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Independent Auditor's Report

To the Members of
Council of the Regional Municipality of Peel

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Peel as at December 31, 2023, and the results of its operations, change 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2024

The Regional Municipality of Peel
Consolidated Statement of Financial Position

For the year ended December 31, 2023
(All dollars in $000)

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	**$ 282,463**	$ 228,540
Accounts receivable (Note 4)	**292,479**	210,567
Loans receivable (Note 5)	**27,780**	22,825
Portfolio investments (Note 3)	**2,924,664**	3,111,309
Recoverable gross long-term debt from area municipalities (Note 10)	**264,719**	307,943
	3,792,105	3,881,184
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	**879,270**	821,733
Deferred revenue (Note 7)	**179,986**	163,527
Employee future benefits and post-employment liabilities (Note 8)	**269,507**	215,922
Asset retirement obligations (Note 9)	**79,649**	-
Landfill closure and post-closure liability (Note 9)	**-**	68,045
Other liabilities	**4,358**	4,469
Long-term debt (Note 10)	**1,391,189**	1,500,458
Mortgages payable on income-producing properties (Note 10)	**59,715**	77,337
	2,863,674	2,851,491
NET FINANCIAL ASSETS	**928,431**	1,029,693
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	**13,115,050**	12,661,038
Prepaid expenses	**40,073**	28,586
Inventory	**9,955**	10,026
	$ 13,165,078	$ 12,699,650
Accumulated surplus comprised of		
Accumulated operating surplus	**14,076,769**	13,729,343
Accumulated remeasurement gain	**16,740**	-
ACCUMULATED SURPLUS (Note 12)	**$ 14,093,509**	$ 13,729,343

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

The Regional Municipality of Peel
Consolidated Statement of Operations

For the year ended December 31, 2023
(All dollars in $000)

	2023 Budget (Note 14)	**2023**	2022
REVENUES			
Levies on area municipalities	$ 1,322,207	**$ 1,324,458**	$ 1,224,654
Direct charges on ratepayers	532,706	**545,376**	512,185
Contributions – other governments	955,230	**1,014,356**	816,532
Contributions – developers	474,847	**178,986**	411,803
Contributed tangible capital assets	-	**57,261**	94,364
Investment income	78,349	**103,767**	79,086
Fees, service charges and other	165,568	**250,907**	208,034
Total revenues	3,528,907	**3,475,111**	3,346,658
EXPENSES (Note 15)			
General government	80,367	**97,000**	86,987
Protection to property and persons	622,846	**664,325**	610,470
Transportation services	154,947	**149,876**	131,797
GO Transit	6,012	**6,012**	4,628
Gas tax transferred to area municipalities	37,954	**37,954**	36,372
Environmental services	720,779	**749,087**	665,731
Health services	290,514	**270,490**	288,549
Social and family services	851,164	**854,715**	649,779
Social housing	382,169	**270,524**	261,073
Planning and development	9,417	**8,190**	8,004
Assessment/other	19,682	**19,512**	19,620
Total expenses	3,175,851	**3,127,685**	2,763,010
Annual surplus	353,056	**347,426**	583,648
Accumulated operating surplus, beginning of year	13,729,343	**13,729,343**	13,145,695
ACCUMULATED OPERATING SURPLUS, END OF YEAR (Note 12)	$ 14,082,399	**$ 14,076,769**	$ 13,729,343

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

The Regional Municipality of Peel
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2023
(All dollars in $000)

	2023 Budget (Note 14)	2023	2022
ANNUAL SURPLUS	$ 353,056	**$ 347,426**	$ 583,648
Acquisition of tangible capital assets	(723,390)	**(744,554)**	(584,627)
Writedown of tangible capital assets	-	**-**	(6,600)
Amortization of tangible capital assets	303,476	**321,871**	308,379
Contributed tangible capital assets	-	**(57,261)**	(94,364)
Loss (gain) on sale of tangible capital assets	-	**24,584**	(1,992)
Proceeds on sale of tangible capital assets	-	**1,348**	3,890
	(66,858)	**(106,586)**	208,334
Acquisition of inventory	-	**(12,619)**	(12,499)
Acquisition of prepaid expenses	-	**(15,062)**	(11,472)
Consumption of inventory	-	**12,690**	12,383
Use of prepaid expenses	-	**3,575**	4,164
Net remeasurement gain for the year	-	**16,740**	-
Change in net financial assets	$ (66,858)	**$ (101,262)**	$ 200,910
Net financial assets, beginning of year	1,029,693	**1,029,693**	828,783
NET FINANCIAL ASSETS, END OF YEAR	$ 962,835	**$ 928,431**	$ 1,029,693

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

The Regional Municipality of Peel
Consolidated Statement of Remeasurement Gains

For the year ended December 31, 2023
(All dollars in $000)

		2023		2022
ACCUMULATED REMEASUREMENT GAIN, BEGINNING OF YEAR	**$**	**6,572**	$	-
Unrealized gain attributable to:				
Portfolio investments		**10,168**		-
Remeasurement gain for the year		**10,168**		-
Realized gain recorded in consolidated statement of operations		**-**		-
ACCUMULATED REMEASUREMENT GAIN, END OF YEAR	**$**	**16,740**	$	-

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

The Regional Municipality of Peel
Consolidated Statement of Cash Flows

For the year ended December 31, 2023
(All dollars in $000)

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	$ 347,426	$ 583,648
Items not involving cash		
Amortization of tangible capital assets	321,871	308,379
Gain (loss) on sale of tangible capital assets	24,584	(1,992)
Contributed tangible capital assets	(57,261)	(94,364)
Change in non-cash assets and liabilities (Note 16)	88,970	137,305
Net change in cash and cash equivalents from operating activities	725,590	932,976
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	1,348	3,890
Cash used to acquire tangible capital assets	(744,554)	(591,227)
Net change in cash and cash equivalents from capital activities	(743,206)	(587,337)
INVESTING ACTIVITIES		
Proceeds from disposals and redemptions of investments	1,072,267	615,112
Acquisition of investments	(868,882)	(1,069,447)
(Increase) in loans receivable	(4,955)	(3,769)
Net change in cash and cash equivalents from investing activities	198,430	(458,104)
FINANCING ACTIVITIES		
Proceeds on debt issuance	-	22,840
Repayment of long-term debt	(47,551)	(13,162)
Accrual for interest payments	680	936
Contributions to sinking fund	(51,036)	(47,817)
Investment income earned on sinking fund	(11,362)	(3,845)
Repayment of mortgages payable	(17,622)	(18,388)
Net change in cash and cash equivalents from financing activities	(126,891)	(59,436)
Net change in cash and cash equivalents	53,923	(171,901)
Cash and cash equivalents, beginning of year	228,540	400,441
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 282,463	$ 228,540
Cash and cash equivalents are comprised of the following:		
Cash	$ 219,181	$ 228,540
Cash equivalents	63,282	-
	282,463	228,540
Cash paid for interest	79,461	112,366
Cash received from interest	75,882	70,857

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

For the year ended December 31, 2023
(All dollars in $000)

The Regional Municipality of Peel ("Region") is an upper-tier municipality in the Province of Ontario ("Province"), Canada. The provisions of provincial statutes such as the *Municipal Act, Municipal Affairs Act* and related legislation guide its operations.

1. Significant Accounting Policies

The consolidated financial statements ("financial statements") of the Region are the representation of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS"), as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

The focus of these financial statements is on the financial position of the Region and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Region as well as non-financial assets. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and are the difference between financial assets and liabilities. This provides information about the Region's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position, as they provide resources that the Region can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

Significant aspects of the accounting policies adopted by the Region are as follows:

a) Basis of Presentation

The financial statements reflect the financial activities of all entities that are accountable to and controlled by the Region, which include:

- Peel Police Services Board ("Peel Police")
- Peel Housing Corporation ("PHC")

All inter-departmental and inter-organizational transactions are eliminated on consolidation. Also included are the Regional contributions to the local conservation authorities, and the funding thereof. The Region is required, by legislation, to reimburse the Municipal Property Assessment Corporation for the cost of Assessment Services that are not administered or controlled by the Region.

Funds held in trust by the Region for residents of Peel Manor and Sheridan Villa Senior Citizens' Residences, the Tall Pines and Malton Village Long-Term Care Centres, and the Vera M. Davis Community Care Centre in the amount of $236 (2022 – $258), are not included in the financial statements. The financial activity and position of the trust funds are reported separately in the trust funds financial statements.

The Region maintains separate funds for the purpose of providing for periodic repayments on debt to be retired by means of sinking funds. The financial activity and position of this fund are disclosed separately in the debt retirement funds and the sinking funds financial statements.

b) Basis of Accounting

i) Accrual Method of Accounting

The Region follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii) Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less as at December 31.

iii) Loans Receivable

Loans receivable are initially valued at cost. Recoverability is reviewed annually and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

iv) Asset Retirement Obligations

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

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

In the past, the Region has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that results from the normal use of the asset when the asset is recorded. The liabilities are measured initially at management's best estimate of the undiscounted future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period.

The liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as an accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. Actual costs incurred are charged against the ARO to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any, are recognized in the Consolidated Statement of Operations when remediation is completed.

The costs to close an existing landfill site and to maintain closed landfill sites are based on the future estimated expenditures required over a twenty-five year period, discounted using the Region's long-term borrowing rate. These costs are reported as a liability on the consolidated statement of financial position. Landfill sites are amortized using the units of production method based upon capacity used during the year.

v) Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, mortgages payable and long term debt.

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

Instrument	**Method**
Cash and cash equivalents	Cost
Accounts receivables	Amortized cost
Portfolio investments	Amortized cost
Equity Investments	Fair value (2023)
Loans receivable	Amortized cost
Recoverable gross long-term debt from area municipalities	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Gross long-term liabilities	Amortized cost

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

Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date effective January 1, 2023. All other financial instruments are subsequently recorded at cost or amortized cost unless the Region elects to carry the financial instrument at fair value. The Region has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost.

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

For financial instruments in the fair value measurement category, financial instruments are classified as level 1, 2, or 3 for the purposes of describing the basis of the inputs used to measure the fair value of the financial instrument, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

vi) Investment Income

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income on unspent obligatory reserve funds is added to obligatory reserve fund balances.

vii) 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.

a. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Region does not have any tangible capital assets recognized at nominal value. The cost, less residual value, of tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful life – years
Land improvements	5 – 99
Buildings	20 – 100
Building improvements	8 – 100
Leasehold improvements	2 – 40
Equipment and furnishings	3 – 80
Linear	15 – 90
Linear improvements	50
Structures	20 – 60
Vehicles	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

b. Contributions of Tangible Capital Assets

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

c. **Interest Capitalization**
The Region capitalizes interest costs associated with the acquisition or construction of a tangible capital asset relating to certain projects.

d. **Natural Resources**
Natural resources that have not been purchased are not recognized as assets in the financial statements.

viii) Deferred Revenue – Development Charges

Development charges, collected under the authority of Sections 33 to 35 of the *Development Charges Act, 1997*, are reported as deferred revenue in the consolidated statement of financial position in accordance with PSAS. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

ix) Tax Revenue

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

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

x) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, and there are no stipulations that give rise to a liability.

xi) Employee Future Benefits and Post-Employment Liabilities

The Region accounts for its participation in the Ontario Municipal Employee Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method, pro-rated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are generally performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to the Region’s short and long-term rate of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workplace Safety and Insurance Board (“WSIB”), are recorded when determined.

Costs related to prior-period employee services arising out of plan amendments are recognized in the period in which the plan is amended.

Where applicable, the Region has set aside Reserves intended to fund these obligations, either in full or in part. These Reserves were created under municipal by-law and do not meet the definition of a plan asset under *PSAS* 3250 *Retirement Benefits.* Therefore, for the purposes of these financial statements, the plans are considered unfunded.

xii) Liability for Contaminated Sites

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when the following specified criteria are present:

- Contamination exceeding an environmental standard exists,
- The Region is either directly responsible or accepts responsibility,
- It is expected that the future economic benefit will be given up, and
- A reasonable estimate of the amount is determinable.

If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the Notes to the financial statements.

xiii) Use of Estimates

The preparation of these financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities, landfill closure and post-closure liability, liabilities for contaminated sites, employee future benefits and post-employment liabilities and expenses. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Adoption of New Accounting Standards

Effective January 1, 2023, the Region has adopted Canadian public sector accounting standards PS 3280 Asset Retirement Obligations, PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 1201 Financial Statement Presentation. The standards were adopted on a prospective basis at the date of adoption with no restatement of prior period comparative amounts.

a) PS 3280 Asset Retirement Obligations

The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. PS 3280 Asset Retirement Obligations (ARO) replaced PS 3270 Solid Waste Landfill Closure & Post Closure Liability. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, the existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 was withdrawn.

The details of the Asset Retirement Obligation accounting policies adopted by the Region can be found in Note 1 iv. In accordance with the provisions of PS 3280 Asset Retirement

Obligations, the adoption of this standard has impacted the Region's financial statements as of January 1, 2023, by the following amounts:

- An increase of $14,676, to buildings and leasehold improvements capital asset accounts with additions of $481 and a corresponding adjustment to Asset Retirement Obligation liability of $14,676.
- During the year, the building and leasehold improvement assets were amortized over the remaining useful lives of the assets resulting in 2023 amortization expense of $2,421.
- Landfill closure and post-closure liability of $68,045 was reclassified as an Asset Retirement Liability.
- Accretion expense of $662 and an adjustment due to a change in discount rate of ($4,215) in 2023 was recognized representing the change in the present value of the liability in 2023.

More information regarding the Asset Retirement Obligations of the Region can be found in Note 9.

b) PS 3450 Financial Instruments

Under PS 3450 Financial Instruments, all financial instruments are included on the Statement of Financial Position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Region's accounting policy choices (see Note 1 v).

In accordance with the provisions of PS 3450 Financial Instruments, the adoption of this standard has impacted the Region's financial statements as of January 1, 2023, by the following amounts:

- Portfolio investments include Equity investments carried at fair value in 2023 reflecting an increase in fair value of $6,572 as at January 1, 2023 with an unrealized gain during 2023 of $10,168 with a cumulative increase in fair value of $16,740 for the year ended December 31, 2023 as presented on the Statement of Remeasurement Gains.

c) PS 1201 Financial Statement Presentation

Financial Statement Presentation PS 1201 requires a new Statement of Remeasurement of Gains and Losses separate from the Consolidated Statement of Operations. Included in this new statement are the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies.

d) PS 2601 Foreign Currency Translation

Foreign Currency Translation PS 2601 requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be recognized in the new Statement of Remeasurement Gains and Losses. In the period of settlement, foreign exchange gains and losses are to be reclassified to the Consolidated Statement of Operations and the cumulative remeasurement gains and losses are reversed in the Statement of Remeasurement of Gains and Losses.
The adoption of these standards did not impact the amounts presented in these financial statements.

e) PS 3041 Portfolio Investments

Portfolio Investments PS 3041 removed the distinction between temporary and portfolio investments. This section was amended to conform to PS3450 and now includes pooled investments in its scope.

3. Cash and Cash Equivalents and Portfolio Investments

Cash and cash equivalents and portfolio investments reported on the consolidated statement of financial position have carrying value and market values as follows:

2023

	Carrying Value	Market Value
Cash	$ 219,181	$ 219,181
Cash equivalents	63,282	63,113
Cash and cash equivalents	**$ 282,463**	**$ 282,294**
Portfolio investments	**$ 2,924,664**	**$ 2,789,809**

2022

	Carrying Value	Market Value
Cash	$ 228,540	$ 228,540
Cash equivalents	-	-
Cash and cash equivalents	**$ 228,540**	**$ 228,540**
Portfolio investments	**$ 3,111,309**	**$ 2,849,563**

Included in the Region's investment portfolio is a Region of Peel debenture at a coupon rate of 2.15 per cent (2022 – 2.15 per cent) with a carrying value $2,953 (2022 – $2,850).

All equity investments are held at fair value which reflects an overall increase of $16,740 in 2023 as presented on the Statement of Remeasurement Gains.

4. Accounts Receivable

The balance for accounts receivable is comprised of the following:

	2023	2022
Federal and provincial governments	$ 88,066	$ 40,398
Other municipalities	18,840	25,806
Wastewater and water billings	98,854	89,302
Accrued interest	24,364	17,920
Sundry	62,355	37,141
Total	**$ 292,479**	**$ 210,567**

5. Loans Receivable

The balance for loans receivable includes the following:

a) A 30-year memorandum of understanding at 5.196 per cent with Credit Valley Conservation (“CVC”) to be used to finance the renovation of their head office facility.

b) A 20-year loan agreement at 5.12 per cent with Abbeyfield Houses of Caledon to be used to finance the construction of affordable housing for senior citizens.

c) A loan to Shalimar International Housing Corporation; interest to be charged based on the prevailing capital market rate beginning September 1st, 2031; all principal and interest owing to be repaid by September 2nd, 2046.

d) A loan to Ahneen Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning February 1st, 2027; all principal and interest owing to be repaid by February 2nd, 2042.

e) A loan to Forum Italia Non-Profit Housing Corporation; interest to be charged based on the prevailing capital market rate beginning July 2nd, 2025; all principal and interest owing to be repaid by July 2nd, 2040.

f) A loan to Grace Retirement and Community Enterprises Inc.; interest to be charged based on the prevailing capital market rate beginning August 2nd, 2018; all principal and interest owing to be repaid by August 2nd, 2033.

g) A loan to Chegoggin Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning December 2nd, 2027; all principal and interest owing to be repaid by December 2nd, 2042.

h) A loan to Indo-Canadian Non-Profit Housing; interest to be charged based on the prevailing capital market rate beginning September 2nd, 2026; all principal and interest owing to be repaid by September 2nd, 2041.

i) An interest-free subsidy agreement with Erin Court Co-operative Homes; repayable through future operational surpluses.

j) A loan to Las Americas Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning July 2nd, 2028; all principal and interest owing to be repaid by July 2nd, 2043.

k) A loan to Bristol Road Labourers’ Local 183 Non-Profit Homes; interest to be charged based on the prevailing capital market rate beginning July 1st, 2028; all principal and interest owing to be repaid by July 2nd, 2043.

l) A loan to Wawel Villa; interest to be charged based on the prevailing capital market rate beginning April 1st, 2031; all principal and interest owing to be repaid by April 2nd, 2046.

m) A loan to Yarl Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning April 1st, 2030; all principal and interest owing to be repaid by April 2nd, 2045.

	2023	2022
CVC – memorandum of understanding	$ 5,082	$ 5,270
Abbeyfield Houses of Caledon – loan agreement	-	163
Shalimar International Housing – loan agreement	767	767
Ahneen Co-operative Homes – loan agreement	778	789
Forum Italia Non-Profit Housing – loan agreement	1,517	1,517
Grace Retirement and Community Enterprises Inc. – loan agreement	1,867	2,026
Chegoggin Co-operative Homes – loan agreement	1,653	1,653
Indo-Canadian Non-Profit Housing – loan agreement	1,585	1,585
Erin Court Co-operative Homes – subsidy agreement	437	437
Las Americas Co-operative Homes – loan agreement	3,774	3,853
Bristol Rd Labourer's Local 183 Non-Profit Homes – loan agreement	4,834	1,038
Wawel Villa Inc – loan agreement	1,936	1,479
Yarl Co-operative Homes – loan agreement	3,550	2,248
Total	**$ 27,780**	**$ 22,825**

n) Future Repayments
Estimated future receipts of loans receivable are as follows:

	Total
2024	174
2025	183
2026	193
2027	203
2028	215
Subsequent to 2028	26,812
Total	**$ 27,780**

6. Accounts Payable and Accrued Liabilities

The balance for accounts payable and accrued liabilities is comprised of the following:

	2023	2022
Trade accounts payable	$ 590,340	$ 527,864
Provincial government	266,901	271,223
Other municipalities	22,029	22,646
Total	**$ 879,270**	**$ 821,733**

7. Deferred Revenue

Deferred revenues set aside for specific purposes by legislation, regulation or agreement as at December 31, are composed of the following:

	Balance at December 31, 2022	Inflows	Revenue Earned	Remittances	Balance at December 31, 2023
Development Charges	$ -	$ 234,947	$ 178,986	$ 55,961	$ -
Canada Community-Building Fund	48,870	70,454	43,803	-	75,521
Provincial Gas Tax	91	298	295	-	94
General – Region	109,560	181,761	192,198	-	99,123
General – PHC	5,006	242	-	-	5,248
Total	**$ 163,527**	**$ 487,702**	**$ 471,243**	**$ 55,961**	**$ 179,986**

8. Employee Future Benefits and Post-Employment Liabilities

Employee future benefits and post-employment liabilities reported on the consolidated statement of financial position consist of the following:

	2023	2022
Retirement benefits:		
- Peel Police	$ 100,749	$ 97,317
- Peel Police (LTD recipients)	9,836	7,403
- Peel Region	13,532	12,548
- Peel Region (LTD recipients)	6,903	4,845
	131,020	122,113
Workplace Safety and Insurance Board	138,486	93,809
Total	**$ 269,507**	**$ 215,922**

a) Retirement Benefits

The liability for retirement benefits is for the Region's and the Peel Police's share of costs associated with extending the coverage for health, dental, and life insurance benefits to qualifying employees. Benefit coverage, except for life insurance coverage, and health care spending account for Peel Police, ceases at the age of 65. The valuation treats enrolled members in receipt of long-term disability for two years or less, or WSIB benefits, as continuing to receive active service benefits.

The Peel Region liability is based on the actuarial valuations as at December 31 2023, with estimates to December 31, 2025.

The Peel Police liability is based on the actuarial valuations as at December 31, 2022, with estimates to December 31, 2025.

The following significant actuarial assumptions adopted in the valuations were based on management's best estimates.

- Future discount rates:
  - Peel Police — 5.05 per cent per year for Retiree Benefit; 4.40 per cent per year for LTD
  - Peel Region — 4.50 per cent per year for Retiree Benefit; 4.50 per cent per year for LTD
- Future inflation rate — 2.00 per cent per year
- Future salaries — Escalate at 2.75 per cent per year
- Future dental premium rates:
  - Peel Police — Initial rate of 4.50 per cent, grading up over 2 years and then down over 17 years to an ultimate rate of 4.05 per cent
  - Peel Region — 7.00 per cent in 2023 reducing to 4.50 per cent in 2043
- Future health care premium rates:
  - Peel Police — Blended initial rate of 4.05 per cent, grading up over 6 years and then down over 12 years to an ultimate blended rate of 4.05 per cent
  - Peel Region — Drugs - 8.00 per cent in 2023 reducing to 4.5 per cent in 2043; Vision - 2.00 per cent in 2023 reducing to 0.0 per cent in 2033

The following are the actuarial results for the accrued benefit liability reported on the consolidated statement of financial position:

Retirement Benefits Liability

	2023	**2022**
Accrued benefit obligation at January 1	$ 142,057	$ 135,644
Add: benefit service cost	8,996	8,016
Add: interest accrued	5,894	4,390
Deduct: benefit payments	(7,267)	(5,993)
Add: Plan amendment cost	982	-
Accrued benefit obligation at December 31	150,662	142,057
Deduct: unamortized actuarial loss	(19,642)	(19,944)
Liability at December 31	**$ 131,020**	**$ 122,113**

Retirement Benefits Expense

	2023	2022
Current period benefit cost	$ 8,996	$ 8,016
Interest on accrued benefit obligation	5,894	4,390
Amortization of actuarial losses	225	1,784
Total	**$ 15,115**	**$ 14,190**

The actuarial loss is the result of assumptions used in the above noted valuations that varied from assumptions used in prior valuations. These assumptions pertained to the distribution of covered employees, discount rate, escalation of health care rates, projected mortality rates, and benefit coverage. The actuarial loss will be amortized over the expected average remaining service life of employees.

b) Workplace Safety and Insurance Board

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act*, and, therefore, self-insures the entire risk of their own WSIB claims and is responsible for reimbursing the WSIB for all costs relating to its workers' claims.

The liability reported in the consolidated statement of financial position is based on the actuarial valuation as at December 31, 2023, that estimated potential liabilities of the Region under the provisions of the *Workplace Safety and Insurance Act.*

The result of the actuarial valuation is as follows:

WSIB Liability

	2023	2022
Accrued benefit obligation at January 1	$ 137,167	$ 124,234
Add: estimated cost of claims (service cost)	70,806	23,856
Add: interest accrued	6,208	4,077
Deduct: expected benefits paid	(22,684)	(15,000)
Accrued benefit obligation at December 31	191,497	137,167
Deduct: unamortized actuarial loss	(53,011)	(43,358)
Liability at December 31	$ 138,486	**$ 93,809**

WSIB Benefits Expense

	2023	2022
Current period benefit cost	$ 88,251	$ 23,856
Interest on accrued benefit obligation	6,208	4,077
Amortization of actuarial losses	9,775	6,088
Total	**$ 104,234**	**$ 34,021**

9. Asset Retirement Obligations

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

a) Landfill obligations

The Environmental Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

Landfill closure and post-closure care are activities for landfill sites that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of groundwater and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The Region has twenty landfill sites, nineteen of which are closed. The Caledon site has capacity but is not currently accepting waste. To fill the remaining unused 5 per cent capacity would result in an estimated remaining life of one year. For the Caledon site and the closed sites, the estimated liability for these expenditures is calculated for a twenty-five year period.

The estimated liability of $63,830 (2022 – $68,045) included in the financial statements and shown below represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Region's long-term borrowing rate of 4.5 per cent (2022 – 3.20 per cent).

As at December 31, the Region maintained a reserve of $13,390 (2022 – $13,669), which will be used to fund expected future costs.

b) Asbestos and lease obligations

The Region owns and operates several buildings that are known to have asbestos. Once disturbed, the Region has a legal obligation to properly remove and dispose of asbestos. Following the adoption of PS 3280, the Region has recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings, along with an obligation to restore leasehold improvements when required by lease agreements.

The liability for asset retirement obligations has been estimated using a net present value technique with a discount rate of 4.5 per cent.

A reconciliation of the beginning and ending balance of the liability is as follows:

	Landfill closure and post-closure	**Asbestos**	**2023**
Beginning of year	$ -	$ -	$ -
Adoption of PS 3280	68,045	14,676	82,721
Additions	-	481	481
Accretion expense	-	662	662
Change in discount rate	(4,215)	-	(4,215)
ARO, end of year	**$ 63,830**	**$ 15,819**	**$ 79,649**

10. Long-Term Debt

Under the terms of the *Municipal Act, 2001*, Regional Council has approved the issuing of debentures to finance its own capital expenses and tangible capital assets, and those of the area municipalities within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs. Debentures issued for such purposes are direct, joint and several obligations of the Region and local municipalities.

a) Net Long-Term Debt

The total for long-term liabilities reported in the consolidated statement of financial position consists of the following:

	2023	2022
Total long-term liabilities incurred by the Region including amounts incurred on behalf of area municipalities	$1,866,125	$1,912,994
Less: Total value of Region's sinking fund deposits	(473,371)	(411,099)
Add: Value of Town of Caledon sinking fund assumed by the Region	(1,565)	(1,437)
Total long-term liabilities	**1,391,189**	**1,500,458**
Mortgages payable by Peel Housing Corporation	59,715	77,337
Total mortgages payable on income-producing properties	**59,715**	**77,337**
Recoverable from lower-tiers		
City of Mississauga	208,040	249,095
City of Brampton	43,000	43,000
Town of Caledon	18,626	20,796
Less: Town of Caledon debt assumed by Region	(4,947)	(4,948)
Total recoverable gross long-term debt from area municipalities	**264,719**	**307,943**
Net Long-Term Debt at December 31	**$1,186,185**	**$1,269,852**

Serial debt and sinking fund debentures issued by the Region mature between November 2026 and June 2053 and have interest rates ranging between 2.3 per cent and 5.1 per cent.

Mortgages of $59,715 (2022 – $77,337) on PHC properties are secured by a first charge on specific assets of PHC with amortization periods ranging from five to fifty years and interest rates ranging from 0.45 per cent to 7.25 per cent.

Sinking funds were established to provide for the orderly retirement of sinking fund debentures issued by the Region totaling Nil in 2023 (2022 – $1,563,000). These debentures mature between November 2026 and June 2053.

PHC as Borrower, the Region as Guarantor, and Canada Mortgage Housing Association (CMHC) as Lender entered into a credit agreement dated as of December 8, 2020 (the "Credit Agreement"). PHC has access to a non-revolving fixed rate loan facility in the amount of $186,895 and a forgivable, non revolving loan facility in the amount of $89,474 with CMHC with $22,195 of this loan facility drawn upon as of Dec 31, 2023 (2022 - $22,818). This Credit Agreement is for the purposes of building affordable housing units and will be utilized as sites are developed.

On June 10, 2024, PHC received a reservation of rights letter from CMHC stating the Corporation is non-compliant with certain obligations as set out in the Credit Agreement, primarily stemming from not drawing down on the credit facilities and constructing the units within the timelines stipulated. CMHC also provided a companion letter, re-affirming their commitment to remain vital partners with the Region and PHC to help Canadians meet their housing needs. The companion letter confirmed all parties have been and continue to work together diligently and collaboratively to resolve the events outlined in the reservation of rights letter by amending the agreement as quickly as possible to the mutual satisfaction of all parties.

b) Future Principal Repayments

Estimated future principal repayments for the Region, including sinking fund contributions and PHC, are as follows:

	Peel Housing Corporation	Region of Peel	Total
2024	$ 16,343	$ 52,207	$ 68,550
2025	14,191	52,381	66,572
2026	13,612	52,539	66,151
2027	7,812	39,005	46,817
2028	3,622	39,175	42,797
Subsequent to 2028	4,135	495,168	499,303
Net sinking fund debt repayable	-	395,996	395,996
Total	**$ 59,715**	**$1,126,471**	**$ 1,186,186**

Total interest charges in the amount of $66,739 (2022 – $65,056) are reported in the consolidated statement of operations. The charges consist of $3,783 (2022 – $1,960) for interest on PHC mortgages and $62,956 (2022 – $63,096) for debenture debt.

11. Pension Agreements

The Region makes contributions to OMERS on behalf of approximately 9,555 eligible employees. OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage (based upon the highest 60 consecutive months of earnings), that is designed to integrate with the pension payable from the Canada Pension Plan.

During the year, the Region's contribution to OMERS for current service was $87,427 (2022 – $81,439). The Region's contributions are reported in the consolidated statement of operations. Employee contributions also amount to $87,427 (2022 – $81,439).

For the December 31, 2023 year end, the funded portion of the OMERS pension plan decreased to 97 per cent (2022 – 95 per cent). Pension plan assets increased to $128,600,000 (2022 – $124,000,000) primarily due to increased investment returns.

12. Accumulated Surplus

The accumulated surplus consists of the following balances:

	2023	2022
Investment in tangible capital assets and social housing	$ 13,093,249	$ 12,597,516
Reserves and reserve funds	2,770,260	2,630,290
Capital fund	(1,665,531)	(1,411,887)
Current fund	80,010	67,783
Unrealized gain on investments	16,740	-
Less: unfunded liabilities		
Retiree benefits:		
– Peel Police	(57,880)	(54,348)
– Peel Region	(5,843)	(5,843)
Workplace Safety and Insurance Board	(69,308)	(21,589)
ARO - Landfill closure and post-closure costs	(63,830)	(68,045)
Other	(4,358)	(4,534)
Accumulated Operating Surplus	**$ 14,076,769**	**$ 13,729,343**
Unrealized gain on investments	16,740	-
Total Accumulated Surplus	**$ 14,093,509**	**$ 13,729,343**

a) Surplus Management Strategy

The Region has a surplus management strategy that permits year-end transfers to and from reserves to manage the level of surplus carried forward into the next fiscal year. Such transfers are made to ensure that future commitments of the Region can be met, and are based on management's planning of infrastructure replacement, property tax rate and user rate stabilization, potential exposure to program funding shortfalls and contingent liabilities. The allocation of these transfers and their purpose is disclosed annually to Regional Council following completion of the year-end audit. The financial statements include the transfers made to reserves under the surplus management strategy.

b) Reserves and Reserve Funds

Reserves and reserve funds are established by Regional Council as appropriate, and are included in the accumulated surplus position of the Region.

13. Tangible Capital Assets

2023

(All dollars in $000)

Cost	Balance at December 31, 2022	ARO (Note 9)	Additions	Disposals & Write-downs	Balance at December 31, 2023
Land	$ 1,350,870	$	$ 46,042		**$ 1,396,912**
Land improvements	41,883		2,223		**44,106**
Buildings and building improvements	2,669,973	12,364	27,652		**2,709,989**
Leasehold improvements	31,034	2,793	2,008		**35,835**
Linear and linear improvements	9,373,714		487,165	(8,182)	**9,852,697**
Structures	272,152				**272,152**
Vehicles	122,374		12,385	(6,831)	**127,928**
Equipment and furnishings	2,397,302		26,839	(39,654)	**2,384,487**
Construction work in progress	1,636,140		182,344		**1,818,484**
Total cost	**$ 17,895,442**	**$ 15,157**	**$ 786,658**	**$ (54,667)**	**$ 18,642,590**

Accumulated Amortization	Balance at December 31, 2022	ARO (Note 9)	Amortization	Disposals	Balance at December 31, 2023
Land improvements	$ 22,496		$ 1,011		**$ 23,507**
Buildings and building improvements	912,965	1,032	49,151		**963,148**
Leasehold improvements	17,017	1,389	927		**19,333**
Linear and linear improvements	2,952,437		159,954	(4,659)	**3,107,732**
Structures	129,584		6,126		**135,710**
Vehicles	69,668		11,158	(5,506)	**75,320**
Equipment and furnishings	1,130,237		91,123	(18,570)	**1,202,790**
Total accumulated amortization	**$ 5,234,404**	**$ 2,421**	**$ 319,450**	**$ (28,735)**	**$ 5,527,540**

Net Book Value		Net Book Value December 31, 2023
Land	$ 1,350,870	**$ 1,396,912**
Land improvements	19,387	**20,599**
Buildings and building improvements	1,757,008	**1,746,841**
Leasehold improvements	14,017	**16,502**
Linear and linear improvements	6,421,277	**6,744,965**
Structures	142,568	**136,442**
Vehicles	52,706	**52,608**
Equipment and furnishings	1,267,065	**1,181,697**
Construction work in progress	1,636,141	**1,818,484**
Total net book value	**$ 12,661,038**	**$ 13,115,050**

2022

(All dollars in $000)

Cost	Balance at December 31, 2021	Additions	Disposals & Write-downs	Balance at December 31, 2022
Land	$ 1,298,876	$ 52,043	$ (49)	$ 1,350,870
Land improvements	41,883	-	-	41,883
Buildings and building improvements	2,618,364	51,609	-	2,669,973
Leasehold improvements	30,571	463	-	31,034
Linear and linear improvements	9,135,785	238,898	(969)	9,373,714
Structures	248,841	23,311	-	272,152
Vehicles	117,306	10,359	(5,291)	122,374
Equipment and furnishings	2,318,499	104,519	(25,716)	2,397,302
Construction work in progress	1,431,751	204,389	-	1,636,140
Total cost	**$ 17,241,876**	**$ 685,591**	**$ (32,025)**	**$ 17,895,442**

Accumulated Amortization	Balance at December 31, 2021	Amortization	Disposals	Balance at December 31, 2022
Land improvements	$ 21,522	$ 974	$ -	$ 22,496
Buildings and building improvements	864,506	48,459	-	912,965
Leasehold improvements	16,113	904	-	17,017
Linear and linear improvements	2,800,977	152,194	(734)	2,952,437
Structures	123,998	5,586	-	129,584
Vehicles	62,411	11,506	(4,249)	69,668
Equipment and furnishings	1,066,625	88,756	(25,114)	1,130,237
Total accumulated amortization	**$ 4,956,152**	**$ 308,379**	**$ (30,127)**	**$ 5,234,404**

Net Book Value	Net Book Value December 31, 2022
Land	$ 1,350,870
Land improvements	19,387
Buildings and building improvements	1,757,008
Leasehold improvements	14,017
Linear and linear improvements	6,421,277
Structures	142,568
Vehicles	52,706
Equipment and furnishings	1,267,065
Construction work in progress	1,636,140
Total net book value	**$ 12,661,038**

13. Tangible Capital Assets (Continued)

a) Construction in Progress

Assets under construction having a value of $1,818,484 (2022 – $1,636,140) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed Tangible Capital Assets

Contributed tangible capital assets transferred to the Region in 2023 amounted to $57,621 (2022 – $94,364). The majority of tangible capital assets transferred were from developers and included water and wastewater local mains as well as land.

c) Works of Art and Cultural Assets

The Region manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Region sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

d) Interest Capitalization

In 2023, the Region capitalized $160 (2022 – $160) of interest cost.

14. Budget Data

The budget amounts presented in the consolidated financial statements are based on the 2023 operating and capital budgets approved by Regional Council on February 2, 2023. The following reconciles the approved budget to the budget amounts presented in the consolidated financial statements using the accrual basis of accounting, in accordance with PSAS. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried over one or more fiscal years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

	Revenues	Expenses
Operating Budget		
Council Approved Budget	$ 3,145,496	$ 3,145,496
In-year budget adjustments	25,678	25,678
Board Approved Peel Housing Corporation	106,380	106,380
Adjustment for intercompany transactions	(67,955)	(67,955)
PSAB Adjustments		
Contributions to reserves/reserve funds	-	(595,702)
Contributions from reserves/reserve funds	(129,133)	-
Payment to sinking fund for debt retirement	-	(51,036)
Other liabilities	-	4,215
Other adjustments	499	(256)
Adjusted Operating Budget	**3,080,965**	**2,566,820**
Capital Budget		
Council Approved Budget	1,936,382	1,936,382
Timing difference between budget and spending	(981,956)	(981,956)
Board Approved Peel Housing Corporation	74,519	74,519
PSAB Adjustments		
Contributions from reserves/reserve funds	(654,304)	-
Acquisition of tangible capital assets	-	(723,390)
Amortization	-	303,476
Adjusted Capital Budget	**374,641**	**609,031**
Other		
Reserve fund interest and other revenue	73,301	-
Budget as presented in Financial Statements	**$ 3,528,907**	**$ 3,175,851**

15. Expenses by Object

The consolidated statement of operations reports expenses for the Region by functions or by business programs. The following is a summary of expenses by object.

	2023	2022
Salary and wages	$ 1,143,608	$ 1,065,955
Services and rents	486,994	445,455
Materials and supplies	103,480	101,309
Grants and transfer payments	744,254	622,393
Debt charges	66,739	66,056
Intra-government transfers	(67,704)	(58,930)
Amortization	321,871	308,379
Other operational expenses	328,443	212,393
Total	**$ 3,127,685**	**$ 2,763,010**

16. Change in non-cash assets and liabilities

	2023	2022
(Increase) in accounts receivable	$ (81,912)	$ (5,050)
Decrease in recoverable gross long-term debt from area municipalities	43,224	9,615
Increase in accounts payable and accrued liabilities	57,537	93,241
Increase in deferred revenue	16,459	19,412
Increase in asset retirement obligations	79,649	-
(Decrease) Increase in Landfill closure and post-closure liability	(68,045)	321
Increase in employee future benefits and post-employment liabilities	53,845	27,219
(Decrease) in other liabilities	(111)	(31)
(Increase) in prepaid expenses	(11,487)	(7,308)
Decrease (Increase) in inventory	71	(114)
Total	**$ 3,127,685**	**$ 2,763,010**

17. Contractual Obligations and Contingent Liabilities

a) As at December 31, 2023 outstanding contractual obligations for capital works amounted to approximately $1,102,222 (2022 – $830,144). Regional Council has authorized the financing of these obligations.

b) As at December 31, 2023 the Region has been named as defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. A provision of $13,027 (2022 – $12,746) has been made for those claims not expected to be covered by insurance.

c) Under the terms of various operating lease agreements, future minimum payments are as follows:

2024	$ 3,980
2025	3,277
2026	2,582
2027	2,088
2028	1,795
Subsequent to 2029	12,494
Total	**$ 26,216**

d) Under a renewed 10-year service agreement, effective January 1, 2020, the Region has contracted the operations of the South Peel wastewater and water treatment systems to the Ontario Clean Water Agency ("OCWA").

Included in the consolidated statement of operations are the 2023 charges from OCWA totaling $47,626 (2022 – $45,929). The consolidated statement of financial position reflects only the capital assets of the wastewater and water treatment facilities and the service charges due to or from OCWA.

e) The Peel Regional Police provide policing services to the Greater Toronto Airports Authority ("GTAA"). Under a service agreement, the GTAA provides funding to fully offset any costs incurred by the Peel Regional Police. In 2023, the Peel Regional Police received $19,721 (2022 – $19,171) from the GTAA.

f) Under contracts approved by the Region in 2005 with amendments in 2012 and 2016, Waste Management of Canada Corporation ("WMCC") will provide waste disposal capacity at current market rates (additional 22 years until December 31, 2042) in addition WMCC and other private third-party corporations will provide waste transfer services to the Region. The 2023 annual cost is $18,092 (2022 - $27,879).

g) Under separate contracts approved by the Region in 2014, two private waste management companies provide services including, but not limited to: bi-weekly, alternating garbage cart and recycling cart collection, bi-weekly bulky item collection, weekly organics cart collection, seasonal yard waste collection, garbage exemption collection periods, and manual (bag based) garbage, recycling and organics bin collection at specified locations. Each contract term is for an eight-year-plus-nine-month period which began on January 2016, with two additional, separate twelve-month period extension options, based on satisfactory service, performance and pricing. The 2023 annual cost for the two contracts is $54,599.

h) The Region has issued letters of credit for $12,854 (2022 – $13,905) in order to meet the credit requirements and conditions of certain agreements related to capital projects.

i) The Region has identified a contaminated site on a piece of land downloaded from the federal government. The Region is currently working with the federal government to determine who accepts responsibility for the remediation of this site and has, therefore, not recognized a liability for this site in the consolidated statement of financial position.

18. Liability for Contaminated Sites

As at December 31, 2023, management has not identified any contaminated sites that meet the specified criteria and no liability (2022 – $Nil) for contaminated sites has been recorded in these consolidated financial statements.

19. Municipal Act, 2001

Alongside the introduction of Current Value Assessment ("CVA") taxation in 1998, provincial legislation mandated a limit to assessment-related tax increases for the multi-residential, industrial and commercial classes. The purpose of this limit was to ensure that the impact of CVA reform was manageable for taxpayers in these three property classes. These assessment related tax adjustments were capped using a number of Council-adopted parameters which included the optional capping tools and capping program enhancements. Adoption of the capping parameters was designed to maximize the number of properties moving to full CVA based taxation. The legislation permitted the costs of capping to be funded by limiting the property tax decreases within the subject property class.

While the local municipalities had the jurisdictional responsibility for managing the tax collection system, the Region was responsible for acting as the "banker" in order to balance out the overall impact of the capping initiative on a broader Regional basis.

Regional Council chose to implement all of the proposed capping options (if eligible) for the capped property classes in the previous taxation years. All properties in the multi-residential/industrial and commercial property classes have been eliminated from the capping program process and taxed at full CVA tax level effective 2020 and 2023 taxation year respectively.

20. Hazel McCallion Act (Peel Restructuring), 2023

On June 8, 2023, the Province passed Bill 112, the *Hazel McCallion Act (Peel Dissolution)*, 2023. The Bill was initially intended to dissolve the Region of Peel, and provided for the establishment of a Transition Board which was responsible for making recommendations to the provincial government on how to implement the restructuring. On June 6th, 2024, Bill 185 took effect, amending Bill 112 and reversing the decision to dissolve the Region of Peel. Bill 185 changes include a change to the name of the legislation, which is now referred to as the *Hazel McCallion Act (Peel Restructuring), 2023* and a recalibrated mandate for the Transition Board. The Transition Board's mandate is now focused on the following matters: land use planning; water and wastewater; storm water; highways; and waste management. Final details of the Transition Board's recommendations and any associated provincial decision are not known at this time.

These consolidated financial statements do not reflect any adjustments that may be necessary regarding the possible transfer of these services, as these adjustments cannot be estimated at this time.

21. Financial Instruments and Risk Management

As at December 31, 2023 the Region classified $97,804 of Portfolio Investments as a Level 1 in the fair value measurement classification as investments having quoted prices in active markets. All other financial instruments are recorded at cost or amortized cost.

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The Region has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk. Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. Overall, risk is governed by the Region's Investment Goals & Policies and Debt Management Policy approved by Council and aligns to Region's Risk Appetite Framework. This note presents information on how the Region manages those financial risks.

Region manages risks primarily through diversifying the investments across sectors, maturity terms, and asset classes in line with the council approved investment policy.

a) Credit risk

Credit risk is the risk of a financial loss to the Region if a third party fails to fulfill their contractual obligations. Such a risk may manifest in fluctuations in security value due to a rating downgrade or default in the case of distressed securities. Primarily, credit risk stems from the Region's cash and cash equivalents, investments, and receivables.

Cash and cash equivalents are held with banks and counterparties that have high credit ratings and low credit risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Region mitigates credit risk in its investments by adhering to minimum credit quality standards, as outlined in the Region's Investment Goals & Policies. As of December 31, 2023, all fixed income holdings were rated A- (or equivalent) or higher.

Such risks arise principally from certain financial assets held by the Region consisting of accounts and loans receivables and others. As at December 31, 2023 there were no significant collection issues related to outstanding receivables.

b) Interest rate risk

Interest rate risk is the risk of fluctuations in prices of financial securities resulting from changes in interest rates. The Region limits its exposure to interest rate risk on its liabilities by issuing long-term fixed-rate debt in the form of debentures. At December 31, 2023, the Region did not have any floating rate mortgages or long-term debentures, that would result in variation in cash flow due to fluctuations in interest rates. Sinking fund assets are managed to reduce and/or eliminate interest rate risk by matching the investments closely to the maturity date of associated sinking fund debentures.

While the Region's fixed income investments are subject to interest rate risk, which may cause fluctuations in the market prices of the investments, fixed income securities are recorded at amortized cost. Interest rate risk is mitigated by diversifying investments across various maturities.

The Region holds the highest credit rating of Aaa/AAA from both Moody's Investors Service and Standard & Poor's Global Ratings. These strong credit ratings position the Region favorably among Canadian municipalities, facilitating access to low borrowing costs.

c) Market risk

Market risk is the risk of financial loss due to unforeseen changes in overall financial markets. Fluctuations in the market expose the Region's investments to potential loss. The Region mitigates market risk through a diversified portfolio in accordance with the Region's Investment Goals and Policies.

The Region is not exposed to any significant foreign currency risk due to limited foreign currency transactions. There is no foreign exchange exposure related to the Region's portfolio investments or debentures outstanding.

d) Liquidity risk

Liquidity risk is the inability to meet short-term obligations and payments, due to inability to access to cash or easily convert financial securities to cash. The Region is subject to its liquidity risk through its accounts payable and investment holdings.

To manage its liquidity risk, the Region performs extensive budgeting exercises, ongoing monitoring of its short-term cash flows, and has highly liquid securities that can easily be converted to cash to ensure it meets all short-term obligations. Further, the Region manages this risk by monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far out as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Region's reputation.

22. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the financial statement presentation adopted for the current year.

23. Segmented Information

The Region of Peel is a diversified municipal government institution providing a wide range of services to its residents that include: general government, protection to property and persons, transportation, environmental, health and social and family services. The Region also controls and administers Peel Housing Corporation, a non-profit housing organization.

For management reporting purposes, the Region's operations and activities are reported by Program Services. Program Services were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations. Regional services are provided by divisions and their activities are reported in Program Services.

Divisions disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government

General government comprises divisions under Finance, Corporate Services and the Executive Office, Council and Digital & Information Services. The divisions provide direct support to the various citizen-facing Regional services, as well as Council and Committee. These divisions also supply financial and administrative leadership for the Regional Corporation.

Also included are corporate expenses and revenues that are not directly attributable to any individual service, but do impact the overall tax requirement.

Protection to Property and Persons

Protection to property and persons consists of Police Services and the conservation authorities. Police Services partners with the community to maintain social order and contribute to a safe environment in which to live, work and visit. Funding is provided to support the operating costs, special projects and land purchases for three conservation authorities in the Region.

Transportation Services

Transportation services is responsible for Roads and TransHelp services. The mandate of the Roads division is to provide safe, reliable and secure roads while respecting the environment. TransHelp provides transit services to Peel residents unable to utilize conventional modes of public transportation.

GO Transit

GO Transit includes the Region's apportionment of capital costs billed by GO Transit.

Canada Community-Building Fund Transferred to Local Municipalities

This segment includes the Canada Community-Building Fund (CCBF) revenue, previously known as the Federal Gas Tax, that is transferred to local municipalities.

Environmental Services

Environmental services is responsible for Water, Wastewater and Waste Management Services. The Water Program sustainably delivers high quality drinking water, and the related support services, in an efficient and reliable manner. The mandate of Wastewater is to manage, collect and treat municipal wastewater. Waste Management provides environmentally sustainable waste management services to residents and small businesses while maximizing recovery of valuable resources.

Health Services

Health services includes Public Health and Paramedic Services. Public Health is mandated by the *Ontario Health Protection and Promotion Act* and other legislation. Public Health provides programs and services in six key areas: communicable disease control and prevention; clinical services; enforcement; youth and adult illness prevention; early childhood development; and health surveillance. The mandate of Paramedic Services is to decrease suffering and improve and promote community safety.

Social and Family Services

Children's services plans, manages and coordinates a Region-wide early learning and child care system. Long-Term Care operates five long-term care facilities for seniors. Ontario Works delivers a range of programs providing employment and financial assistance to residents in need.

Social Housing

Social housing is responsible for administering social housing providers, the rent supplement programs, and managing a social housing waiting list.

Peel Housing Corporation is a non-profit housing company providing over 16,000 residents with affordable rental units.

Planning and Development

Regional planning provides planning policy and research and development planning services that respond to the growth and change experienced in Peel.

Assessment Services

Assessment Services is the funding to the Municipal Property Assessment Corporation, which administers province-wide property assessment services for municipalities.

Segmented Information

For the year ended December 31, 2023

(All dollars in $000)

	General Government		Protection to Property & Persons		Transportation Services		Go Transit		Gas Tax Transferred To Area Municipalities		Environmental Services	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operations Revenue												
Levies on area municipalities	1,324,458	1,224,654	-	-	-	-	-	-	-	-	-	-
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	545,376	512,185
Contributions - other governments	8,412	12,328	28,205	17,444	9,782	2,762	-	-	38,326	51,272	25,903	23,480
Contributions - developers	15,727	786	10,589	2,268	4,269	52,886	2,250	3,000	-	-	150,772	346,484
Contributed capital assets	-	-	-	-	13,639	14,241	-	-	-	-	43,622	74,333
Investment income	21,156	16,275	6,808	5,242	9,557	6,338	-	-	-	-	47,532	36,600
Fees and service charges	20,284	23,843	34,913	39,207	7,409	6,117	-	-	-	-	70,767	36,712
	1,390,037	1,277,886	80,515	64,161	44,656	82,344	2,250	3,000	38,326	51,272	883,972	1,029,794
Expenses												
Salaries and wages	115,056	84,580	511,487	465,899	51,565	48,797	-	-	-	-	80,696	74,426
Services and rents	35,246	33,738	58,761	43,505	40,023	33,362	-	-	-	-	197,340	183,930
Materials and supplies	2,248	2,065	15,220	14,504	9,415	9,697	-	-	-	-	57,022	54,198
Grants and transfer payments	41,455	53,451	56,554	55,065	(7)	18	-	-	37,954	36,372	-	-
Debt charges	2,264	2,264	-	-	478	501	-	-	-	-	58,883	58,997
Intra-government transfers	(137,351)	(131,218)	(18,609)	(18,018)	(31,864)	(28,648)	-	-	-	-	59,636	57,764
Amortization	12,774	13,057	17,811	16,587	59,419	53,088	-	-	-	-	202,542	197,975
Other operating expenses	25,308	29,050	23,101	32,928	20,847	14,982	6,012	4,628	-	-	92,968	38,441
	97,000	86,987	664,325	610,470	149,876	131,797	6,012	4,628	37,954	36,372	749,087	665,731
	-	-	-	-	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	1,293,037	1,190,899	(583,810)	(546,309)	(105,220)	(49,453)	(3,762)	(1,628)	372	14,900	134,885	364,063

Segmented Information

For the year ended December 31, 2023

(All dollars in $000)

	Health Services		Social & Family Services		Social Housing		Planning & Development		Assessment Services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operations Revenue												
Levies on area municipalities	-	-	-	-	-	-	-	-	-	-	1,324,458	1,224,654
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	545,376	512,185
Contributions - other governments	158,274	176,212	704,415	499,883	40,977	32,894	62	257	-	-	1,014,356	816,532
Contributions - developers	767	761	312	246	(5,700)	5,372	-	-	-	-	178,986	411,803
Contributed capital assets	-	-	-	5,790	-	-	-	-	-	-	57,261	94,364
Investment income	1,930	1,585	2,726	1,783	14,058	10,941	-	-	-	322	103,767	79,086
Fees and service charges	785	663	25,354	10,865	88,472	87,166	2,923	3,461	-	-	250,907	208,034
	161,756	179,221	732,807	518,567	137,807	136,373	2,985	3,718	-	322	3,475,111	3,346,658
Expenses												
Salaries and wages	196,971	208,138	158,232	156,015	21,317	21,108	8,284	6,993	-	-	1,143,608	1,065,955
Services and rents	20,771	21,807	27,134	39,434	87,943	69,779	264	280	19,512	19,620	486,994	445,455
Materials and supplies	8,578	9,037	9,793	10,637	1,191	1,164	13	7	-	-	103,480	101,309
Grants and transfer payments	4,313	6,383	629,548	411,810	(25,593)	59,264	30	30	-	-	744,254	622,393
Debt charges	-	-	-	-	5,114	4,293	-	-	-	-	66,739	66,056
Intra-government transfers	28,499	28,420	16,736	20,628	16,918	12,744	(1,669)	(602)	-	-	(67,704)	(58,930)
Amortization	8,573	7,925	2,931	2,931	17,818	16,815	-	-	-	-	321,868	308,378
Other operating expenses	2,785	6,839	10,341	8,324	145,816	75,906	1,268	1,296	-	-	328,446	212,394
	270,490	288,549	854,715	649,779	270,524	261,073	8,190	8,004	19,512	19,620	3,127,685	2,763,010
	-	-	-	-	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	(108,734)	(109,328)	(121,908)	(131,212)	(132,717)	(124,700)	(5,205)	(4,286)	(19,512)	(19,298)	347,426	583,648