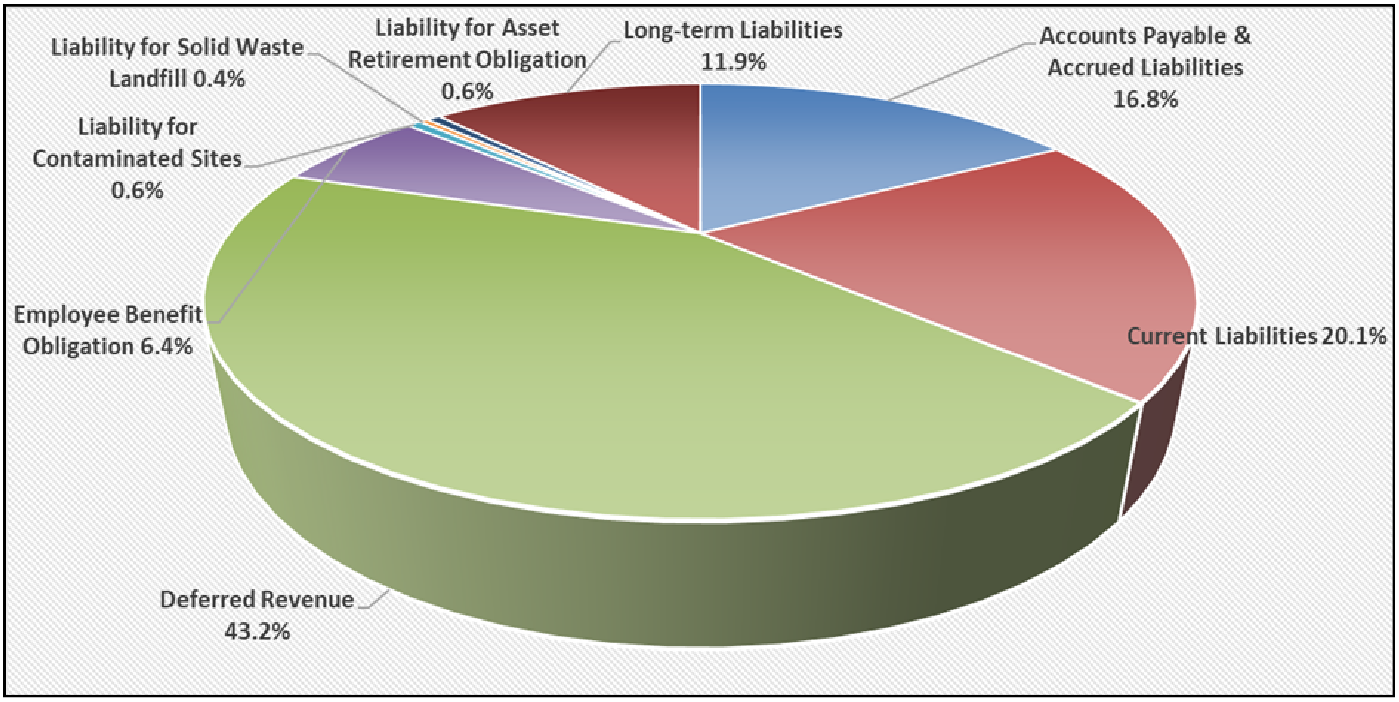
The Long-term investments of $49.6M include the Town's investments in both Halton Hills Community Energy Corporation (HHCEC) ($49.6M) and Halton Digital Access Services Corporation (HDASC) (deficit $25K). Both HDASC and HHCEC are accounted for on the modified equity basis in the consolidated financial statements.

LIABILITIES

The Town's liabilities total $78M and have increased by $4M since 2022, primarily driven by the rise in current liabilities.

Accounts payable and other current liabilities have risen by $7M since 2022, to a total of $28.97M. This is driven by a $2.5M increase in the receipt of subdivision deposits, a $1M increase in obligations pertaining to employee benefits, and an increase of $2.8M in accounts payable which is related to the timing of the scheduled payment runs at the end of 2023.

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



Long-Term Liabilities

Long-term liabilities relating to the remaining debt principal still to be paid of $9.3M, has fallen by $2.8M since 2022 due to debt repayments. No new debentures were issued in 2023. The Town's current outstanding debentures include $9.1M payable to the Regional Municipality of Halton and $157K payable to SouthWestern Energy.

The Province sets an allowable debt limit each year for municipalities prescribing that the annual debt repayments should not exceed 25% of net revenues. Town Council has also approved further limitations on debt levels through the 2019 Corporate Debt Management Policy. This policy limits annual external debt carrying costs to a maximum of 10% of the annual tax levy. For 2023, the Town's debt carrying costs were 4.8% of the annual tax levy and therefore within the Council imposed debt target.

2023 Debt Repayments to Annual Tax Levy			
Debt Carrying Cost	**2023 Tax Levy**	**2023 Town Debt Limit**	**Council Imposed Debt Limit**
$3,061,162	$63,286,800	4.8%	10%

In addition to the prescribed debt limit, the Province monitors the debt load of each municipality using a financial indicator that measures the annual debt servicing cost as a percentage of total operating revenue, excluding donated assets. In 2022, this indicator fell back into the low-risk category at 3%, after six years in the moderate risk category and remains low risk in 2023. The financial indicator was impacted by both a drop in the annual debt servicing costs due to the retirement of a significant debenture issued in 2011 which reduced annual servicing costs and a change in the operating revenues side from the receipt of additional grant revenues. Additionally, the Town has borrowed $26.5M from its own reserves with a commitment to borrow a further $7.8M, bringing the total internal debt to $34.3M. 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 $33.8M, and consists of the following balances shown in the chart to the right:

2023 DEFERRED REVENUE

	$000's	%
Restricted Deferred Revenue	7,019	20.8%
Development Charges	2,080	6.2%
Community Benefit Charges	717	2.1%
Parkland Cash In Lieu	13,118	38.8%
Growth Stabilization Fund	2,655	7.9%
Building Stabilization Fund	6,330	18.7%
General Deferred Revenue	1,895	5.5%
	$33,814	100%

Restricted deferred revenues of $7M include unrecognized Canada Community Building Fund revenues of $3M and Transportation Maintenance funds in the amount of $3.4M 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.

Development charges (DC) also contribute to the deferred revenue balance. Positive balances in the transportation and administration services funds total $2M at the end of 2023. A number of DC funds were in a negative position at the end of 2023 and required interim funding in the amount of $26.5M from Town reserves.

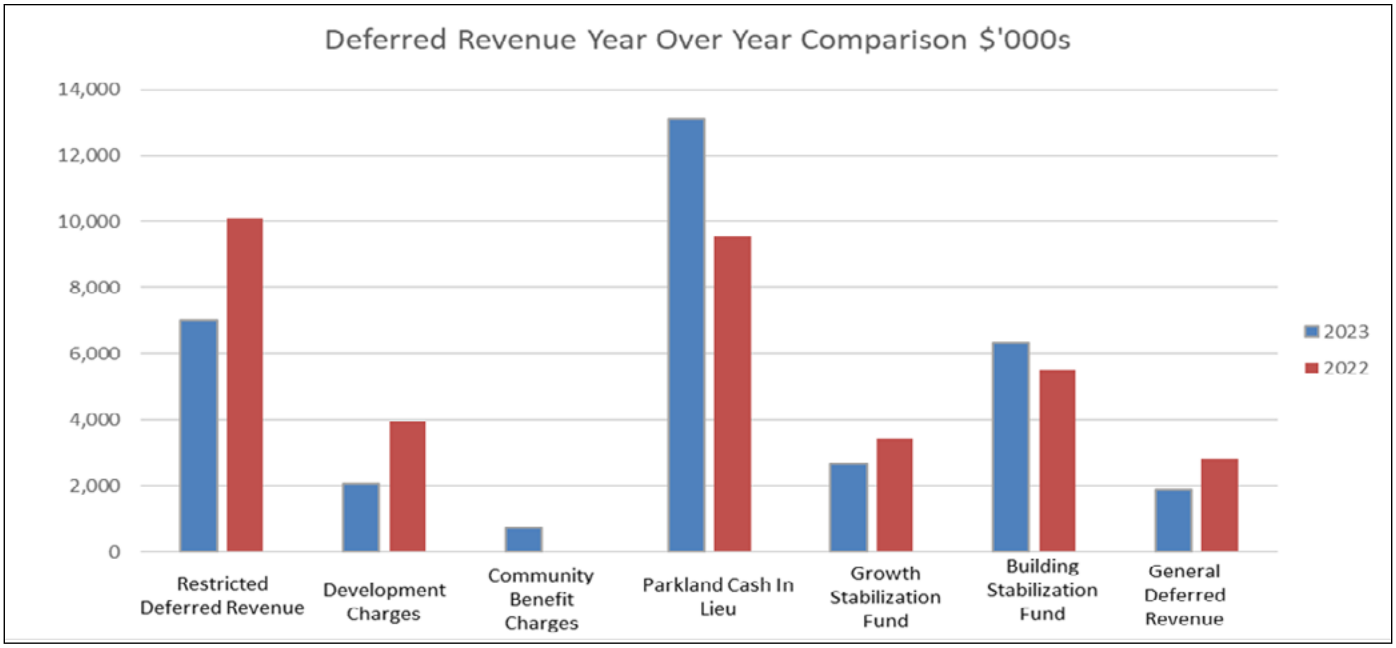
The Parkland Cash-in-Lieu fund is also included within deferred revenues and totals $13.1M at the end of 2023. The increase in 2023 is due to collections exceeding in-year spending financed through the Cash-in-Lieu fund. The purpose of this fund is to finance the acquisition of land for parks or recreational 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 that related staff time could span multiple years, the fees are deferred until the costs are incurred. At the end of 2023, there is a total of $2.6M in this fund.

The Town also has a Building Stabilization fund within the deferred revenue line which amounted to $6.3M at the end of 2023. 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.

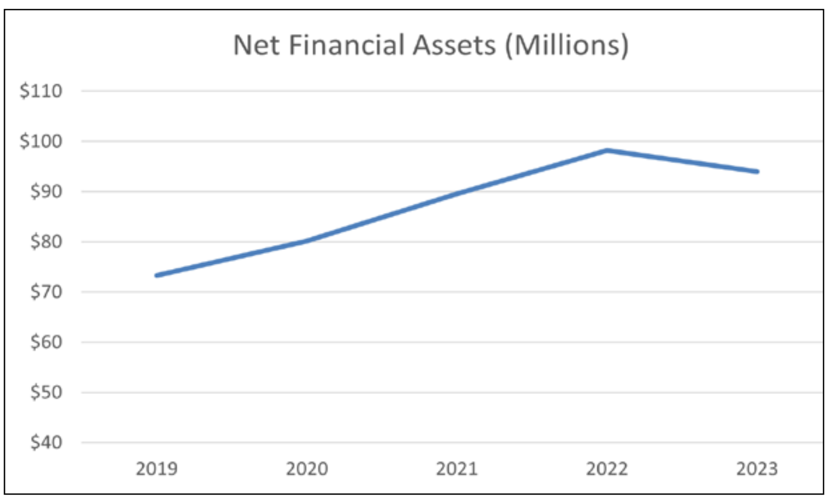
In addition to the restricted and obligatory funds outlined above, the deferred revenue line also includes $1.9M of general deferred revenues such as the Ontario Community Infrastructure Fund (OCIF) and Regional revenues related to the fire station on Maple Avenue.

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

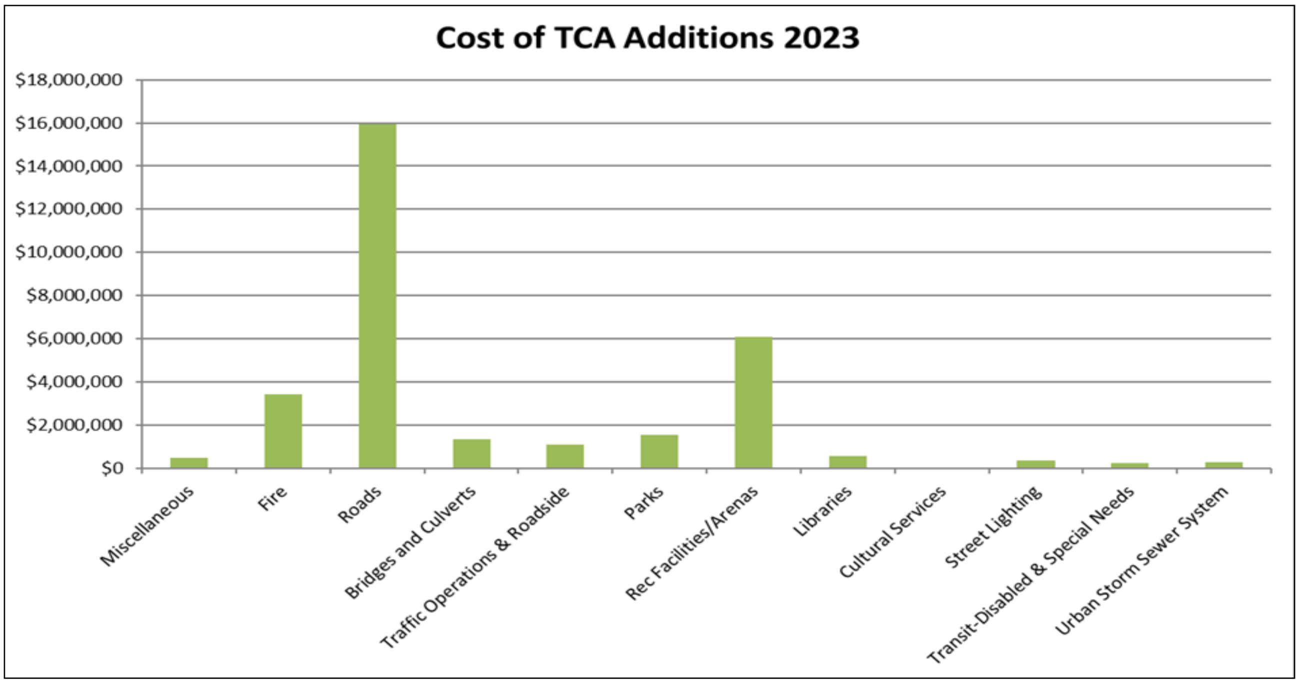
The Town is in a net financial asset position of $94M which has decreased by $4.2M since 2022. A positive net position indicates there are resources available for the future. The decrease for 2023 is attributed to unfavourable operating budget spending and higher capital spending in the year. The chart below shows the increase since 2019 in the Town's net financial assets value:



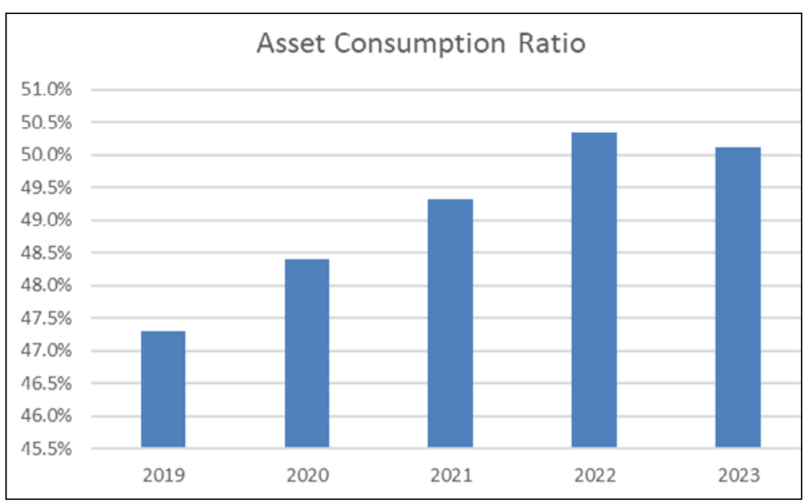
NON FINANCIAL ASSETS

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 2023, the Town added over $31M in tangible capital assets. Infrastructure projects related to the upgrade of the Town's road network amounted to $16.4M, with an additional $1.1M spent on replacing the culvert on Sixth Line. The heat pumps in Town Hall, Maple Avenue Fire Station and the South Headquarters Fire Station were replaced for $1.1M. A further $3.9M was invested in Mold Masters Arena for the replacement of the dehumidification units. The following graph shows the distribution by cost and asset group of the 2023 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 2023 the Town's asset consumption ratio had decreased slightly to 50.1%, from 50.4% in the year before. Historically, the Town's asset consumption ratio had been rising due to several factors, such as a decline in large-scale construction projects and a reduced rate of new asset acquisitions from developers. However, in 2023, the completion of significant road projects positively influenced this ratio. The graph to the right 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 $37.7M (reserves of $64.2M less DC internal loans of $26.5M) at the end of 2023. This represents a decrease in reserve balances of $1.6M in the past 12 months which can be attributed to the 2023 operating budget deficit and the need to incur additional internal borrowing due to lower than planned DC receipts.

Most notably the accumulated surplus shows a net increase in the Town's equity in tangible capital assets of $13M when compared to the previous year, mainly due to investments in road and bridge upgrades.

The Town's unexpended capital financing, which represents the backlog in the capital program, decreased by $4.4M over 2022 and totals $20.8M.

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

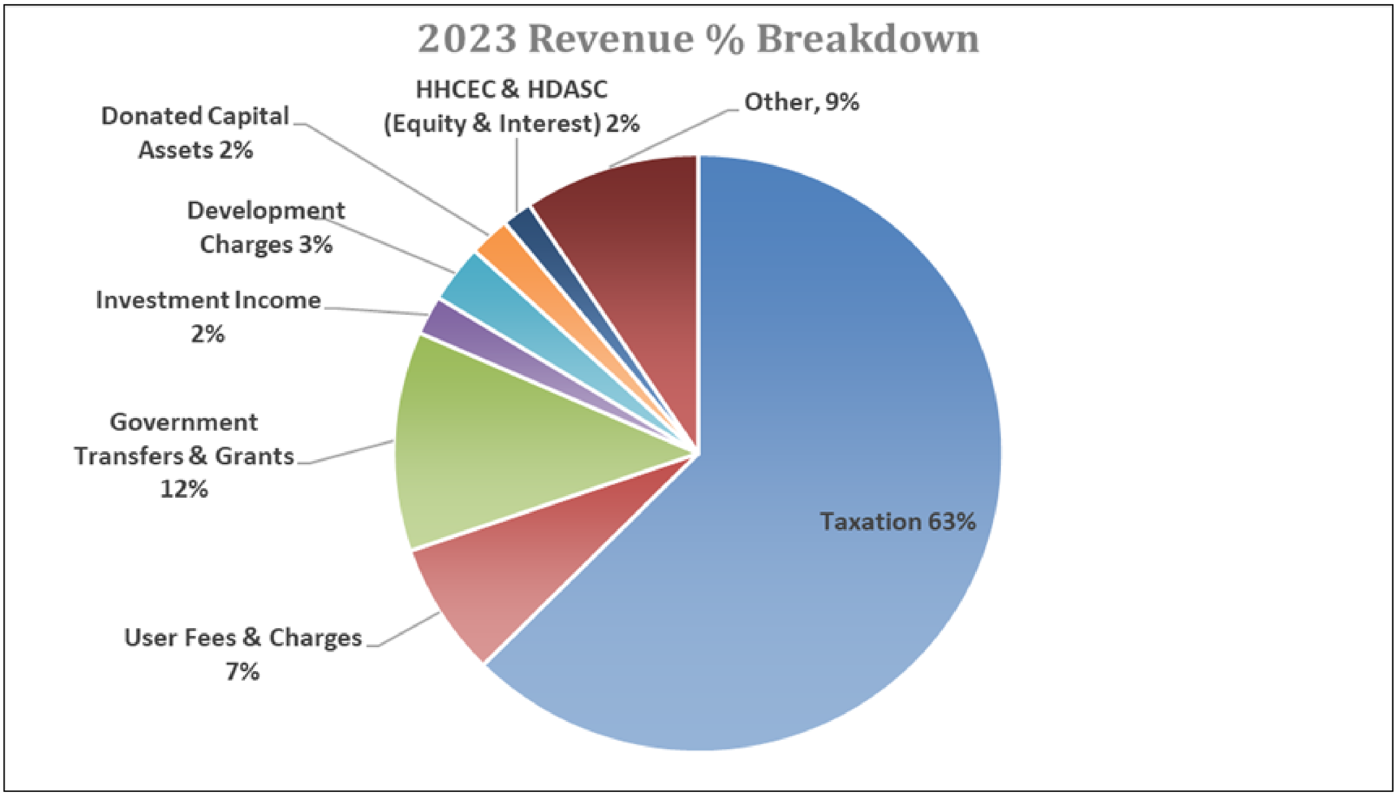
The Town compiles its annual operating and capital budgets in accordance with the Municipal Act. For the purposes of Financial Statement preparation in accordance with the Public Sector Accounting Board (PSAB) requirements, there are differences between the reported numbers. To ensure comparability of the Town's 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 table to the right 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 Deficit	**$ (1,373,556)**
Transfer unused contract carry forward to general surplus	(258,003)
Adjusted Operating Budget Deficit	**$ (1,631,559)**
Remove funding from surplus (prior year general surplus)	19,361
Increase deficit by reversal of non-PSAB eligible expenditures	
Debt principal repayment	2,818,684
Net transfers to/(from) reserves	10,631,223
Add other revenues (external to operating budget)	
Non reserve revenues that fund the capital budget	16,815,491
Assumed assets	2,299,366
Investment income allocated directly to reserves	598,426
Miscellaneous recoveries allocated to reserves	63,336
Gain on disposal of assets	1,837,401
Add other expenses (external to operating budget)	
Contaminated sites	(15,591)
Decrease liability for post closure landfill	210,865
Increase liability for asset reirement obligations	(14,845)
Amortization	(18,259,028)
Capital expenses not considered Tangible Capital Assets	(3,728,152)
Post employment benefits	(1,133,476)
Recovery from Kiwanis user groups	(52,895)
Consolidate net income / (loss) of other entities	
BIAs	(15,036)
HHCEC	(236,451)
HDASC	(25,509)
PSAB Annual Surplus	**$10,181,611**
(Reported in the Financial Statements)	

REVENUES

Revenues have increased by $1.6M since 2022 driven mainly by the annual taxation increase and grants from other levels of government. The following chart illustrates the percentage breakdown of all 2023 revenues:



Taxation

Council approved a 6.62% increase in the general levy tax (Town portion) for 2023. This tax increase supports the general services expected by residents and enhances the quality of life in Halton Hills. The 2023 tax increase ensures the continued delivery of services and programs and allocates resources for legislative compliance. Additionally, it provides funding for investments in transportation and transit services, addresses climate change mitigation and adaptation measures, and supports service enhancements in equity, diversity, and inclusion (EDI), Truth and Reconciliation (TRC), and heritage.

User Fees & Charges

Revenues from user fees and charges increased by $1.3M in 2023 as operations continued to recover from the COVID-19 pandemic. Programming and facilities were operating at capacity in 2023 resulting in an increase in ice rentals and facility rentals by $684K over 2022 levels and registration in community programming also resulted in an increase of $530K in general registrations and admissions. As more patrons visited Town facilities, miscellaneous revenue from advertising, concessions and vending machines also increased by $229K.

Planning fees decreased slightly from the prior year, due to a reduced number of development applications received in 2023. The expenditures related to planning fees required funding from the recognition of unearned planning fees held in the Growth Stabilization Reserve Fund (reported under "other" revenue). 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

	2023	2022	Difference
Activan	$190,666	$153,196	$37,470
Aquafit/Lifesaving	94,272	83,118	11,154
Arena Floor Rental	82,994	58,033	24,961
Business Licenses	139,284	109,142	30,142
Cemetery Fees	359,539	361,211	(1,672)
Facility Rentals	636,039	463,180	172,859
General Admission	109,218	124,174	(14,956)
General Registration	1,443,069	974,287	468,782
Ice Rental	2,214,114	1,733,708	480,406
Memberships	110,141	46,261	63,880
Park Rental	353,868	347,932	5,936
Planning Fees	872,860	979,202	(106,342)
Tax Certificates & Information	293,095	392,728	(99,633)
Miscellaneous User Fees	769,355	540,529	228,826
	$7,668,514	$6,366,701	$1,301,813

Development Charges

In 2023, $3.3M of development charges were recognized as revenue, which is a decrease of $1.4M from 2022 ($4.7M). Recognition of revenue from development charges is used to fund eligible growth-related capital projects and any associated debenture repayments.

Government Transfers and Grants

Transfers from upper levels of government are a significant source of revenue for the Town. In 2023, government transfers totaled $12.6M (12% of revenues).

Federal grant funding of $6.2M was recognized as revenue in 2023, an increase of $3.7M over the prior year. Funding received under federal grants such as the Canada Community Building Fund (formerly, federal Gas Tax) are deferred and recognized as revenue when qualifying capital projects are completed. Upon completion of the construction works, funding is transferred to the capital project to cover the costs incurred. The amount of CCBF funding received each year is reasonably consistent, with the revenue recognition variances being driven 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), Ministry of Transportation Connecting Links Funding, Ontario Trillium Foundation Community Building Fund and Seniors Active Living Centres grant program. The 2022 comparative year reported a larger than usual Provincial grant funds due to one-time funding to address COVID-19 operating pressures and needs to be considered when comparing the year over year decrease in provincial funding revenues in 2023 of $1.4M.

Transfers from other municipalities decreased by $104K due to the closure of COVID-19 vaccination sites at Town facilities. The Region of Halton had provided funding for the operation of sites during 2022 that was not required in 2023.

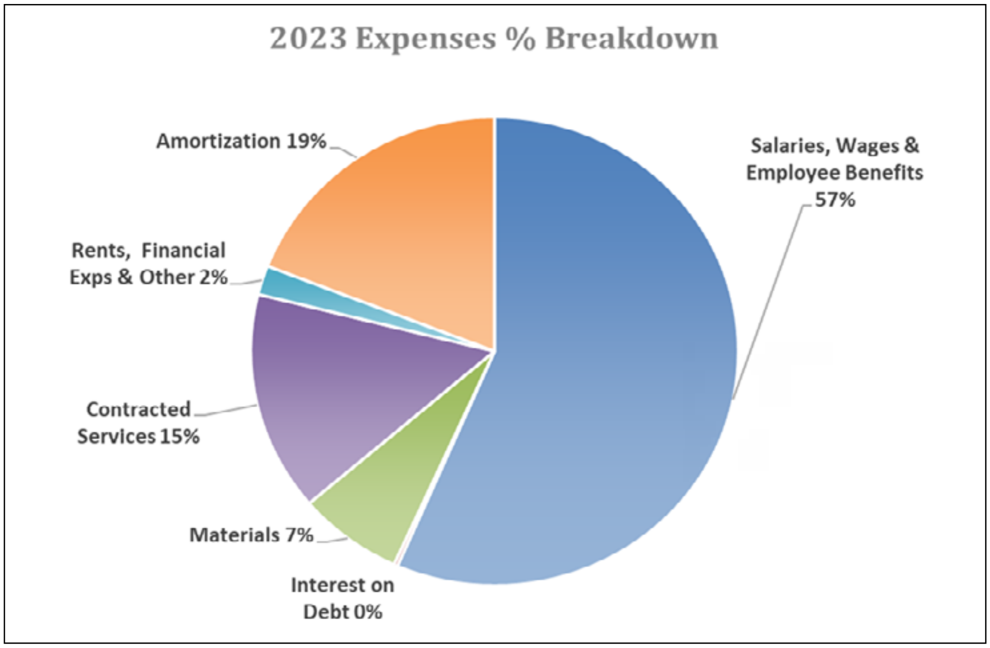
Donated Capital Assets

Donated tangible capital assets include any assets that the Town has assumed from developers, private organizations or individuals. These are reported as revenue in the statement of operations as the assets provide a future benefit to the Town. The Town assumed new tangible capital assets from developers in 2023 such as roads, storm water management infrastructure and streetlights, which resulted in the addition of approximately $2.3M to the Town's capital asset inventory. The following tables provide details of the 2023 asset assumptions:

Contributed Assets	2023	2022
Paved Roads & Sidewalks	$ 1,929,008	$ 1,148,881
Street Lighting	80,029	119,172
Storm Water Management	290,329	361,767
	$ 2,299,366	$ 1,629,821

2023 Type of Assumption	Developer	$
Subdivision 20M-1092 & 20M-1136	Halton Hills Village Homes	1,970,951
Subdivision 20R-17282	Broccolini Development	328,415
		$2,299,366

EXPENSES



Expenses have increased by $3M over 2022, driven mainly by salaries, wages and benefits. The table to the right shows the percentage split of total expenses:

Salaries, Wages & Employee Benefits

Labour costs including salaries, wages and benefits increased by $4.8M in 2023 and continue to represent the largest proportion of expenses (57%). The increase can be attributed to the return to normal operations and increases in programming after COVID-19. Approved cost of living adjustments for non-union staff and contract increases for union employees resulted in annual incremental increases, as well as performance increments and job evaluation changes for existing staff. Additionally, new positions were approved by Council through the 2023 budget to support Town services in preparation for growth and to address changes in legislation.

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 2023 the amortization expense increased by $420K as the value of Town non-financial assets continues to grow.

Materials

Material costs, representing 7% of total expenses from the Town, remained consistent with a small decrease of $245K in 2023. Inflationary increases resulted in increased utility costs ($210K) and vehicles supplies ($167K). This was offset by savings in winter control materials ($274K) due to the timing of winter events, and materials used for other Public Works operations ($298K).

Contracted Services

Contracted services decreased by $2.4M to $14.5M in 2023, representing 15% of the Town's total expenses. Spending on contracted services was higher in 2022 due to non-routine one-time legal related costs, resulting in a net year over year decrease for 2023 in contracted services.

ANNUAL SURPLUS

An annual surplus of $10.1M is being reported for 2023, which increases the Town's accumulated surplus to $444.8M.

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 decrease in the net financial position is attributable to increases in financial liabilities, mainly in accounts payable and accrued liabilities which in turn are partially offset by decreases in long-term liabilities, resulting in an overall decrease of $4.2M in net financial assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows shows how the Town used its cash in 2023.

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 $24.3M from operations. Of the total $33.5M available in cash, $31.3M was used to buy new capital assets and repay debt and loans. Additional monies of $1.7M were received in the form of dividends from Halton Hills Community Energy Corporation, and $1.8M was received in cash proceeds from the disposal of fixed assets.

There was a net cash outflow from the pooled investment held with the Region of $6.1M. This consisted of $2.9M in earned interest which was offset by a withdrawal of $9M to ensure availability of sufficient working capital throughout December and early 2024. This transfer was placed into the Town's Scotiabank operating account, increasing the cash balance to $11.8M by the end of December 2023. The following table shows the movements of the Town's cash inflows and outflows throughout 2023:

Cash at beginning of year			$9,172,473
Annual Surplus	$10,181,611		
Adjust for all non-cash transactions	$13,647,698		
Remove impact of non-cash working capital	$541,602		
	$24,370,911		$33,543,384
How was this cash used?			
Purchase of new Capital Assets	($28,549,154)		
Repayment of Debt and Other Loans	($2,822,534)		
	($31,371,688)		$2,171,696
New cash coming in the door.....			
Cash from Fixed Asset disposals	$1,855,061		
Dividends from HHCEC	$1,691,951		
	$3,547,012		$5,718,708
Investments transferred from the Region		$6,150,410	
Cash at end of year			$11,869,118

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 consistently prioritized long-range financial planning and the ability to adapt swiftly to changing conditions. By carefully reinvesting available funds into reserves and implementing a robust debt management strategy, the Town has demonstrated resilience in the face of various challenges. The Town's relatively favorable results are a testament to meticulous management of operating budgets and a sustained commitment to maintaining healthy reserves to support future growth. Continuing to focus on long-range financial planning and adaptability will be crucial to sustaining the Town's positive fiscal position.

Moya Leighton CPA, CGA, MBA
Treasurer
July 8, 2024

2023 AND BEYOND

2024 BUDGET

In developing the budget for 2024 and beyond, staff recognize current fiscal pressures, all associated impacts and the overarching goal of upholding the quality of life for residents and business owners through continued service excellence. The following guiding principles provide a foundation for determining priorities in meeting that goal.

1. Restore appropriate funding for reserves to support long-term financial stability
2. Maintain current service levels for programs and staffing, leverage technology solutions to support efficiencies and productivity
3. Align capital programs with available resources while ensuring compliance with legislation and health and safety standards
4. Defer the growth-related capital program until development charges are received

The 2024 budget continues to focus on supporting the priorities of the Town's Strategic Plan within the targets and mitigation measures set out in the LRFP and the financial policies approved by Council. The 2024 municipal tax levy increase is 9.04% (net of assessment growth) and includes the following:

- 7.51% general levy to address inflation and additional funding required to maintain existing service levels, as well as to support statutory compliance, and proposed new/enhanced services,
- 0.50% increase for insurance costs in the base budget, and
- 1.03% of continued special levy dedicated to supporting the Town's state of good repair program (0.78%) and a new special levy for future healthcare initiatives (0.25%).

The Town's 2024 capital budget totals $26,592,000 and is comprised of 110 projects. The 2024 capital budget & forecast (2025-2033) is developed in consideration of the Long Range Financial Plan (LRFP), the Corporate Asset Management Plan, the Corporate Energy Plan, departmental strategic plans, as well as in-year Council and committee reports. The ten-year program supports:

- Approved growth management land use strategy
- Local job growth and business investment opportunities
- Transportation issues including traffic safety and active transportation
- Maintaining infrastructure in a state-of-good-repair

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 statement notes contains a summary of the significant accounting policies utilized in preparing the financial statements. As of January 1, 2023, the Public Sector Accounting Board introduced two new accounting standards applicable to municipalities: PS 3280 – Asset Retirement Obligations, and PS 3450 – Financial Instruments. These standards were adopted by the Town for the 2023 financial statements. Additional notes to the financial statements offer further details on the financial impact of these new standards on the Town's financial results.

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 8, 2024

2023 CONSOLIDATED FINANCIAL STATEMENTS

CORPORATION OF THE TOWN OF HALTON HILLS

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
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 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, 2023
- the consolidated statement of operations for the year ended
- the consolidated statement of change 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, 2023, 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.

KPMG

Page 2

Emphasis of Matter

We draw attention to Note 1(xvi) in the financial statements which indicates that the entity has changed its accounting policy for PS 3280 *Asset Retirement Obligations* and has applied that change prospectively.

Our opinion is not modified in respect of this matter.

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.

KPMG

Page 3

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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

July 26, 2024

THE CORPORATION OF THE TOWN OF HALTON HILLS
Consolidated Statement of Financial Position
As at December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash	**$ 11,869,118**	$ 9,172,473
Short-term investments (Note 2)	**97,745,283**	103,895,693
Taxes receivable (Note 3)	**8,353,280**	5,517,550
Accounts receivable	**3,357,395**	2,695,967
Long-term receivables (Note 4)	**1,357,056**	1,368,811
Note Receivable from HHCEC (Note 5a)	**7,400,000**	7,400,000
Investment in HHCEC (Note 5d)	**42,185,535**	42,421,986
Investment in HDASC (Note 6)	**(25,409)**	-
Inventory for resale	**14,671**	13,928
	172,256,929	172,486,408
Financial Liabilities		
Accounts payable and accrued liabilities (Note 8)	**13,182,271**	10,372,132
Other current liabilities (Note 8)	**15,701,510**	11,575,974
Deferred revenue (Note 9)	**33,814,214**	35,343,728
Employee benefits obligation (Note 10)	**5,022,008**	3,886,051
Contaminated sites (Note 11)	**474,149**	458,558
Asset Retirement Obligation (Note 12)	**740,771**	500,211
Long-term liabilities (Note 13)	**9,342,300**	12,164,834
	78,277,223	74,301,488
Net financial assets	**93,979,706**	98,184,920
Non-financial assets		
Tangible capital assets - net (Note 14)	**348,059,965**	335,051,553
Prepaid expenses and internal inventory	**2,717,635**	1,339,222
	350,777,600	336,390,775
Accumulated surplus (Note 15)	**$ 444,757,306**	$ 434,575,695

Contingent liabilities (Note 16)
Lease commitments (Note 17)

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, 2023, with comparative information for 2022

	Budget (Note 22)	**2023**	2022
Annual surplus	$ 11,305,047	**$ 10,181,611**	$ 11,741,558
Acquisition of tangible capital assets	(22,390,000)	**(30,848,520)**	(21,131,364)
Asset Retirement Obligation	-	**(436,580)**	-
Amortization of tangible capital assets	17,655,000	**18,259,028**	17,839,125
(Gain) / Loss on disposal of tangible capital assets	-	**(1,837,401)**	114,470
Proceeds on sale of tangible capital assets	-	**1,855,061**	67,841
Change in prepaid expenses and inventory	-	**(1,378,413)**	(81,063)
Change in net financial assets	6,570,047	**(4,205,214)**	8,550,567
Net financial assets, beginning of year	98,184,920	**98,184,920**	89,634,353
Net financial assets, end of year	**$ 104,754,967**	**$ 93,979,706**	$ 98,184,920

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, 2023, with comparative information for 2022

	Budget (Note 22)	**2023**	2022
Revenues			
Taxation	$ 65,740,649	**$ 66,163,897**	$ 61,546,748
User fees and charges	7,762,609	**7,668,514**	6,366,701
Government transfers			
Federal (Note 18)	2,068,000	**6,234,535**	2,529,011
Provincial (Note 18)	4,071,532	**5,464,615**	6,871,984
Other municipalities	774,208	**888,063**	991,675
Investment income	1,155,000	**2,245,612**	1,889,468
Development charges (Note 9)	6,453,200	**3,325,020**	4,748,323
Donated tangible capital assets (Note 14a)	3,500,000	**2,299,366**	1,629,821
Donations	-	**8,350**	64,855
Interest from HHCEC (Note 5a)	304,900	**257,504**	378,064
Equity income from HHCEC (Note 5)	2,007,279	**1,455,500**	11,346,030
Equity loss from HDASC (Note 6)	-	**(25,509)**	-
Other	5,856,345	**9,917,735**	5,926,614
	99,693,722	**105,903,202**	104,289,294
Expenses			
General government	15,331,500	**20,742,056**	21,088,988
Protection services	15,951,355	**16,572,944**	15,407,561
Transportation services	25,322,677	**27,011,193**	26,818,437
Environmental services	2,462,000	**1,491,796**	1,489,803
Health services	401,967	**401,185**	392,922
Social and family services	1,365,400	**913,172**	871,565
Recreation and cultural services	23,665,972	**24,613,086**	22,751,442
Planning and development	3,887,804	**3,976,159**	3,727,018
	88,388,675	**95,721,591**	92,547,736
Annual Surplus	11,305,047	**10,181,611**	11,741,558
Accumulated surplus, beginning of year	434,575,695	**434,575,695**	422,834,137
Accumulated surplus, end of year (Note 15)	$445,880,742	**$444,757,306**	$ 434,575,695

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, 2023, with comparative information for 2022

	2023	2022
Operating Activities		
Annual Surplus	**$ 10,181,611**	$ 11,741,558
Items not affecting cash:		
Loss /(Gain) on disposal of tangible capital assets	**(1,837,401)**	114,470
Amortization of tangible capital assets	**18,259,028**	17,839,125
Donated tangible capital assets	**(2,299,366)**	(1,629,821)
Change in employee benefit obligation	**1,135,957**	86,986
Change in liability for contaminated sites	**15,591**	27,582
Change in liability for ARO	**(196,020)**	239,802
Equity income from HHCEC	**(1,455,500)**	(11,346,030)
Equity loss from HDASC	**25,409**	-
Changes in non-cash working capital:		
Taxes receivable	**(2,835,730)**	(385,044)
Accounts receivable	**(661,428)**	281,360
Long-term receivables	**11,755**	5,417
Prepaid expenses and inventory	**(1,378,413)**	(81,063)
Accounts payable and accrued liabilities	**2,810,139**	1,001,201
Other current liabilities	**4,125,536**	1,457,860
Deferred revenue	**(1,529,514)**	(2,049,587)
Inventory	**(743)**	(969)
Net change in cash from operations	**24,370,911**	17,302,847
Capital Activities		
Acquisition of tangible capital assets	**(28,549,154)**	(19,501,543)
Proceeds on sale of tangible capital assets	**1,855,061**	67,841
Net change in cash from capital activities	**(26,694,093)**	(19,433,702)
Investing Activities		
Redemption of investments	**6,150,410**	574,977
Dividends from HHCEC	**1,691,951**	1,691,950
Net change in cash from investing activities	**7,842,361**	2,266,927
Financing Activities		
Long-term debt repaid	**(2,822,534)**	(4,286,717)
Net change in cash from financing activities	**(2,822,534)**	(4,286,717)
Net change in cash activities	**2,696,645**	(4,150,645)
Cash, beginning of year	**9,172,473**	13,323,118
Cash, end of year	**$ 11,869,118**	$ 9,172,473

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, 2023

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, 2023

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, 2023

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, 2023

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 (EARSL). EARSL 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, 2023

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 4.

(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, 2023

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

Effective fiscal year beginning on January 1, 2023, a new accounting standard came in place related to Financial Instruments. The new requirements of PS 3450 are around financial instruments (such as investments or contracts with embedded derivatives) and the way these are recorded. 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, in accordance with the new standard. As a result, the new PS 3450 Financial Instruments standard does not result in any changes to accounting policies and procedures regarding the funds invested.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

2. 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 $97,745,283 (2022 - $103,895,693) invested in the fund as at December 31, 2023. The market value of the investment is $91,580,555 (2022 - $95,002,867). During 2023, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.74% (2022 – 2.24%).

3. Taxes Receivable

Included in taxes receivable of $8,353,280 (2022 - $5,517,550) as reported on the Consolidated Statement of Financial Position as at December 31, 2023, are taxes owing from 8 (2022 – 7) properties in the amount of $205,570 (2022 - $310,029), 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.

4. Long-term Receivables

	2023	2022
Halton Hills Gymnastic Centre Loan	**$ 88,221**	$ 124,831
Acton Town Hall	**153,806**	176,880
Georgetown Soccer Club	**664,878**	720,891
Halton Hills Minor Football Association	**197,173**	194,055
Home Retrofit Loans	**231,746**	127,071
Other long-term receivables	**21,232**	25,083
	$ 1,357,056	$ 1,368,811

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 3.21% (2022 – 1.82%). 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 3.28% (2022 – 1.68%). 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% (2022 – 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% (2022 – 6.5%).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

4. Long-term Receivables (Continued)

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%.

5. 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. The prescribed rate of interest on the note is 4.12% for the period January to June, and 2.85% from July to December (2022 - 4.12%). Interest received during the year with respect to the promissory note is $257,504 (2022 - $378,064). The balance owing on the promissory note is $7,400,000 at December 31, 2023. 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 (2022 – 1.57%). Quarterly interest and principal repayments are scheduled up to January 1, 2029 with an outstanding balance of $157,201 as at December 31, 2023 (2022 - $185,707).

(c) Loan payable to SouthWestern Energy Inc. (LED Streetlights and Parking Lot)

The Town entered into an agreement with SouthWestern Energy Inc. to implement an LED streetlight conversion project throughout the town, and also to install LED lights in the parking lot of the Town Hall. The total loan payable was in the amount of $1,444,883 with a prescribed rate of interest of 3.95% per annum. Monthly interest and principal repayments were scheduled up to May 1, 2023 with an outstanding balance of $nil as at December 31, 2023 (2022 - $134,628).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

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

(d) Investment in government business enterprise

The investment balance in HHCEC at December 31, 2023 is as follows:

	2023	2022
Investment in HHCEC at January 1	**$ 42,421,986**	$ 32,767,906
Equity change in earnings	**1,455,500**	11,346,030
Dividends on common shares	**(1,691,951)**	(1,691,950)
Investment in HHCEC at December 31	**$ 42,185,535**	$ 42,421,986

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

5. 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, 2023 and 2022:

Financial Position	**2023**	2022
Assets		
Current	**$ 16,747,018**	$ 17,565,656
Capital	**121,462,200**	118,101,805
Other	**25,880,943**	27,256,745
Total Assets	**$ 164,090,161**	$ 162,924,206
Liabilities		
Current	**$ 22,046,296**	$ 30,294,928
Promissory note payable to Town of Halton Hills	**7,400,000**	7,400,000
Other	**92,458,330**	82,807,292
Total Liabilities	**$ 121,904,626**	$ 120,502,220
Equity		
Share capital	**$ 16,161,663**	$ 16,161,663
Retained earnings	**26,161,772**	26,398,223
Accumulated other comprehensive loss	**(137,900)**	(137,900)
Total equity	**$ 42,185,535**	$ 42,421,986
Total liabilities and equity and regulatory balances	**$ 164,090,161**	$ 162,924,206
Financial Activities		
Revenue	**$ 84,223,417**	$ 82,332,811
Expenses	**82,027,374**	73,984,655
Net movement in regulatory balances	**740,543**	(2,813,169)
Net income & net movement in regulatory balances	**$ 1,455,500**	$ 11,161,325
Other comprehensive income	**-**	184,705
Total comprehensive income	**$ 1,455,500**	$ 11,346,030
Equity income from HHCEC	**$ 1,455,500**	$ 11,346,030
Retained earnings, beginning of year	**$ 26,398,223**	$ 16,928,848
Net income & net movement in regulatory balances	**1,455,500**	11,161,325
Dividends on common shares	**(1,691,951)**	(1,691,950)
Retained earnings, end of year	**$ 26,161,772**	$ 26,398,223
Accumulated other comprehensive loss, beginning of year	**$ (137,900)**	$ (322,605)
Other comprehensive income	**-**	184,705
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	**26,161,772**	26,398,223
Investment in HHCEC	**$ 42,185,535**	$ 42,421,986
Total investment in HHCEC	**$ 49,585,535**	$ 49,821,986

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

5. 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, 2023 and 2022:

	2023	2022
Transactions		
Revenue		
Property taxes	**162,983**	156,489
Interest on promissory notes	**257,504**	378,064
Expenses		
Energy purchases (at commercial rates)	**1,221,011**	1,069,851
Distribution expenses	**357,118**	342,184
Street light maintenance and other	**899,068**	636,194
Dividends Received	**1,691,951**	1,691,950
Amounts due to the Town		
Promissory note	**7,400,000**	7,400,000
Amounts due to related party		
Accounts payable and accrued liabilities	**1,024,696**	387,402
Loan payable to SWE* (Geothermal)	**157,201**	185,707
Loan payable to SWE (LED Parking Lot & Streetlights)	**-**	134,627

*SWE - SouthWestern Energy Inc

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

6. 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.

	2023	2022
Opening Balance	**-**	-
Net loss for the year	**(25,509)**	-
Balance - end of year	**(25,509)**	-
Share capital	**100**	-
Investment in HDASC	**(25,409)**	**-**

7. 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 2023 or 2022.

8. 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:

	2023	2022
Trade Accounts Payable	**$ 11,308,165**	$ 9,341,782
Payables to Other Governments	**1,704,289**	848,066
Accrued Liabilities	**169,817**	182,284
	13,182,271	10,372,132

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, 2023

9. 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-22	Receipts	Revenue Recognized	Balance at 31-Dec-23
Development charges	$ 3,934,315	$ 1,471,055	$ (3,325,020)	**$ 2,080,350**
Community Beneift Charges	-	716,557	-	**716,557**
Parkland	9,532,653	3,808,375	(223,101)	**13,117,927**
Building Code Act, 1992	5,520,373	2,906,107	(2,096,132)	**6,330,348**
Gas tax - Federal	6,402,890	2,250,840	(5,645,042)	**3,008,688**
Deferred Government Grants	106,123	(13,452)	-	**92,671**
Growth Stabilization	3,409,453	132,910	(887,537)	**2,654,826**
Transportation Maintenance	3,159,415	400,436	(108,798)	**3,451,053**
Gateway Feature	187,533	5,845	-	**193,378**
Private Traffic Signal Maintenance	266,835	8,317	(1,818)	**273,335**
Total Deferred Revenue - Obligatory	32,519,590	11,686,990	(12,287,448)	**31,919,133**
Other	2,824,138	10,240,315	(11,169,372)	**1,895,081**
	$ 35,343,728	$ 21,927,305	$ (23,456,820)	**$ 33,814,214**

The balance reported for Development Charges funds at December 31, 2023 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, 2023	Loans from Town Reserves	Net Balance on Development Charges
Transportation Services	$2,050,374	($245,752)	$1,804,622
Storm Water Management Services	-	(593,913)	(593,913)
Fire Protection Services	-	(1,187,534)	(1,187,534)
Recreation and Parks Services	-	(21,975,185)	(21,975,185)
Library Services	-	(1,797,509)	(1,797,509)
Administration Services	-	(712,356)	(712,356)
Transit Services	29,976	(5,321)	24,655
	$2,080,350	($26,517,570)	($24,437,220)

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

10. Employee Benefits Obligation

Summary of employee benefits obligation is provided below:

Future payments required for:	2023	2022
Liability for WSIB (a)	**$ 2,391,334**	$ 1,544,600
Vacation pay liability (b)	**176,074**	173,593
Retirement benefits (c)	**2,454,600**	2,167,858
	$ 5,022,008	$ 3,886,051

(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 $2,391,334 (2022 - $1,544,600) as at December 31, 2023. The Town has a reserve in place for unexpected claims that qualify under WSIB rules in the amount of $1,158,188 (2022 - $955,517), 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:

	2023	2022
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, 2023

10. 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	**2023**	2022
Accrued benefit obligation (ABO) at January 1	**$ 1,520,949**	$ 1,485,698
Increase at Dec 31, 2023 due to survivor award	**825,133**	-
Service cost	**130,575**	126,620
Interest cost	**56,512**	55,337
Less expected benefit payments	**(158,499)**	(146,706)
Expected ABO at December 31	**2,374,670**	1,520,949
Actual ABO at December 31	**2,374,670**	1,520,949
Unamortized actuarial gain / (loss) from prior valuations	**16,664**	23,651
Liability for Employee benefits obligation at December 31	**$ 2,391,334**	$ 1,544,600

Included in current service cost is amortization of the actuarial gain in the amount of $6,987 (2022 - $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, 2023 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, 2023

10. 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 $2,454,600 (2022 - $2,167,858) 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:

	2023	2022
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*	**5.4167%**	5.7497%
HCSA** per Fire employee	**$ 2,000**	$ -
HCSA Admin costs and taxes	**15.50%**	0%

* 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	2023	2022
Accrued benefit obligation (ABO) at January 1	**$ 2,833,387**	$ 2,839,663
Current period benefit expense	**147,461**	139,010
Increase due to plan amendment	**171,643**	(20,769)
Interest accrued	**112,062**	110,829
Benefit payments	**(211,151)**	(235,346)
Expected ABO at December 31	**3,053,402**	2,833,387
Actuarial loss	**-**	-
ABO at December 31	**3,053,402**	2,833,387
Unamortized actuarial loss	**(598,802)**	(665,529)
Accrued benefit obligation at December 31	**$ 2,454,600**	$ 2,167,858

Included in current service cost is amortization of the actuarial loss in the amount of $66,727 (2022 - $78,055)

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

11. Liability for contaminated sites

The Town estimated a liability of $474,149 as at December 31, 2023 (2022 - $458,558) 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 $492,167 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.

12. 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, 2023

12. Asset retirement obligation (continued)

a) Landfill obligation (continued)

The recorded liability of $289,346 (2022 - $500,211) is the present value of future cash flows associated with the closure and post-closure costs of $9,849 annually, discounted using an average long-term borrowing rate of 5% net of an annual inflation rate of 3.4%. The total undiscounted liability is $866,019. The estimated length of time required for post-closure care is estimated to be 40 years on a rolling basis.

The previous year (2022) figure of $500,211 is made of the Post Closure Landfill amount. The Post Landfill Obligation was tracked on the financial statements prior to the implementation of PSAB 3280 but starting January 1, 2023 it is included in the ARO reporting.

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 $369,580 has been recognized in 2023, representing the current estimate of the obligation as of the date of adoption, with a corresponding addition to the Buildings and Leasehold Improvements capital accounts.

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 $67,000 has been recognized, representing the current estimate of the obligation as of the date of adoption, with a corresponding addition to the capital asset accounts.

d) Asset Retirement obligation (ARO) recorded

The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Land Improvement capital assets. Changes to the Capital assets due to the asset retirement obligation in the year are as follows:

	Asbestos	Leaseholds	Landfill	Total
Opening 2023	$ -	$ -	$ 500,211	$ 500,211
ARO Additions	369,580	67,000	-	436,580
Accretion	12,567	2,278	(210,865)	(196,020)
Closing ARO	**$ 382,147**	**$ 69,278**	**$ 289,346**	**$ 740,771**

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

13. Long-term Liabilities

(a)

Total long-term liabilities incurred by the Town at the end of the year.	2023	2022
Debentures payable to Region of Halton	**$ 9,185,099**	$ 11,844,499
LT Debt SWE (LED Streetlights & Parking lot) (Note 5c)	**-**	134,628
LT Debt SWE (Geothermal) (Note 5b)	**157,201**	185,707
	$ 9,342,300	$ 12,164,834

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

2024	$ 2,431,301
2025	1,059,772
2026	1,080,644
2027	1,102,493
2028	1,125,520
2029-2032	2,542,570
	$ 9,342,300

(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 $244,478 (2022 - $344,814). The long-term liabilities bear interest at rates ranging from 1.00% to 3.95%.

(e) The Town is set to recover a portion of the outstanding debt from another municipality. At December 31, 2023 the recoverable portion was $21,233 (2022 - $25,083).

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

14. Tangible Capital Assets

Cost	Balance Dec 31, 2022	Additions	Disposals	Balance Dec 31, 2023
General				
Land	$ 41,271,190	-	-	$ 41,271,190
Land improvements	50,543,877	1,696,588	52,152	52,188,313
Buildings	96,384,189	5,577,055	925,748	101,035,496
Equipment	21,426,650	1,831,997	505,600	22,753,047
Vehicles	5,975,337	909,231	97,312	6,787,256
Leasehold improvements	396,309	-	-	396,309
Infrastructure				
Land	4,672,597	-	2,362	4,670,235
Land improvements	5,067,984	342,329	-	5,410,313
Buildings	9,122,730	43,875	-	9,166,605
Linear assets	399,085,515	20,783,148	2,891,821	416,976,842
Equipment	10,697,914	1,007,306	110,031	11,595,189
Vehicles	11,299,398	2,030,306	826,927	12,502,777
Construction in progress	-	-	-	-
Work in progress	9,416,276	4,367,379	7,304,114	6,479,541
Total Cost	$ 665,359,966	38,589,214	12,716,067	$691,233,113
Accumulated Amortization				
General				
Land improvements	24,410,143	1,792,768	51,218	26,151,693
Buildings	46,777,840	2,836,996	925,748	48,689,088
Equipment	12,215,626	1,739,895	504,609	13,450,912
Vehicles	3,769,724	406,350	88,705	4,087,369
Leasehold improvements	259,188	13,365	-	272,553
Infrastructure				
Land improvements	1,905,783	192,535	-	2,098,318
Buildings	3,380,245	375,793	-	3,756,038
Linear assets	223,613,127	9,716,058	2,891,821	230,437,364
Equipment	7,065,770	513,958	106,597	7,473,131
Vehicles	6,910,967	671,310	825,595	6,756,682
Accumulated Amortization	$ 330,308,413	18,259,028	5,394,293	$343,173,148
Net Book Value				
General				
Land	41,271,190	-	-	41,271,190
Land improvements	26,133,734	(96,180)	934	26,036,620
Buildings	49,606,349	2,740,059	-	52,346,408
Equipment	9,211,024	92,102	991	9,302,135
Vehicles	2,205,613	502,881	8,607	2,699,887
Leasehold improvements	137,121	(13,365)	-	123,756
Infrastructure				
Land	4,672,597	-	2,362	4,670,235
Land improvements	3,162,201	149,794	-	3,311,995
Buildings	5,742,485	(331,918)	-	5,410,567
Linear assets	175,472,388	11,067,090	-	186,539,478
Equipment	3,632,144	493,348	3,434	4,122,058
Vehicles	4,388,431	1,358,996	1,332	5,746,095
Construction in progress				
Work in progress	9,416,276	4,367,379	7,304,114	6,479,541
Net Book Value - 2023	$ 335,051,553	20,330,186	7,321,774	$348,059,965
Net Book Value - 2022	$ 331,941,625	8,820,568	5,710,639	$335,051,553

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

14. Tangible Capital Assets (Continued)

(a) Contributed or Donated Capital Assets

The Town received $2,299,366 (2022 - $1,629,821) in contributed capital assets.

Contributed Assets	2023	2022
Paved Roads & Sidewalks	$ 1,929,008	$ 1,148,881
Street Lighting	80,029	119,172
Urban Storm Sewers	290,329	361,768
	$ 2,299,366	$ 1,629,821

(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 (2022 - $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, 2023

15. Accumulated Surplus

	2023	2022
General surplus/deficit		
-General Surplus (Contract employee costs)	**$ 258,003**	$ 238,644
-General Surplus (Asset Disposal Proceeds)	**2,502,860**	647,799
-Unexpended capital financing	**20,825,812**	25,247,792
	23,586,675	26,134,235
Equity in tangible capital assets		
-Net tangible capital assets	**341,580,424**	325,635,277
-Construction in progress	**6,479,541**	9,416,276
-Debt issued (net of Region recoveries) (Note 12)	**(9,321,068)**	(12,139,751)
	338,738,897	322,911,802
Equity in HHCEC	**49,585,535**	49,821,986
Equity in HDASC	**(25,509)**	-
Unfunded employee benefits	**(3,486,136)**	(2,555,331)
Unfunded liability for contaminated sites	**(474,149)**	(458,558)
Unfunded liability for Asset Retirement Obligations (ARO)	**(740,771)**	(500,211)
Business Improvement Area	**152,165**	177,181
Recovery from Kiwanis user groups	**862,051**	649,145
Reserve funds set aside for specific purposes by Council		
- Operating	**13,144,182**	12,303,879
- Capital	**23,404,051**	26,081,337
Total Reserves	**36,548,233**	38,385,216
Reserve funds set aside for specific purposes related to discretionary funds		
- John Elliott Award	**10,315**	10,230
Total Discretionary Reserve Funds	**10,315**	10,230
	$ 444,757,306	$ 434,575,695

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

16. 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.

17. 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 2024 and also the 50 year lease of Heritage Acton for recreational programing purposes:

2024	$	238,462
2025		35,915
2026		14,193
2027		14,477
2028		14,767
Thereafter		909,774
	$	**1,227,588**

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

18. Government Transfers

Federal	2023	2022
Canada Community Building Fund (formerly Gas Tax)	**$ 5,645,042**	$ 2,138,161
Canada Community Revitalization Fund (CCRF)	**360,953**	314,502
Other grants	**228,540**	76,348
	$ 6,234,535	$ 2,529,011
Provincial		
Dedicated Gas Tax	**$ 564,325**	$ 572,249
Ministry of Health and Long Term Care	**241,788**	258,708
Ontario Community Infrastructure Fund	**3,399,612**	4,210,906
Safe-Restart Agreement Funding	**-**	466,337
Ontario Connecting Links	**830,552**	742,500
Municipal Modernization Program	**172,478**	219,867
Investing in Canada Infrastructure Program (ICIP)	**26,822**	241,396
Other grants	**229,038**	160,021
	$ 5,464,615	$ 6,871,984

19. 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, 2023

19. 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.

Recreation and cultural services – Recreation and Parks Department, Library

The Recreation and Parks 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, 2023

19. 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 2023 and 2022.

2023	General Government	Protection Services	Transportation Services	Environ-mental 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**

2022	General Government	Protection Services	Transportation Services	Environ-mental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total 2022
Revenue:									
Taxation for municipal purposes	$ 10,493,948	$ 10,647,029	$ 17,832,915	$ 2,028,273	$ 272,195	$ 645,934	$ 16,494,896	$ 3,131,558	$ 61,546,748
User fees and charges	626,544	1,680	459,540	-	387,433	37,630	4,089,622	764,252	6,366,701
Government of Canada grants	7,054	-	2,138,161	-	-	-	333,551	50,245	2,529,011
Province of Ontario grants	883,802	-	5,620,986	-	-	218,531	123,898	24,767	6,871,984
Other municipalities	86,990	34,214	848,379	-	-	-	22,092	-	991,675
Investment income	1,889,468	-	-	-	-	-	-	-	1,889,468
Development charges	536,969	99,032	2,788,979	-	-	-	1,323,343	-	4,748,323
Donations	-	-	1,268,054	361,767	-	-	64,855	-	1,694,676
Gain/(Loss) on disposal	34,570	-	(146,756)	-	-	-	(2,284)	-	(114,470)
Other	13,855,908	2,479,088	727,381	-	1,997	77,697	241,539	381,568	17,765,178
Total revenue	**28,415,253**	**13,261,043**	**31,537,639**	**2,390,040**	**661,625**	**979,792**	**22,691,512**	**4,352,390**	**104,289,294**
Expenses:									
Salaries, wages & employee benefits	10,469,524	12,252,725	9,756,099	-	134,560	447,672	13,644,947	2,569,026	49,274,553
Interest on long-term debt	344,814	-	-	-	-	-	-	-	344,814
Purchased goods	516,090	356,286	3,334,626	-	19,943	65,535	2,250,560	379,915	6,922,955
Purchased services	9,200,323	1,423,774	3,816,932	-	41,377	22,386	1,801,637	641,620	16,948,049
Financial expenses	712,464	3,091	-	-	-	254,047	56,905	3,772	1,030,279
Transfers to others	(863,260)	575,500	(484,960)	-	101,172	81,549	661,526	116,434	187,961
	20,379,955	**14,611,376**	**16,422,697**	**-**	**297,052**	**871,189**	**18,415,575**	**3,710,767**	**74,708,611**
Amortization	709,033	796,185	10,395,740	1,489,803	95,870	376	4,335,867	16,251	17,839,125
Total expenses	**21,088,988**	**15,407,561**	**26,818,437**	**1,489,803**	**392,922**	**871,565**	**22,751,442**	**3,727,018**	**92,547,736**
Annual surplus/(deficit)	**$ 7,326,265**	**$ (2,146,518)**	**$ 4,719,202**	**$ 900,237**	**$ 268,703**	**$ 108,227**	**$ (59,930)**	**$ 625,372**	**$ 11,741,558**

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

20. Trust Funds

Trust funds administered by the Town amounting to $3,483,963 (2022 - $3,292,657) are not included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

21. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, which as of December 31, 2023, was on behalf of 503 members of its staff (2022 – 421). 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 $66,600 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 $66,600 and at a rate of 15.8% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2023 was $3,600,169 (2022 - $3,409,527) 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 $4.2 billion as of December 31, 2023 (2022 – deficit of $6.7 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, 2023

22. Budget data

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budget approved by Council on February 13, 2023. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenue:	**Budget 2023**
Operating Budget	$ 88,115,012
Capital Budget	23,568,000
BIAs	442,131
Add:	
Donated Tangible Capital Assets	3,500,000
Equity Income on Investments	315,279
Less:	
Contribution from Reserves (Operating)	(1,545,000)
Contribution from Reserves (Capital)	(11,843,900)
Other transfers	(2,857,800)
Total Revenue	**99,693,722**
Expenses:	
Operating budget	88,115,012
Capital budget	23,568,000
BIAs	442,131
Add:	
Amortization	17,655,000
Less:	
Debt principal repayments	(2,818,700)
Acquisition of Tangible Capital Assets	(22,390,000)
Transfers to Reserves	(13,324,968)
Other transfers	(2,857,800)
Total Expenses	**88,388,675**
Annual Surplus	**$ 11,305,047**

THE CORPORATION OF THE TOWN OF HALTON HILLS
Notes to Consolidated Financial Statements
Year ended December 31, 2023

23. 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 2023 there were no material transactions between the Town and its key management personnel.

Transactions between the Town and HHCEC for fiscal year 2023 are itemized in Note 5 to the consolidated financial statements. Debt liabilities and promissory note receivable with HHCEC are also described in Note 5.

24. 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 $9M, and incoming rental agreement for Town-owned property of $23,400 per year.

This page is intentionally left blank.

2023 FINANCIAL STATEMENTS

TRUST FUNDS

CORPORATION OF THE TOWN OF HALTON HILLS

TOWN OF
HALTON HILLS

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

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, 2023
- the statement of operations for the year ended
- the statement of change 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, 2023, 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.

KPMG

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.

KPMG

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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

July 26, 2024

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Statement of Financial Position
As at December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash	**$ 1,075,654**	$ 979,191
Investments (Note 2)	**2,408,309**	2,313,466
Net financial assets, accumulated surplus	**$ 3,483,963**	$ 3,292,657

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, 2023, with comparative information for 2022

	2023	2022
Annual surplus	$ 191,306	$ 173,807
Net financial assets, beginning of year	3,292,657	3,118,850
Net financial assets, end of year	**$ 3,483,963**	$ 3,292,657

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, 2023, with comparative information for 2022

	2023	2022
Revenue		
Cemetery maintenance	$ 96,718	$ 123,260
Interest	125,676	72,701
	222,394	195,961
Expenses		
Transfer to Town of Halton Hills	29,847	21,030
Transfer to Georgetown Hospital	336	305
Limehouse Presbyterian Cemetery	905	819
	31,088	22,154
Annual surplus	191,306	173,807
Accumulated surplus, beginning of year	3,292,657	3,118,850
Accumulated surplus, end of year	$ 3,483,963	$3,292,657
Composition of Accumulated surplus		
Fairview Cemetery	$ 741,246	$ 699,089
Greenwood Cemetery	1,591,205	1,523,076
Hornby Presbyterian Cemetery	910	896
Limehouse Presbyterian Cemetery	45,952	40,484
Union Presbyterian Cemetery	6,483	6,288
Hillcrest Cemetery	1,083,017	1,007,798
Georgetown Hospital Foundation	15,150	15,026
Total trust funds	$ 3,483,963	$3,292,657

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, 2023, with comparative information for 2022

	2023	2022
Operating activities		
Annual surplus	$ 191,306	$ 173,807
Financing activities		
Acquisition of investments	(94,843)	(124,318)
Net change in cash	96,463	49,489
Cash, beginning of year	979,191	929,702
Cash, end of year	$ 1,075,654	$ 979,191

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, 2023

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) <u>Basis of Accounting</u>

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) <u>Investment income</u>

Investment income is reported as revenue in the period earned.

iii) <u>Investments</u>

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) <u>Financial Instruments</u>

Effective fiscal year beginning on January 1, 2023, a new accounting standard came in place related to Financial Instruments. The new requirements of PS 3450 are around financial instruments (such as investments or contracts with embedded derivatives) and the way these are recorded. 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, in accordance with the new standard. As a result, the new PS 3450 Financial Instruments standard does not result in any changes to accounting policies and procedures regarding the funds invested.

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Notes to Financial Statements
Year ended December 31, 2023

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 $2,408,309 (2022 - $2,313,466) invested in the fund as at December 31, 2023. The market value of the amount invested is $2,256,419 (2022 - $2,115,447) at December 31, 2023. During 2023, the invested funds earned a realized year-to-date rate of return, net of fees, of 2.74% (2022 – 2.24%).

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 2023, no cash transfer was received from investments made previously by the Hillcrest Cemetery board (2022 - $nil). No bequest estate distribution was received in 2023 (2022 - $26,405).

The following revenue and expenses have been recognized in 2022 and 2023 relating to the Cemetery:

	2023	2022
Revenue		
Cemetery maintenance	**$ 21,597**	$ 23,712
Acquisition of Hillcrest Cemetery	**-**	26,405
Interest	**53,621**	22,123
Total Revenue recognized	**75,218**	72,240
Expenses		
Transfer to Town of Halton Hills	**-**	-
Total Expenses recognized	**-**	-
	$ 75,218	$ 72,240

THE CORPORATION OF THE TOWN OF HALTON HILLS
Trust Funds
Notes to Financial Statements
Year ended December 31, 2023

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.

This page is intentionally left blank.

2023 FINANCIAL STATEMENTS

THE LIBRARY BOARD

CORPORATION OF THE TOWN OF HALTON HILLS

hhpl halton hills public library

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 815 8045
Fax 289 815 0641

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, 2023
- 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, 2023, 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

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.

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.

KPMG

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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada

July 26, 2024

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Statement of Financial Position
As at December 31, 2023, with comparative information for 2022

		2023		2022
Financial assets				
Due from the Town of Halton Hills (Note 8)	$	765,846	$	806,513
		765,846		806,513
Financial liabilities				
Accrued liabilities		-		559
Deferred revenue		16,076		13,500
Due to Town of Halton Hills - loan for unfunded DC (Note 8)		1,797,509		1,431,801
Long-term liabilities (Note 2)		3,616,414		3,989,683
		5,429,999		5,435,543
Net debt		(4,664,153)		(4,629,030)
Non-financial assets				
Tangible capital assets (Note 3)		11,636,719		12,074,286
Accumulated surplus (Note 5)	$	6,972,566	$	7,445,256

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, 2023, with comparative information for 2022

	Budget (Note 6)	2023	2022
Annual Surplus / (Deficit)	$ (160,000)	**$ (472,690)**	$ (160,502)
Acquisition of tangible capital assets	(567,000)	**(576,445)**	(632,521)
Amortization of tangible capital assets	980,000	**1,014,012**	894,470
Change in net debt	253,000	**(35,123)**	101,447
Net debt, beginning of year	(4,629,030)	**(4,629,030)**	(4,730,477)
Net debt, end of year	$ (4,376,030)	**$ (4,664,153)**	$ (4,629,030)

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, 2023, with comparative information for 2022

	Budget (Note 6)	**2023**	2022
Revenue			
Town of Halton Hills	$ 4,561,000	**$ 4,560,629**	$ 4,432,281
Government of Canada grants (Note 4)	-	**2,179**	19,049
Province of Ontario grants (Note 4)	61,300	**67,050**	74,088
Halton Hills contribution - Development charges	368,900	**40,900**	147,373
Fines, rentals and other	37,600	**46,560**	44,222
	5,028,800	**4,717,318**	4,717,013
Expenses			
Salaries, wages and benefits	3,926,550	**3,816,492**	3,562,206
Materials and supplies	23,400	**30,466**	52,050
Programming	16,800	**14,479**	15,070
Repairs and maintenance	10,900	**12,524**	14,623
Telephone	4,850	**6,403**	5,475
Advertising	3,700	**4,060**	4,370
Printing and photocopying	21,500	**18,700**	19,064
Audit	5,500	**5,953**	5,310
Contracted services	96,800	**130,062**	181,726
Equipment costs	2,500	**2,500**	2,500
General	96,300	**134,357**	120,651
Amortization	980,000	**1,014,012**	894,470
	5,188,800	**5,190,008**	4,877,515
Annual Surplus / (Deficit)	(160,000)	**(472,690)**	(160,502)
Accumulated surplus, beginning of year	7,445,256	**7,445,256**	7,605,758
Accumulated surplus, end of year	$ 7,285,256	**$ 6,972,566**	$ 7,445,256

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, 2023, with comparative information for 2022

	2023	2022
Operating activities		
Annual Surplus / (Deficit)	$ (472,690)	$ (160,502)
Item not affecting cash:		
Amortization of tangible capital assets	1,014,012	894,470
Changes in non-cash working capital:		
Accounts receivable	-	450
Due to/from Town of Halton Hills	40,667	(27,264)
Accrued liabilities	(559)	(7,704)
Deferred revenue	2,576	(13,254)
Due to Town of Halton Hills - unfunded DC	365,708	312,239
Net change in cash from operations	949,714	998,435
Capital activities		
Acquisition of tangible capital assets	(576,445)	(632,521)
Net change in cash from capital activities	(576,445)	(632,521)
Financing activities		
Long-term debt repaid	(373,269)	(365,914)
Net change in cash from financing activities	(373,269)	(365,914)
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, 2023

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, 2023

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.

2. Long-term Liabilities

(a)

	2023	2022
Total long-term liabilities incurred by the Library	**$3,616,414**	$ 3,989,683

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2023

2. Long-term Liabilities (cont'd)

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

2024	380,732
2025	388,454
2026	396,232
2027	404,196
2028	412,296
2029-2032	1,634,504
	$ 3,616,414

(c) Interest expense on net long-term liabilities amounted to $76,633 (2022 - $85,006). The long-term liabilities bear interest at 2.0%.

3. Tangible Capital Assets

Cost	**Balance December 31, 2022**	**Additions**	**Disposals**	**Balance December 31, 2023**
Land	458,655	-	-	458,655
Buildings	17,059,028	-	-	17,059,028
Equipment	3,712,856	576,445	(339,695)	3,949,606
Total Cost	21,230,539	576,445	(339,695)	21,467,289
Accumulated Amortization				
Buildings	7,311,618	524,827	-	7,836,445
Equipment	1,844,635	489,185	(339,695)	1,994,125
Accumulated Amortization	9,156,253	1,014,012	(339,695)	9,830,570
Net Book Value				
Land	458,655	-	-	458,655
Buildings	9,747,410	(524,827)	-	9,222,583
Equipment	1,868,221	87,260	-	1,955,481
Net Book Value - 2023	12,074,286	(437,567)	-	11,636,719
Net Book Value - 2022	12,336,235	228,806	(490,755)	12,074,286

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2023

3. Tangible Capital Assets (cont'd)

(i) Contributed Capital Assets

The Library received $nil (2022 - $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 2022.

4. Government Transfers

The government transfers reported in the Statement of Operations are:

	2023	2022
Federal		
Canada Summer Jobs grant	**$ -**	$ 2,295
New Horizons for Seniors grant	**2,179**	16,754
	$ 2,179	$ 19,049
Provincial		
Per Capita	**$ 67,050**	$ 67,050
Safe Restart Agreement Funding	**-**	7,038
	$ 67,050	$ 74,088

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2023

5. Accumulated Surplus

	2023	2022
General Operating Surplus	$ 99,051	$ 240,627
Unexpended Capital financing	107,834	130,252
	206,885	370,879
Equity in tangible capital assets		
Net tangible capital assets	11,636,719	12,074,286
Due to Town for unfunded DCs	(1,797,509)	(1,431,801)
Debt recoverable	(3,616,414)	(3,989,683)
	6,222,796	6,652,802
Library Capital Reserve	542,885	421,575
Total Reserves	542,885	421,575
	$ 6,972,566	$ 7,445,256

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2023

6. Budget

The budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by Council on January 30, 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 2023
Revenue:	
Operating Budget	$ 4,629,800
Capital Budget	567,000
Total Revenue	**5,196,800**
Expenses:	
Operating budget	4,629,800
Capital budget	567,000
Add:	
Amortization	980,000
Less:	
Acquisition of Tangible Capital Assets	(567,000)
Contribution from Reserves (Capital Budget)	168,000
Debt principal repayments	(373,300)
Interfund transfers	(47,700)
Total Expenses	**5,356,800**
Annual Deficit	**$ (160,000)**

THE CORPORATION OF THE TOWN OF HALTON HILLS
Halton Hills Library Board
Notes to Financial Statements
Year ended December 31, 2023

7. Development Charges

The Town of Halton Hills manages a development charge obligatory reserve fund for the Library. At the end of 2023 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 $765,846 by the Library from the Town of Halton Hills at December 31, 2023 (2022 - $806,513).

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, 2023 is $1,797,509 (2022 - $1,431,801), 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.

This page is intentionally left blank.

2023 FINANCIAL STATEMENTS

ACTON BUSINESS IMPROVEMENT AREA

Downtown ACTON

It's Worth the Drive!

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

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, 2023
- 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, 2023, 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.

KPMG

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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

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 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

August 2, 2024

ACTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
Financial Assets				
Cash	$	41,247	$	–
Accounts receivable (note 3)		24,152		80,827
		65,399		80,827
Financial Liabilities				
Cheques issued in excess of funds on deposit		–		14,519
Accounts payable and accrued liabilities (note 3)		6,954		520
Net Financial assets		58,445		65,788
Non–Financial Assets				
Tangible capital assets (note 2)		68,466		61,178
Accumulated surplus	$	126,911	$	126,966

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

On behalf of the Board:

____________________ Director

____________________ Director

ACTON BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022.

	2023 Budget (note 4)	2023 Actual	2022 Actual
Revenue:			
Town of Halton Hills (note 3)	$ 106,909	$ 106,910	$ 106,821
Leathertown Festival	16,000	13,460	16,795
Farmer’s Market	2,600	5,571	1,364
Façade Improvement Grant (note 3)	–	–	–
Summer Student Grant	8,000	9,455	7,787
Infrastructure Grant (note 3)	5,882	–	–
HHBTRF Grant	3,250	–	100,009
	142,641	135,396	232,776
Expenses:			
Salaries and wages	57,000	58,828	51,737
Advertising and promotion	9,950	5,574	4,855
Repairs and maintenance	34,556	32,612	20,152
Rent	8,500	8,446	8,628
General expenses	7,135	9,456	11,162
Event entertainment	12,000	4,792	5,450
Amortization	–	2,692	2,196
Insurance	1,200	1,791	1,000
Professional fees	6,000	4,569	7,063
Miscellaneous	6,300	6,258	4,924
HHBTRF grant expense	–	433	90,734
	142,641	135,451	207,901
Annual (deficit) surplus	–	(55)	24,875
Accumulated surplus, beginning of year	126,966	126,966	102,091
Accumulated surplus, end of year	$ 126,966	$ 126,911	$ 126,966

See accompanying notes to financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 4)	2023 Actual	2022 Actual
Annual (deficit) surplus	$ –	$ (55)	$ 24,875
Purchase of tangible capital assets	–	(9,980)	–
Amortization of tangible capital assets	–	2,692	2,196
Prepaid expenses	–	–	130
Change in net financial assets	–	(7,343)	27,201
Net financial assets, beginning of year	–	65,788	38,587
Net financial assets, end of year	$ –	$ 58,445	$ 65,788

See accompanying notes to financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (56)	$ 24,875
Item not involving cash:		
Amortization of capital assets	2,692	2,196
Change in non–cash operating working capital:		
Accounts receivable	56,675	(48,411)
Prepaid expenses	–	130
Accounts payable and accrued liabilities	6,434	79
Net change in cash from operating activities	65,745	(21,131)
Capital activities:		
Purchase of tangible capital assets	(9,980)	–
Net change in cash	55,765	(21,131)
Cash (cheques issued in excess of funds on deposit), beginning of year	(14,518)	6,612
Cash (cheques issued in excess of funds on deposit), end of year	$ 41,247	$ (14,519)

See accompanying notes to financial statements.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2023

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, 2023

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.

2. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
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
	$ 72,456	$ 9,980	$	$ 82,436

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2022	Amortization expense	Disposals	Balance at December 31, 2023
Land	$ –	$ –	$ –	$ –
Street signs	4,761	–	–	4,761
Trash receptacles	692	461	–	1,153
Computer equipment	3,027	118	–	3,145
Container	1,339	364	–	1,703
Benches	1,459	751	–	2,210
Snowflake Lights	–	998	–	998
	$ 11,278	$ 2,692	$ –	$ 13,970

	Net book value December 31, 2022	Net book value December 31, 2023
Land	$ 51,470	$ 51,470
Street signs	–	–
Trash receptacles	3,920	3,459
Computer equipment	214	96
Container	1,819	1,455
Benches	3,755	3,004
Snowflake Lights	–	8,982
	$ 61,178	$ 68,466

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil during the year ended December 31, 2023 (2022 - $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.

ACTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Related party transactions:

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

Revenue:

	2023	2022
Member levy collected on behalf of the Business Improvement Area	$ 106,910	$106,821

The Town of Halton Hills has also contributed $nil (2022 - $nil) from municipal assistance program and $nil (2022 - $nil) from façade improvement program.

At the end of the year, the Business Improvement Area had a payable of $nil (2022 - $ nil) to the Town of Halton Hills related to operating expenses outstanding as of December 31 and accounts receivable of $24,152 (2022 - $80,827).

4. Budget:

The budget data is based on the approved 2023 budget approved by the Board on October 18, 2022. 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.

2023 FINANCIAL STATEMENTS

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Downtown Georgetown
Your Treasure Awaits

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
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, 2023
- the statement of operations 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, 2023, 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.

KPMG

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.

KPMG

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 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada
August 30, 2024

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash	$ 109,402	$ 126,842
Accounts receivable	821	–
	110,223	126,842
Financial liabilities		
Accounts payable and accrued liabilities (note 3)	18,035	43,415
Net financial assets	92,188	83,427
Non-financial assets		
Tangible capital assets (note 2)	39,535	53,745
Prepaid expenses	1,533	1,466
	41,068	55,211
Lease commitments (note 5)		
Accumulated surplus	$ 133,256	$ 138,638

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 4)		
Revenue:			
Town of Halton Hills (note 3)	$ 216,990	$ 216,240	$ 212,000
Farmer's market	41,100	45,366	42,208
Sponsorship program	–	2,650	1,870
Other events	33,000	22,220	10,460
Student grant	8,400	8,680	8,400
	299,490	295,156	274,938
Expenses:			
Salaries and wages	144,715	128,428	134,511
Repairs and maintenance	56,340	57,500	64,897
Advertising and promotion	53,750	50,467	38,974
Office and general	11,600	18,971	20,370
Non- recoverable HST	–	–	33,612
Rent	19,195	16,898	17,427
Amortization of tangible capital assets	–	12,270	14,055
Insurance	1,000	1,240	1,000
Professional fees	9,140	9,926	9,616
Memberships	3,750	4,018	2,496
Loss on disposal of tangible capital asset	–	820	–
	299,490	300,538	336,958
Annual deficit	–	(5,382)	(62,020)
Accumulated surplus, beginning of year	138,638	138,638	200,658
Accumulated surplus, end of year	$ 138,638	$ 133,256	$ 138,638

See accompanying notes to financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 4)	2023 Actual	2022 Actual
Annual deficit	$ –	$ (5,382)	$ (62,020)
Amortization of tangible capital assets	–	12,270	14,055
Loss on disposal of tangible capital assets	–	820	–
Proceeds on disposal of tangible capital assets	–	1,120	–
Change in prepaid expenses	–	(67)	7
Change in net financial assets	–	8,761	(47,958)
Net financial assets, beginning of year	131,385	83,427	131,385
Net financial assets, end of year	$ 131,385	$ 92,188	$ 83,427

See accompanying notes to financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ (5,382)	$ (62,020)
Item not involving cash:		
Amortization of tangible capital assets	12,270	14,055
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	(67)	34,384
Prepaid expenses	(821)	919
Accounts payable and accrued liabilities	(25,380)	19,527
Net change in cash from operating activities	(17,440)	6,865
Capital activities:		
Purchase of tangible capital assets	–	(912)
Net change in cash	(17,440)	5,953
Cash, beginning of year	126,842	120,889
Cash, end of year	$ 109,402	$ 126,842

See accompanying notes to financial statements.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2023

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.

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

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, 2023

2. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Waste receptacles and benches	$ 18,143	$ –	$ –	$ 18,143
Leasehold improvements	13,023	–	–	13,023
Signage and sculpture	125,607	–	–	125,607
Office furniture	9,503	–	(5,186)	4,317
Computer equipment	3,889	–	(933)	2,956
	$ 170,165	$ –	$ (6,119)	$ 164,046

Accumulated amortization	Balance at December 31, 2022	Amortization expense	Disposals	Balance at December 31, 2023
Waste receptacles and benches	$ 11,973	$ 1,817	$ –	$ 13,790
Leasehold improvements	11,723	1,300	–	13,023
Signage and sculpture	83,699	8,416	–	92,115
Office furniture	5,892	340	(3,274)	2,958
Computer equipment	3,133	397	(905)	2,625
	$ 116,420	$ 12,270	$ (4,179)	$ 124,511

	Net book value December 31, 2022	Net book value December 31, 2023
Waste receptacles and benches	$ 6,170	$ 4,353
Leasehold improvements	1,300	–
Signage and art sculpture	41,908	33,492
Office furniture	3,611	1,359
Computer equipment	756	331
	$ 53,745	$ 39,535

GEORGETOWN CENTRAL BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Related party transactions:

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

Revenue:

	2023	2022
Member levy collected on behalf of the Business Improvement Area	$ 216,240	$212,000

At the end of the year, the Business Improvement Area had a payable of $5,873 (2022 - $31,500) to the Town of Halton Hills related to operating expenses.

4. Budget:

The budget data presented in these financial statements is based upon the 2023 budget approved by the Board on September 26, 2022.

5. Lease commitments:

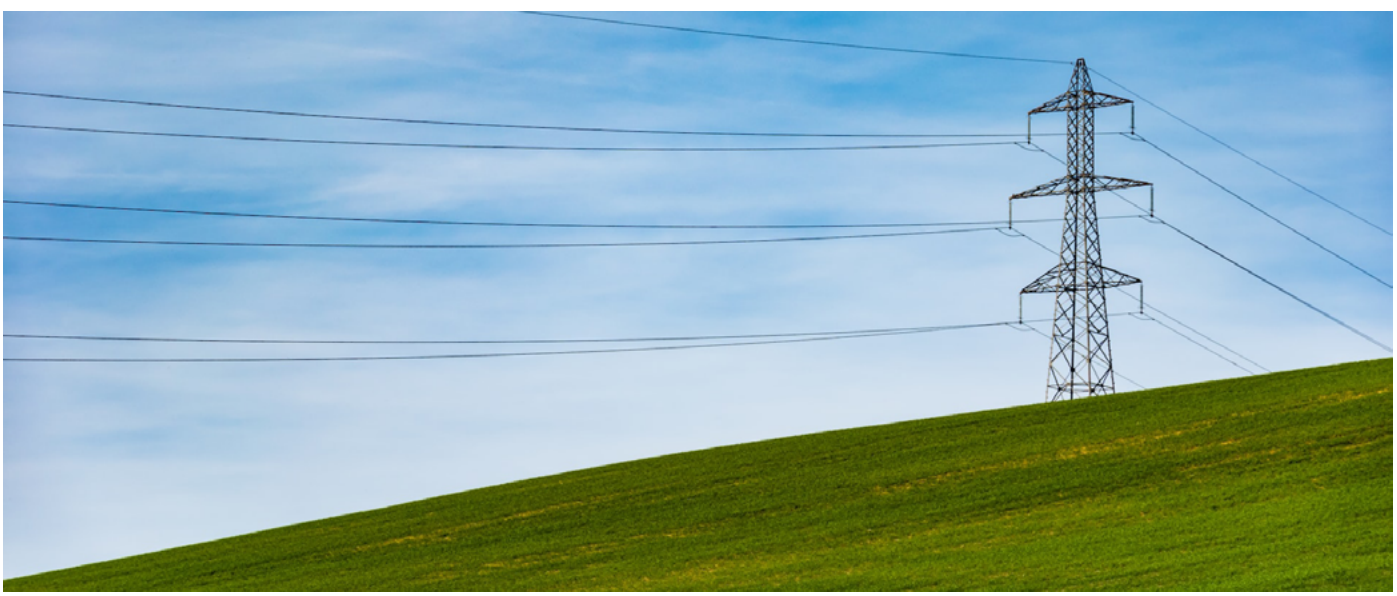
The Business Improvement Area is committed to minimum annual lease payments under an operating lease for its office space expiring in 2028 as follows:

2024	$	7,500
2025		7,500
2026		7,500
2027		7,500
2028		6,875

2023 FINANCIAL STATEMENTS

HALTON HILLS COMMUNITY ENERGY CORPORATION

Halton Hills Community Energy Corporation



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Halton Hills Community Energy Corporation:

Opinion

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

- the consolidated statement of financial position as at December 31, 2023
- 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 statement 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 "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Corporation 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

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 IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 Corporation's internal control.

KPMG

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 Corporation'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 Corporation 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
April 26, 2024

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Financial Position

Year ended December 31, 2023, with comparative information for 2022

	Note	2023	2022
Assets			
Current assets			
Accounts receivable	4	$ 7,822,649	$ 8,075,302
Unbilled revenue		6,183,117	6,298,447
Income tax receivable		539,041	127,056
Materials and supplies	5	1,554,738	1,965,358
Current portion of note receivable	8	28,956	163,134
Prepaid expenses		618,517	534,526
Total current assets		16,747,018	17,163,823
Non-current assets			
Property, plant and equipment	6	121,462,200	118,101,805
Note receivable	8	128,245	157,201
Deferred charges		223,781	223,781
Derivative asset	20	6,301,949	8,773,384
Deferred income taxes	9	7,233,364	6,502,596
Goodwill		295,604	295,604
Total non-current assets		135,645,143	134,054,371
Total assets		152,392,161	151,218,194
Regulatory balances	10	11,698,000	11,304,179
Total assets and regulatory balances		**$ 164,090,161**	**$ 162,522,373**

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Financial Position

Year ended December 31, 2023, with comparative information for 2022

	Note	2023	2022
Liabilities			
Current liabilities			
Bank indebtedness		$ 7,231,882	$ 9,135,055
Accounts payable and accrued liabilities	11	12,313,194	16,760,289
Current portion of bank term loans	12	1,966,528	3,345,739
Customer deposits		520,092	587,296
Current portion of lease liability	7	14,600	34,574
Income taxes payable			30,142
Total current liabilities		22,046,296	29,893,095
Non-current liabilities			
Bank term loans	12	61,760,066	57,215,899
Note payable	19	7,400,000	7,400,000
Employee future benefits	13	959,823	940,735
Lease liability	7	24,334	38,934
Deferred revenue		10,803,621	7,872,141
Deferred income taxes	9	16,653,220	15,616,681
Total non-current liabilities		97,601,064	89,084,390
Total liabilities		119,647,360	118,977,485
Equity			
Share capital	14	16,161,663	16,161,663
Retained earnings		26,161,772	26,398,223
Accumulated other comprehensive loss		(137,900)	(137,900)
Total equity		42,185,535	42,421,986
Total liabilities and equity		161,832,895	161,399,471
Regulatory balances	10	2,257,266	1,122,902
Contingencies	18		
Total liabilities, equity and regulatory balances		**$ 164,090,161**	**$ 162,522,373**

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Director

Director

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

	Note	2023	2022
Revenue			
Distribution revenue		$ 16,047,385	$ 15,105,469
Other income	16	4,931,121	4,821,588
		20,978,506	19,927,057
Sale of electricity		63,244,911	62,405,754
Total revenue	15	84,223,417	82,332,811
Operating expenses			
Employee salaries and benefits	17	6,223,257	5,803,875
Material costs		397,788	408,954
Contract services		1,507,124	1,082,657
Property costs		1,397,924	1,395,972
Other costs		623,836	608,385
Communication costs		483,270	517,402
Depreciation		4,382,269	4,035,727
Impairment loss on materials and supplies	5	102,707	–
Impairment loss on property, plant and equipment	6	234,103	–
		15,352,278	13,852,972
Cost of power purchased		61,213,066	64,053,820
Total expenses		76,565,344	77,906,792
Income from operating activities		7,658,073	4,426,019
Loss on disposal of property, plant and equipment		(2,319)	(1,744)
Finance income		199,702	93,154
Finance costs			
Interest		(3,158,384)	(2,646,661)
Fair value (loss) gain on derivative asset	20	(2,471,436)	10,241,315
Total finance (cost) income		(5,432,437)	7,686,064
Income before income taxes		2,225,636	12,112,083
Income tax expense	9	29,593	3,763,927
Net income		**2,196,043**	**8,348,156**
Net movement in regulatory balances, net of tax			
Net movement in regulatory balances	10	(1,837,312)	1,739,333
Income tax	10	1,096,769	1,073,836
		(740,543)	**2,813,169**
Net income and net movement in regulatory balances		**$ 1,455,500**	**$ 11,161,325**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of gain on post-employment benefits, net of tax	9	–	184,705
Other comprehensive income for the year		–	**(184,705)**
Total comprehensive income for the year		**$ 1,455,500**	**$ 11,346,030**

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Changes in Equity

Year ended December 31, 2023, with comparative information for 2022

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2022	$ 16,161,663	$ 16,928,848	$ (322,605)	$ 32,767,906
Net income and net movement in regulatory balances	–	11,161,325	184,705	11,346,030
Dividends	–	(1,691,950)	–	(1,691,950)
Balance at December 31, 2022	$ 16,161,663	$ 26,398,223	$ (137,900)	$ 42,421,986
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	–	(1,691,951)	–	(1,691,951)
Balance at December 31, 2023	$ 16,161,663	$ 26,161,772	$ (137,900)	$ 42,185,535

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operating activities		
Total Comprehensive Income for the year	$ 1,455,500	$ 11,346,030
Adjustments for:		
Depreciation	4,602,154	4,260,867
Loss on sale of property, plant and equipment	(2,319)	–
Amortization of deferred revenue	(496,524)	(422,375)
Impairment loss on material and supplies	102,707	–
Impairment loss on property, plant and equipment	234,103	–
Employee future benefits	19,088	(238,958)
Net finance costs	2,958,682	2,553,507
Income tax expense	29,593	3,763,927
Fair value adjustment on derivative liability	2,471,435	(10,241,314)
Change in non-cash operating working capital:		
Accounts receivable	252,653	(167,312)
Unbilled revenue	115,330	(230,064)
Materials and supplies	307,913	(1,237,165)
Prepaid expenses	(83,991)	(11,544)
Accounts payable and accrued liabilities	(4,447,095)	1,861,480
Customer deposits	(67,204)	(35,702)
Capital contributions	3,428,004	1,836,784
Regulatory balances	740,543	(2,813,169)
Income tax paid	(165,949)	(449,573)
Income tax received	–	39,498
Interest paid	(3,158,384)	(2,646,661)
Interest received	199,702	93,154
Net cash from operating activities	**8,495,941**	**7,261,410**
Investing activities		
Purchase of property, plant and equipment	(8,202,974)	(7,550,087)
Proceeds on disposal of property, plant and equipment	8,641	–
Proceeds from note receivable	163,134	375,280
Net cash used by investing activities	**(8,031,199)**	**(7,174,807)**
Financing activities		
Dividends paid	(1,691,951)	(2,114,939)
Issuance of bank term loans	5,000,000	2,800,000
Repayment of bank term loans	(1,835,044)	(1,642,238)
Principal repayments of lease liabilities	(34,574)	(37,823)
Repayment of note payable	–	(2,800,000)
Net cash from (used by) financing activities	**1,438,431**	**(3,795,000)**
Change in bank indebtedness	1,903,173	(3,708,397)
Bank indebtedness, beginning of year	(9,135,055)	(5,426,658)
Bank indebtedness, end of year	$ (7,231,882)	$ (9,135,055)

See accompanying notes to the consolidated financial statements.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

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, 2023.

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 financial statements were approved by the Board of Directors on April 25, 2024.

(b) Basis of measurement:

These financial statements have been prepared on 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, 2023

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 Inflator 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.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

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 an application with the Ontario Energy Board (OEB) on November 25, 2019 for rates pursuant to the OEB's Price Cap IR framework for electricity rates effective May 1, 2020. On April 16, 2020 the OEB issued its Decision and Order approving electricity distribution rates and other charges for effective May 1, 2020.

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.

The Corporation filed an application with the Ontario Energy Board (OEB) on October 29, 2021 for rates pursuant to the OEB's Price Cap IR framework for electricity rates effective May 1, 2022. On March 24, 2022 the OEB issued its Decision and Order approving electricity distribution rates and other charges for effective May 1, 2022.

The Corporation filed an application with the Ontario Energy Board (OEB) on November 11, 2022 for rates pursuant to the OEB's Price Cap IR framework for electricity rates effective May 1, 2023. On March 23, 2023 the OEB issued its Decision and Order approving electricity distribution rates and other charges for effective May 1, 2023.

The Corporation filed an application with the Ontario Energy Board (OEB) on November 13, 2023 for rates pursuant to the OEB's Price Cap IR framework for electricity rates effective May 1, 2024. On March 21, 2024 the OEB issued its Decision and Order approving electricity distribution rates and other charges effective May 1, 2024.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

---

2. Basis of presentation (continued):

(e) Rate regulation (continued):

(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.

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:

- Halton Hills Hydro Inc.
- Southwestern Energy Inc.
- 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, 2023

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, 2023

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 are measured at deemed cost established on the transition date 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, 2023

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
Distributions 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, 2023

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 respective 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.

(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.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. Material accounting policies (continued)

(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 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.

(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.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. Material accounting policies (continued):

(j) Employee future benefits (continued):

(i) Pension plan (continued):

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.

(ii) 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. Remeasurement 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.

(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.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. Material accounting policies (continued):

(l) Income taxes (continued):

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.

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.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. Material accounting policies (continued):

(n) Leased assets (continued):

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.

(p) Amendments to accounting standards effective in 2023:

The Corporation adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective January 1, 2023. These amendments require the disclosure of material rather than significant accounting policies. The amendments provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements. The amendments had no significant impact on the consolidated financial statements.

4. Accounts receivable:

	2023	2022
Service revenue	$ 3,963,319	$ 3,956,426
Recoverable work	3,560,845	3,711,309
Other	363,454	502,968
Town of Halton Hills	177,054	215,569
Less: allowance for expected credit losses	(242,023)	(310,970)
	$ 7,822,649	$ 8,075,302

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

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

5. 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 $1,163,548 (2022 - $987,192) to capital assets during the year.

The amount of inventory consumed by the Corporation and recognized as an expense during 2022 was $397,788 (2022 - $408,954). During 2023, the Corporation has recognized an impairment loss of $102,707 (2022 – $nil) 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.

The impairment loss has been recognized as a result of a detailed review and assessment of the inventory items that are expected to be used or sold in the future. The decision to discontinue certain operations was driven by strategic business considerations and changes in market conditions, which led to a reduction in the expected utility of certain inventory items. The impairment loss has been presented as a separate line item in the income statement and has been included in the calculation of comprehensive income for the year. The Corporation will continue to monitor the recoverability of its inventory and will recognize any further impairment losses or reversals as appropriate.

6. Property, plant and equipment:

	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
Store 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
Store equipment	4,732	–	–	–	4,732
Construction in process	–	–	–	–	–
Impairment loss on fixed assets	–	–	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

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

6. Property, plant and equipment (continued):

	January 1, 2022	Additions/ Depreciation	Disposals/ Retirements	Transfers	December 31, 2022
Cost					
Distributions system	$ 114,989,855	$ 4,549,965	$ –	$ –	$ 119,539,820
Plant	4,662,356	56,080	–	–	4,718,436
Fleet	3,846,921	93,946	(11,613)	–	3,929,254
Other equipment	6,055,332	675,417	–	–	6,730,749
Computer equipment and software	2,112,167	137,447	–	–	2,249,614
General office	355,643	5,914	–	–	361,557
Store equipment	4,732	–	–	–	4,732
Construction in process	6,420,335	2,089,718	–	–	8,510,053
	138,447,341	7,608,487	(11,613)	–	146,044,215
Accumulated Depreciation					
Distributions system	17,075,922	3,256,871	–	–	20,332,793
Plant	735,516	94,658	–	–	830,174
Fleet	2,011,522	367,289	(9,470)	–	2,369,341
Other equipment	2,056,528	348,109	–	–	2,404,637
Computer equipment and software	1,542,111	170,921	–	–	1,713,032
General office	266,826	20,875	–	–	287,701
Store equipment	4,732	–	–	–	4,732
Construction in process	–	–	–	–	–
	23,693,157	4,258,723	(9,470)	–	27,942,410
Carrying amount	$ 114,754,184	$ 3,349,764	$ (2,143)	$ –	$ 118,101,805

Interest capitalized in property, plant and equipment for 2023 was $nil (2022 - $nil).

Included in fleet are right-of-use assets of $126,269 (2022 - $180,732) as further described in note 7. During the year, the Corporation added $nil (2022 - $68,700) to rolling stock as further described in Note 7.

At December 31, 2023, property, plant and equipment with a carry value of $121,462,200 (2022 - $118,101,805) are subject to a general security agreement.

During 2023, the Corporation has recognized an impairment loss of $234,103 (2022 – $nil) on its property, plant and equipment due to the partial closure of the civil and electrical division in Southwestern Energy Inc. 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. The impairment loss has been recognized as a result of a detailed review and assessment of the property, plant and equipment that are expected to be used or sold in the future. The decision to discontinue certain operations was driven by strategic business considerations and changes in market conditions, which led to a reduction in the expected utility of certain fixed assets.

The impairment loss has been presented as a separate line item in the income statement and has been included in the calculation of operating profit. The Corporation will continue to monitor the recoverability of its fixed assets in Southwestern Energy Inc. and will recognize any further impairment losses or reversals as appropriate.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

7. Lease liabilities:

Right-of-use asset	2023	2022
Opening balance	$ 180,732	$ 169,729
Renewal/additions	–	68,700
Depreciation	(54,463)	(57,697)
	$ 126,269	$ 180,732

Lease liabilities	2023	2022
Opening balance	$ 73,508	$ 52,931
Renewal/Additions	–	58,400
Interest expense	204	878
Interest repayments	(204)	(878)
Repayments	(34,574)	(37,823)
	$ 38,934	$ 73,508

Lease liabilities	2023	2022
Current	$ 14,600	$ 34,574
Non-current	24,334	38,934
	$ 38,934	$ 73,508

Maturity analysis of undiscounted lease liabilities	2023	2022
Less than one year	$ –	$ 34,778
One to five years	38,934	53,524
Total undiscounted lease liabilities	$ 38,934	$ 88,302

8. Note receivable:

The note receivable from the Town of Halton Hills in the issued amount of $241,398 bears interest of 1.568% (2022 - 1.568%) per annum with quarterly interest and principal repayments up to August 30, 2029.

A second note receivable for the issued amount of $1,444,883 from the Town of Halton Hills was issued. It bears interest of 3.95% (2022 – 3.95%) and matured on May 1, 2023. The balance outstanding at December 31, 2023 is nil.

	2023	2022
Total note receivable	$ 157,201	$ 320,335
Less: current portion	28,956	163,134
	$ 128,245	$ 157,201

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

9. Income tax expense:

Current tax expense (recovery):

	2023	2022
Current year	$ (79,657)	$ 164,648
Adjustment for prior years	(4,521)	4,852
	$ (84,178)	$ 169,500

Deferred tax expense

	2023	2022
Origination and reversal of temporary differences	$ 113,771	$ 3,594,427
	$ 113,771	$ 3,594,427
Tax adjustment included in other comprehensive income	$ –	$ 66,594

Reconciliation of effective tax rate

	2023	2022
Income and net movement in regulatory before taxes	$ 388,324	$ 13,851,416
Canada and Ontario statutory income tax rates	26.50%	26.50%
Expected tax provision on income at statutory rates	102,906	3,670,625
Increase (decrease) in income taxes resulting from:		
Permanent differences	5,016	1,223
Adjustment for prior years	(4,015)	92,330
Other	(74,314)	(251)
Income tax expense	$ 29,593	$ 3,763,927

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

9. Income tax expense (continued):

Significant components of the Corporation's deferred tax balances:

	2023	2022
Deferred tax assets (liabilities):		
Property, plant and equipment	$ (14,983,204)	$ (13,291,734)
Post-employment benefits	254,354	249,295
Deferred revenue	2,862,960	2,086,355
Non-capital losses	3,232,400	3,314,242
Other	65,497	79,461
Corporate minimum tax	818,153	773,243
Fair value adjustment on derivative liability	(1,670,016)	(2,324,947)
	$ (9,419,856)	$ (9,114,085)

10. Regulatory balances:

Reconciliation of the carrying amount for each regulatory account:

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	3-5 yrs
RCVA retail services	–	–	–	–	1-3 yrs
RCVA service transaction request	–	–	–	–	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
Smart meter capital & recovery	–	–	–	–	1-3 yrs
RSVA power	–	(463,479)	786,165	322,686	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
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	

Regulatory deferral account debit balances	January 1, 2022	Additions/ Disposals	Recovery/ reversal	December 31, 2022	Remaining recovery/ reversal years
COVID recovery	$ –	$ 91,274	$ –	$ 91,274	1-3 yrs
RCVA retail services	–	–	–	–	1-3 yrs
RCVA service transaction request	–	–	–	–	1-3 yrs
Low voltage variance	1,083,771	(623,201)	–	460,570	1-3 yrs
LRAM variance account	158,352	2,599	–	160,951	3-5 yrs
Smart meter capital & recovery	–	–	–	–	1-3 yrs
RSVA wholesale market services	108,314	1,144,514	–	1,252,828	1-3 yrs
RSVA network services	727,246	479,913	–	1,207,159	1-3 yrs
RCVA connection services	148,383	34,217	–	182,600	1-3 yrs
Global adjustment	607,661	(572,042)	–	35,619	1-3 yrs
Deferred income taxes	6,839,342	1,073,836	–	7,913,178	*
	$ 9,673,069	$ 1,631,110	$ –	$ 11,304,179	

*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, 2023

10. Regulatory balances (continued):

Regulatory deferral account credit balances	January 1, 2023	Additions/ Disposals	Recovery/ reversal	December 31, 2023	Remaining recovery/ reversal years
Other Regulatory Assets	$ –	$ –	$ –	$ –	1-3 yrs
Low voltage variance	–	(878,327)	(657,651)	(1,535,978)	1-3 yrs
Smart metering entity charge	(80,575)	(48,384)	16,786	(112,173)	1-3 yrs
RSVA wholesale market services	–	–	–	–	1-3 yrs
RSVA power	(112,865)	–	112,865	–	1-3 yrs
Global adjustment	–	–	–	–	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)	

Regulatory deferral account credit balances	January 1, 2022	Additions/ Disposals	Recovery/ reversal	December 31, 2022	Remaining recovery/ reversal years
Other Regulatory Assets	$ –	$ –	$ –	$ –	3-5 yrs
Low voltage variance	–	–	–	–	1 -3 yrs
Smart metering entity charge	(16,267)	(64,308)	–	(80,575)	1 -3 yrs
RSVA wholesale market services	–	–	–	–	1 -3 yrs
RSVA power	(1,426,661)	1,313,796	–	(112,865)	1 -3 yrs
Global adjustment	–	–	–	–	1 -3 yrs
Disposition and refund regulatory balance	(862,033)	(67,429)	–	(929,462)	1 -3 yrs
	$(2,304,961)	$1,182,059	$–	$ (1,122,902)	

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy, weather and conservation. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the deferral accounts is done on an annual basis through application to the OEB. The Corporation did not ask for disposition of 2018 balances in the 2020 IRM application, however the Corporation requested and received authorization for final disposition on all 2017, 2018 and 2019 audited balances (both Group 1 and Group 2) with the 2021 Cost of Service application.

The OEB requires the Corporation to estimate its income taxes when it files a cost of service rate application to set its rates. As a result, the Corporation has recognized a regulatory debit account for the amount of deferred taxes that will ultimately be recovered from its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates. Costs in the other regulatory debit balances are related to increased OEB Assessment costs, increased pole attachment revenue, depreciation adjustment tracking and MTS incremental capital costs and recoveries, as per OEB direction.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. For the period January 1, 2023 to December 31, 2023, the rates were 4.73% from January 2023 to March 2023, 4.98% from April 2023 to June 2023, 4.98% from July 2023 to September 2023 and 5.49% from October 2023 to December 2023.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

11. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable – energy purchases	$ 4,735,237	$ 4,443,180
Accounts payable and accrued liabilities	4,796,858	9,606,589
Payroll payable	646,262	513,818
Dividends payable	422,988	422,988
Other	1,711,849	1,773,714
	$ 12,313,194	$ 16,760,289

12. Credit facilities:

(a) Credit limit:

The Corporation has an operating credit facility available from a financial institution in the amount of $10,150,000 (2022 - $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 $6,460,000 (2022 - $9,078,000) 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:

As of May 2002, in order for Halton Hills Hydro Inc. to obtain the electricity it requires to distribute to its customers, Halton Hills Hydro Inc. is required to provide security to the Independent Electricity System Operator based on its estimated usage. The security obtained was a letter of credit issued in the amount of $1,754,315 (2022 - $1,754,315) from a financial institution.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

12. Credit facilities (continued):

(c) Term loans:

		2023	2022
i.	Capital Transformer Station Swap #1: Fixed Term loan bearing interest at rate of 3.776% due Sept 1, 2049 repayable monthly in the amount of $107,000 principal and interest.	$ 21,123,926	$ 21,600,477
ii.	Capital Term Loan Swap #2: Fixed rate term loan bearing interest at 2.621% due May 25, 2051 repayable monthly in the amounts of $124,756 principal and interest.	29,254,765	29,974,802
iii.	Capital Term Loan Swap #3: Fixed rate term loan bearing interest at 5.10% due July 5, 2028, amortized over 20 years, repayable monthly in the amount of $33,275 principal and interest.	4,939,363	–
iv.	Capital Term Loan 13: Floating rate term loan bearing interest at prime rate due August 10, 2026 repayable monthly in the amount of $11,667 principal and interest.	2,473,334	2,609,508
v.	Capital Term Loan 14: Floating rate term loan bearing interest at prime rate due August 10, 2027 repayable monthly in the amount of $11,667 principal and interest.	2,613,334	2,753,334
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 plus interest.	865,510	934,752
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 plus interest.	708,280	758,275
viii.	Bank Term Loan: Reducing Term facility with a contractual term of 5 years to July 20, 2028 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.	1,748,082	1,930,490
		$ 63,726,594	$ 60,561,638

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.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

12. Credit facilities (continued):

(c) Term loans (continued):

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 05, 2023

Scheduled principal payments on the term loans are as follows:

2024	$ 1,966,528
2025	2,013,023
2026	2,061,182
2027	2,111,068
2028	2,162,743
2029 – 2052	53,412,050
	63,726,594
Less: current portion	1,966,528
Long-term portion of loans	$ 61,760,066

Under the provisions of the term loan agreements, the Corporation is required to comply with certain financial covenants. As at December 31, 2023, 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, 2023

13. 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 2022, the Corporation made employer contributions of $504,932 to OMERS (2022 - $528,402), of which $272,807 (2022 - $281,311) has been capitalized as part of PP&E and the remaining amount of $232,126 (2022 - $247,091) has been recognized in profit or loss. The Corporation estimates that a contribution of $637,979 to OMERS will be made during the next fiscal year.

As at December 31, 2023, OMERS had approximately 612,000 members, of whom 50 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2023, which reported that the plan was 97% (2022 - 95%) funded, with an unfunded liability of $4.2 billion (2022 - $6.7 billion). This unfunded liability is likely to result in 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, 2023 were based on results and assumptions determined by actuarial valuation as at December 31, 2022 with an extrapolation to 2023.

Reconciliation of the obligation	2023	2022
Defined benefit obligation, beginning of year	$ 940,735	$ 1,179,693
Included in profit or loss		
Current service cost	34,880	31,553
Interest cost	45,948	36,740
Actuarial gain	–	(251,298)
	1,021,563	996,688
Benefits paid	(61,740)	(55,953)
Defined benefit obligation, end of year	$ 959,823	$ 940,735

Actuarial assumptions	2023	2022
Discount (interest) rate	5.05%	5.05%
Salary levels	3.00%	3.00%
Medical costs	4.90%	4.90%
Dental costs	5.10%	5.10%

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

14. Share capital:

	2023	2022
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 $846 per share (2022 - $846), which amounted to total dividends declared in the year of $1,691,951 (2022 - $1,691,950).

15. 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.

	2023	2022
Revenue from contracts with customers	$ 79,292,296	$ 77,511,223
Other revenue:		
CDM programs	70,391	389,376
Other	4,860,730	4,432,212
	$ 84,223,417	$ 82,332,811

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

	2023	2022
Residential	$ 37,205,826	$ 37,567,237
Commercial	41,554,273	39,420,991
Other	532,197	522,995
	$ 79,292,296	$ 77,511,223

16. Other income:

	2023	2022
Rendering of services	$ 4,364,206	$ 4,009,837
Amortization of deferred revenue	496,524	422,375
Government grants under CDM programs	70,391	389,376
	$ 4,931,121	$ 4,821,588

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

17. Employee salaries and benefits:

	2023	2022
Salaries, wages and benefits	$ 5,764,965	$ 5,352,360
CPP and EI remittances	169,986	159,218
Contributions to OMERS	269,218	279,957
Post-employment benefit plans	19,088	12,340
	$ 6,223,257	$ 5,803,875

18. 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, 2023, no assessments have been made.

19. 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, 2023

19. Related party transactions (continued):

(b) Transactions with parent (the Town):

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

	2023	2022
Transactions:		
Revenue		
Street light maintenance & other	$ 899,068	$ 636,194
Distribution revenue	357,118	342,184
Sale of electricity	1,221,011	1,069,851
Finance income on the loans receivable	1,237	12,783
Expenses		
Property taxes	162,983	156,489
Interest	257,504	378,064
Dividends	1,691,951	2,114,939
Balances:		
Amounts due from:		
Accounts receivable	1,024,696	387,402
Loan receivable, bearing interest at 1.568% per Annum with quarterly interest and principal Repayments up to August 30, 2029	157,201	185,707
Loan receivable bearing interest at 3.95% per annum	–	134,627

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 2023, the prescribed rate was 4.12% from January to June and was 2.85% from July to December (2022 - 4.12%). 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 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 $257,504 (2022 - $378,064).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

19. 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:

	2023	2022
Salaries, directors fees, bonuses and short term benefits	$ 2,833,519	$ 2,765,347
Employee future benefits	10,091	6,667
	$ 2,843,610	$ 2,772,014

20. 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, 2023 is $7.3 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, 2023 was 7.2%. The fair value of the note receivable from the ultimate parent (Town) at December 31, 2023 approximates carrying value.

The fair value of the outstanding current and long-term bank term loans payable at December 31, 2023 is $39.2 million. The fair value is calculated based on the present value of future principal and interest cash flow to the maturity date, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2023 was 7.2%.

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, 2023

20. 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% (2022 - 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, 2023 is $242,023 (2021 - $310,970). An impairment loss of $70,000 (2022 - $70,000) 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, 2023, approximately $226,092 (2022 - $254,705) is considered 90 days past due. The Corporation has over 23,587 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, 2023 the Corporation holds security deposits in the amount of $520,092 (2022 - $587,296).

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

20. Financial instruments and risk management (continued):

Financial risks (continued):

(a) Credit risk (continued):

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 $11,093 (2022 - $3,212) was incurred on consumer deposits. Interest is paid on customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board.

(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, 2023, the interest rate swap is in a favourable position of $1,092,945 (2022 - favourable position of $2,012,597). Accordingly, the Corporation has recognized an unrealized fair value derivative loss of $919,652 during the year (2022 - gain of $4,688,460).

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, 2023, the interest rate swap is in a favourable position of $5,374,820 (2022 – favourable position of $6,760,786). Accordingly, the Corporation has recognized an unrealized fair value derivative loss of $1,385,966 during the year. (2022 - gain of $5,552,854) during the year.

HALTON HILLS COMMUNITY ENERGY CORPORATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

20. Financial instruments and risk management (continued):

Financial risks (continued):

(b) Market risk (continued):

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, 2023, the interest rate swap is in an unfavourable position of $165,817 (2022 - nil). Accordingly, the Corporation has recognized an unrealized fair value derivative loss of $165,817 (2022 - nil) 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 $6,301,949 (2022 – derivative asset of $8,773,383), 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.

(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 12(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, 2023, shareholder's equity amounts to $42,185,535 (2022 - $42,421,986), bank term loans amounts to $63,726,594 (2022 - $60,561,638) and note payable amounts to $7,400,000 (2022 - $7,400,000).

21. Comparative information:

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

2023 FINANCIAL STATEMENTS

HALTON DIGITAL ACCESS SERVICES CORPORATION

KPMG LLP
233 Speers Road, Suite 12
Oakville, ON L6K 0J5
Canada
Telephone 905 815 8045
Fax 289 815 0641

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, 2023
- the statement of comprehensive loss for the period ended December 31, 2023
- the statement of changes in shareholder's equity for the period ended December 31, 2023
- 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, 2023, and its financial performance and its cash flows for the period from incorporation on June 14, 2023 to December 31, 2023 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

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 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.

KPMG

Page 3

- 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

April 29, 2024

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Financial Position

December 31, 2023, since incorporation June 14, 2023

Assets

Current assets:	
Cash	$ 431,775
Accounts receivable	6,939
Total current assets	438,714
Non-curent assets:	
Capital assets (note 3)	2,653
Total assets	$ 441,367

Liabilities and Shareholder's Equity

Current liabilities:	
Accounts payable and accrued liabilities	$ 49,464
Due to shareholder (note 4)	18,949
Total current liabilities	68,413
Non-current liabilities:	
Shareholder loan (note 5)	324,215
Total liabilities	392,628
Shareholder's equity:	
Share capital (note 6)	500
Equity component of loan (note 5)	175,785
Deficit	(127,546)
	48,739
Total liabilities and shareholder's equity	$ 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

Period from incorporation on June 14, 2023 to December 31, 2023

Interest revenue	$	2,603
Expenses:		
Professional fees		67,255
Salaries and wages		48,077
Office		14,286
Amortization		531
		130,149
Net loss and comprehensive loss for the period	$	(127,546)

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

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Changes in Shareholders' Equity

Period from incorporation on June 14, 2023 to December 31, 2023

	Share capital (note 6)	Shareholder loan	Deficit	Total
Balance at June 14, 2023	$ –	$ –	$ –	$ –
Share issuance	500	–	–	500
Fair value adjustment on 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

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

HALTON DIGITAL ACCESS SERVICES CORPORATION

Statement of Cash Flows

Period from incorporation on June 14, 2023 to December 31, 2023

Operating activities:	
Net loss for the period	$ (127,546)
Items not involving cash:	
Amortization	531
Changes in operating assets and liabilities:	
Accounts receivable	(6,939)
Accounts payable	49,464
Due to shareholder	18,949
Net change in cash used in operating activities	(65,541)
Investing activities:	
Purchase of capital assets	(3,184)
Financing activities:	
Proceeds from shareholder loan	500,000
Proceeds from share issuance	500
Net cash from financing activities	500,500
Increase in cash	431,775
Cash, beginning of period	–
Cash, end of period	$ 431,775

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

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements

Period from incorporation on June 14, 2023 to December 31, 2023

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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). HDASC remains in the development stage and is dependent on the Town of Oakville for continued financial support as further described in notes 4 and 6.

(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)

Period from incorporation on June 14, 2023 to December 31, 2023

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.

(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.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (Continued)

Period from incorporation on June 14, 2023 to December 31, 2023

3. Capital assets:

Cost	Balance at June 14, 2023	Additions	Disposals	Balance at December 31, 2023
Office equipment	$ –	$ 3,184	$ –	$ 3,184
Total	$ –	$ 3,184	$ –	$ 3,184

Accumulated amortization	Balance at June 14, 2023	Disposals	Amortization expense	Balance at December 31, 2023
Office equipment	$ –	$ –	$ 531	$ 531
Total	$ –	$ –	$ 531	$ 531

	Net book value December 31, 2023
Office equipment	$ 2,653
Total	$ 2,653

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:

Due to Town of Oakville:	
Expenses not reimbursed as at December 31, 2023	$ 18,949
The above balance is made up of the following:	
Personnel expenses originally paid by the Town of Oakville	$ 13,109
Computer equipment originally purchased by the Town of Oakville	3,184
Staff support charges	2,656
Total	$ 18,949

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (Continued)

Period from incorporation on June 14, 2023 to December 31, 2023

5. Shareholder 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 of default, HDASC would be required to pay the Lender interest at 6% per annum upon the occurrence and during the continuation of an event of default, both before and after demand and until actual payment is made in full. Prior to the occurrence of an event of default, no interest shall accrue on the outstanding principal amount.

Opening balance	$	–
Amounts advanced during the period		500,000
Amount classified as equity		(185,228)
Accretion		9,443
Closing balance	$	324,215

The loan is repayable in annual instalments 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 on its maturity date of June 30, 2032.

Given that the loan is interest-free except for in the event of default it is 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, 2023 HDASC was in compliance with the terms of the Agreement.

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.

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.

HALTON DIGITAL ACCESS SERVICES CORPORATION

Notes to Financial Statements (Continued)

Period from incorporation on June 14, 2023 to December 31, 2023

8. Financial instruments:

Fair value

The carrying value of the entity's financial instruments as at December 31, 2023, other than shareholder loan, approximate fair value due to the short term nature of 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. Management believes that the exposure is minimal as all amount's receivable are from government sources.

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, 2023, the Entity's current liabilities consisted of accounts payable and accrued liabilities, amounts due to a related party, and a shareholder loan. The Entity's cash and cash equivalents together with projected cash flows over the next 12 months is sufficient to pay these current liabilities.

This page is intentionally left blank.

FIVE YEAR STATISTICS

2019 - 2023

5 Year Statistics	2023	2022	2021	2020	2019
Consolidated Statement of Financial Position					
Financial assets					
Cash	$ 11,869,118	$9,172,473	$13,323,118	$11,526,200	$4,457,168
Short term investments	97,745,283	103,895,693	101,670,670	87,474,125	87,825,659
Taxes receivable	8,353,280	5,517,550	5,132,506	6,903,045	5,282,666
Accounts receivable	3,357,395	2,695,967	2,977,327	3,019,315	2,562,137
Long-term receivables	1,357,056	1,368,811	1,374,228	1,412,304	1,437,926
Note Receivable from HHCEC	7,400,000	7,400,000	10,200,000	13,000,000	16,141,970
Investment in HHCEC	42,185,535	42,421,986	32,767,906	27,842,542	30,001,721
Investment in HDASC	(25,409)	-	-	-	-
Inventory for resale	14,671	13,928	12,959	10,994	15,782
Non-financial assets	350,777,600	336,390,775	333,199,784	329,406,620	326,146,060
Total Assets	$ 523,034,529	$ 508,877,183	$ 500,658,498	$ 480,595,145	$ 473,871,089
Financial liabilities					
Accounts payable and accrued liabilities	$ 28,883,781	$ 21,948,106	$ 19,489,045	$ 14,644,771	$ 15,084,790
Deferred revenue	33,814,214	35,343,728	37,393,315	31,081,443	31,633,419
Employee benefits obligation	5,022,008	3,886,051	3,799,065	3,591,306	3,441,497
Contaminated Sites	474,149	458,558	430,976	410,453	407,600
Asset Retirement Obligation	740,771	500,211	260,409	123,804	130,121
Long term liabilities	9,342,300	12,164,834	16,451,551	21,165,709	23,696,743
Total Liabilities	$ 78,277,223	$ 74,301,488	$ 77,824,361	$ 71,017,486	$ 74,394,170
Accumulated Surplus	**$ 444,757,306**	**$ 434,575,695**	**$ 422,834,137**	**$ 409,577,659**	**$ 399,476,919**
Consolidated Statement of Change in Net Financial Assets					
Annual surplus	$ 10,181,611	$ 11,741,558	$ 13,256,478	$ 10,100,740	$ 2,446,818
Acquisition of tangible capital assets	(30,848,520)	(21,131,364)	(21,384,259)	(21,220,398)	(16,223,879)
Asset Retirement Obligation	(436,580)	-	-	-	-
Amortization of tangible capital assets	18,259,028	17,839,125	17,651,298	17,612,409	17,497,188
(Gain)/Loss on disposal of tangible capital assets	(1,837,401)	114,470	(122,145)	(3,068,910)	349,527
Proceeds on sale of tangible capital assets	1,855,061	67,841	194,685	3,236,038	167,023
Change in inventory and prepaid expenses	(1,378,413)	(81,063)	(132,743)	180,301	(270,845)
Change in net financial assets	$ (4,205,214)	$ 8,550,567	$ 9,463,314	$ 6,840,180	$ 3,965,832
Net Financial Assets, Beginning of Year	$ 98,184,920	$ 89,634,353	$ 80,171,039	$ 73,330,859	$ 69,365,027
Net Financial Assets, End of Year	**$ 93,979,706**	**$ 98,184,920**	**$ 89,634,353**	**$ 80,171,039**	**$ 73,330,859**

5 Year Statistics	2023	2022	2021	2020	2019
Consolidated Statement of Operations					
Revenue					
Property taxes					
- General levy	$ 63,286,800	$ 58,914,300	$ 56,039,500	$ 53,557,300	$ 50,689,500
- PIL & Supplementary taxes	2,877,097	2,632,448	2,324,370	2,444,695	2,924,076
User fees and Charges	7,668,514	6,366,701	4,033,722	3,591,456	7,412,618
Government transfers - Federal	589,493	390,850	122,128	62,251	8,734
- Federal gas tax	5,645,042	2,138,161	1,939,407	1,729,345	473,313
- Provincial	4,900,290	6,299,735	4,535,062	4,501,501	1,950,197
- Provincial gas tax	564,325	572,249	571,275	577,421	566,422
- Other Municipalities	888,063	991,675	1,180,464	2,376,900	1,401,503
Investment income*	2,245,612	1,889,468	1,768,687	2,076,930	2,176,220
Development Charges	3,325,020	4,748,323	5,210,748	5,226,869	2,526,926
Assets assumed from developers	2,299,366	1,629,821	5,020,035	3,455,911	4,065,621
Interest from HHCEC	257,504	378,064	449,080	567,962	665,049
Equity income from HHCEC	1,455,500	11,346,030	6,617,313	(1,467,179)	(42,902)
Equity loss from HDASC	(25,509)	-	-	-	-
Other income	9,926,085	5,991,469	5,512,455	8,308,067	6,169,143
Total Revenue	$ 105,903,202	$ 104,289,294	$ 95,324,246	$ 87,009,429	$ 80,986,420
Expenses					
Salaries, wages and benefits	$ 54,100,545	$ 49,274,553	$ 46,249,847	$ 42,566,655	$ 42,383,370
Materials	6,677,800	6,922,955	5,330,610	5,303,603	6,465,418
Contracted services	14,516,781	16,948,049	11,179,745	9,734,901	10,183,018
Financial expenses	1,738,366	1,030,279	1,017,007	966,320	1,105,385
Government transfers	186,593	187,961	150,352	127,735	252,686
Interest on debentures	242,478	344,814	488,909	597,066	652,537
Amortization	18,259,028	17,839,125	17,651,298	17,612,409	17,497,188
Total Expenses	$ 95,721,591	$ 92,547,736	$ 82,067,768	$ 76,908,689	$ 78,539,602
Annual Surplus	$ 10,181,611	$ 11,741,558	$ 13,256,478	$ 10,100,740	$ 2,446,818
Accumulated Surplus, Beginning of Year	$ 434,575,695	$ 422,834,137	$ 409,577,659	$ 399,476,919	$ 397,030,101
Accumulated Surplus, End of Year	**$ 444,757,306**	**$ 434,575,695**	**$ 422,834,137**	**$ 409,577,659**	**$ 399,476,919**
***Return on Investment**	**3.08%**	**2.27%**	**2.02%**	**2.63%**	**2.85%**

5 Year Statistics	2023	2022	2021	2020	2019
Long Term Liabilities					
Debentures	$ 9,342,300	$ 12,164,834	$ 16,451,551	$ 21,165,709	$ 23,696,743
Total Long Term Liabilities	$ 9,342,300	$ 12,164,834	$ 16,451,551	$ 21,165,709	$ 23,696,743
Recoverable from ($)					
Tax levy/Reserves	$ 1,631,071	$ 2,269,695	$ 3,768,612	$ 5,676,787	$ 7,174,450
Development charges	7,689,996	9,870,056	12,654,066	15,456,317	16,486,014
Upper tier municipality	21,233	25,083	28,873	32,605	36,279
	$ 9,342,300	$ 12,164,834	$ 16,451,551	$ 21,165,709	$ 23,696,743
Recoverable from (%)					
Tax levy/Reserves	17.5%	18.7%	22.9%	26.8%	30.3%
Development charges	82.3%	81.1%	76.9%	73.0%	69.6%
Upper tier municipality	0.2%	0.2%	0.2%	0.2%	0.2%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Debenture Costs (Net debt)					
Principal	$ 2,818,684	$ 4,282,926	$ 4,710,426	$ 4,427,360	$ 3,924,068
Interest	242,478	344,814	488,909	597,066	652,537
	$ 3,061,162	$ 4,627,740	$ 5,199,335	$ 5,024,426	$ 4,576,605
Funded from ($)					
Tax levy/Reserves	$ 681,421	$ 1,576,264	$ 2,048,320	$ 2,044,000	$ 1,953,223
Development charges	2,379,741	3,051,476	3,151,015	2,980,426	2,623,382
	$ 3,061,162	$ 4,627,740	$ 5,199,335	$ 5,024,426	$ 4,576,605
Funded from (%)					
Tax levy/Reserves	22.3%	34.1%	39.4%	40.7%	42.7%
Development charges	77.7%	65.9%	60.6%	59.3%	57.3%
	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Repayment Limit*	$ 11,898,256	$ 11,242,300	$ 12,789,509	$ 11,534,735	$ 11,045,350
Council Debenture Cap**	$ 6,328,680	$ 5,891,430	$ 5,603,950	$ 5,355,730	$ 5,068,950

* Annual repayment limit is calculated at 25% of own source revenues, less current year net debt charges

**Council directed debt cap is calculated at 10% of tax levy

5 Year Statistics	2023	2022	2021	2020	2019
Reserves, Reserve Funds					
Reserves	$ 37,706,420	$ 39,340,733	$ 44,144,996	$ 43,044,910	$ 55,473,764
Discretionary reserve funds	10,315	10,230	10,230	10,618	10,335
Ending Reserve Balance	$ 37,716,735	$ 39,350,963	$ 44,155,226	$ 43,055,528	$ 55,484,099
Obligatory Reserve Funds and Deferred Revenue					
Development Charges	$ 2,080,350	$ 3,934,315	$ 5,784,579	$ 6,985,870	$ 8,289,194
Community Benefit Charges	$ 716,557	$ -	$ -	$ -	$ -
Parkland	13,117,927	9,532,653	8,780,797	6,576,062	5,940,227
Gas tax	3,008,688	6,402,890	6,438,399	4,473,714	4,219,585
Building permit	6,330,348	5,520,373	5,242,304	5,186,685	4,903,656
Deferred Federal Grants	92,671	106,123	559,676	908,659	345,392
Growth Stabilization	2,654,826	3,409,453	3,687,126	1,061,799	-
Transportation Maintenance	3,451,053	3,159,415	3,195,609	3,011,529	2,931,375
Gateway Feature	193,378	187,533	183,345	179,625	174,844
Private Traffic Signal Maintenance	273,335	266,835	261,597	256,288	249,467
Other deferred revenue	1,895,081	2,824,138	3,259,883	2,441,212	4,579,678
Ending Deferred Revenue Balance	$ 33,814,214	$ 35,343,728	$ 37,393,315	$ 31,081,443	$ 31,633,419
Interfund Loans					
Development charges	$ 26,517,570	$ 23,527,264	$ 21,577,353	$ 19,559,459	$ 19,169,607
Reserves	(27,228,612)	(24,142,332)	(22,071,800)	(20,059,906)	(19,682,054)
Operating fund	711,042	615,068	494,447	500,447	512,447
Net interfund Loans	$ -	$ -	$ -	$ -	$ -

5 Year Statistics	2023	2022	2021	2020	2019
Expenditure Analysis					
Total consolidated expenditures per capita	$1,521	$1,470	$1,304	$1,257	$1,284
Debt charge per capita	$49	$74	$83	$82	$75
Debt charge per household	$135	$206	$234	$227	$208
Interest on Debt charges as % of consolidated expenditures	0.3%	0.4%	0.6%	0.8%	0.8%
Revenue Analysis					
Property taxes and user fees as a % of consolidated revenue	69.7%	65.1%	65.5%	68.5%	75.4%
Total grants as a % of consolidated revenue	11.0%	9.0%	7.5%	7.9%	3.7%
Debt charges as a % of consolidated revenue	2.9%	4.4%	5.5%	5.8%	5.7%
Staffing Analysis (as at December 31) (Note 1)					
Full time positions	349	349	341	347	333
Part time positions	470	522	445	373	402
Seasonal employees	76	27	26	31	40
Tangible Capital Asset Cost					
Assets, beginning of year	$ 665,359,966	$ 646,741,840	$ 628,529,776	$ 609,856,805	$ 599,829,298
Additions	38,589,214	26,659,692	28,321,680	27,496,566	17,552,347
Disposals	(12,716,067)	(8,041,566)	(10,109,616)	(8,823,595)	(7,524,841)
Assets, end of year	$ 691,233,113	$ 665,359,966	$ 646,741,840	$ 628,529,776	$ 609,856,804
Tangible Capital Asset Amortization					
Accumulated amortization, beginning of year	$ 330,308,413	$ 314,800,215	$ 300,248,572	$ 285,016,462	$ 273,199,096
Annual amortization	18,259,028	17,839,125	17,651,298	17,612,409	17,497,188
Accumulated amortization on disposal	(5,394,293)	(2,330,927)	(3,099,655)	(2,380,299)	(5,679,823)
Accumulated Amortization, end of year	$ 343,173,148	$ 330,308,413	$ 314,800,215	$ 300,248,572	$ 285,016,461
Net Book Value of Tangible Capital Assets	$ 348,059,965	$ 335,051,553	$ 331,941,625	$ 328,281,204	$ 324,840,343
Investment in HHCEC					
Promissory note receivable	$ 7,400,000	$ 7,400,000	$ 10,200,000	$ 13,000,000	$ 16,141,970
Investment in shares of HHCEC	16,161,663	16,161,663	16,161,663	16,161,663	16,161,663
Retained earnings	26,023,872	26,260,323	16,606,243	11,680,879	13,840,058
Investment in HHCEC, end of year	$ 49,585,535	$ 49,821,986	$ 42,967,906	$ 40,842,542	$ 46,143,691

5 Year Statistics	2023	2022	2021	2020	2019
Statistics					
Population (Note 2)	62,951	62,951	62,951	61,161	61,161
Households (Note 3)	22,638	22,518	22,206	22,123	22,049
Residential permits issued	322	420	729	555	278
Non-residential permits issued	204	298	100	91	285
Total paved lane km	906	893	891	891	891
Total unpaved lane km	24	24	24	24	24
Trails total km	32	28	26	26	25
Indoor recreational facility space (m^2)	33,410	33,410	30,510	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	$ 12,208,184	$ 12,102,371	$ 12,018,419	$ 11,896,199	$ 11,128,884
Multi-Residential	114,647	111,505	112,017	114,443	112,332
Farm/Forests/Pipelines	437,867	444,411	451,018	453,931	432,936
Commercial & Industrial (C/I)	1,927,219	1,950,434	1,933,208	1,900,325	1,697,821
Total Taxable Assessment ($'000s)	$ 14,687,917	$ 14,608,721	$ 14,514,662	$ 14,364,898	$ 13,371,973
Annual assessment growth rate (Note 4)	0.7%	0.5%	0.7%	2.3%	2.8%
Ratio of C/I to Total Taxable Assessment	13.1%	13.4%	13.3%	13.2%	12.7%
Annual Taxes on weighted CVA of $100,000 (residential rate)					
Town portion	$406	$380	$364	$351	$359
Region portion	294	285	279	274	284
Education	153	153	153	153	161
Total Annual Taxes on weighted CVA	$853	$818	$796	$779	$804

Note 1 - Staffing reported based on MMAH requirements
Note 2 - Source: Stats Canada
Note 3 - Source: MPAC
Note 4 - Based on unweighted assessment value

TOWN OF HALTON HILLS

1 Halton Hills Drive, Halton Hills, Ontario
905-873-2600, 1-877-712-2205
haltonhills.ca