



2023 Annual Financial Report

The Regional Municipality of Peel, Ontario, Canada
for the year ended December 31, 2023

Prepared by Corporate Finance, Corporate Services, Peel Region

 **Peel
Region**
working with you

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Message from the Chief Administrative Officer

As Chief Administrative Officer for Peel Region, I am pleased to present our annual report for the fiscal year 2023.

For 50 years, Peel Region has been a vital part of the Greater Toronto Area, providing essential, regionally driven services to the diverse populations of Brampton, Caledon, and Mississauga. Our commitment to excellence and innovation has enabled us to navigate numerous challenges and continue to thrive as a community.

We faced significant uncertainties this year and last, including the potential dissolution of Peel Region as mandated by Bill 112, a decision that was subsequently reversed by the provincial government. Despite considerable challenges, we celebrated a number of successes and made substantial progress in key areas.

Awards and Recognition:

Peel Region's reputation for excellence and innovation has been recognized with numerous awards, including:

- Named one of *Canada's Best Employers* by Forbes.
- *The Infrastructure Award of Excellence* from the Greater Toronto Sewer and Water Construction Association for our Water and Wastewater Division.
- *The Public Works Project of the Year award* from the Ontario Public Works Association for the G.E. Booth Water Resource Recovery Facility.
- Recognition from the Registered Nurses Association of Ontario for Peel Region Long Term Care's best practices.

Accomplishments:

- Received the highest possible inspection rating of 100% for Peel's drinking water system from the Ministry of the Environment, Conservation and Parks.
- Delivered water and wastewater services at a utility rate 30% lower than the GTA average per household.
- Achieved a customer satisfaction rating of 97% for waste management services.
- Secured 50 Zero Emission Vehicles and reducing an estimated 418 tonnes of GHG emissions - equivalent to taking 128 gasoline-powered cars off the road.
- Introduced Ontario's first electric waste collection vehicle.
- Implemented the Fit to Sit program, saving 3,119 hours in the emergency health system.

Financial Highlights:

- Maintained a AAA credit rating from S&P Global Ratings for the 28th consecutive year and from Moody's Corporation for the 11th consecutive year, the highest rating a municipal or regional government can receive.
- Completed 31 continuous improvement initiatives, resulting in \$0.9 million in cost savings and \$3.3 million in cost avoidance.

As we move into 2024, we remain focused on maintaining our core services while investing in key initiatives in our community to further enhance our community. Our plans include increasing child care services, providing more affordable housing subsidies, supporting community agencies, adapting to climate change, promoting diversity, equity, and inclusion, and investing in new technologies to improve efficiency and customer service.

I am confident that with the continued support of Regional Council, the dedication of our exceptional staff, and the resilience of our community, we will continue to build a strong and vibrant future for Peel Region. Our collective efforts ensure that Peel remains a place where people can live, work, and thrive.

Thank you for your continued trust and support.

Sincerely,

Gary Kent
Chief Administrative Officer

Organizational overview

Peel Regional Council for the 2022–2026 term



Nando Iannicca
Regional Chair



Patrick Brown
City of Brampton
Mayor



Brad Butt
City of Mississauga
Ward 11



Dipika Damerla
City of Mississauga
Ward 7



Stephen Dasko
City of Mississauga
Ward 1



Christina Early
Town of Caledon
Wards 1, 2, 3



Chris Fonseca
City of Mississauga
Ward 3



Pat Fortini
City of Brampton
Wards 7, 8



Annette Groves
Town of Caledon
Mayor



Natalie Hart
City of Mississauga
Ward 5



Joe Horneck
City of Mississauga
Ward 6



Navjit Kaur Brar
Wards 2, 6
City of Brampton



Dennis Keenan
Wards 3, 4
City of Brampton



John Kovac
City of Mississauga
Ward 4



Matt Mahoney
City of Mississauga
Ward 8



Sue McFadden
City of Mississauga
Ward 10



Martin Medeiros
City of Brampton
Wards 3, 4



Michael Palleschi
City of Brampton
Wards 2, 6



Carolyn Parrish
City of Mississauga
Mayor



Martin Reid
City of Mississauga
Ward 9



Mario Russo
Town of Caledon
Wards 4, 5, 6



Rowena Santos
City of Brampton
Wards 1, 5



Gurpartap Singh Toor
City of Brampton
Wards 9, 10



Alvin Tedjo
City of Mississauga
Ward 2



Paul Vicente
City of Brampton
Wards 1, 5

2023 Executive leadership team



Gary Kent
Chief Administrative Officer



Sean Baird
Commissioner,
Human Services



Patricia Caza
Regional Solicitor
and Commissioner,
Legislative Services



Kealy Dedman
Commissioner,
Public Works



Nancy Polsinelli
Commissioner,
Health Services



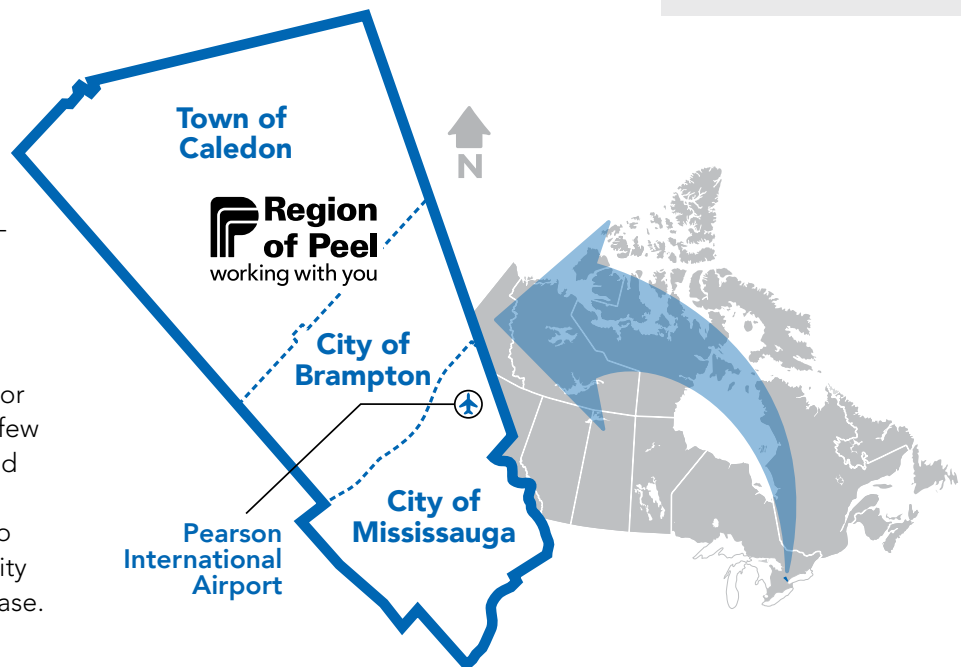
Davinder Valeri
Chief Financial Officer
and Commissioner,
Corporate Services

2023 Corporate organization chart



Peel Region is the second-largest municipality in Ontario, at 1.5 million residents and growing.

Peel has undergone a major transition during the past few decades. Rapid growth and commercial development have transformed Peel into a dynamic urban community with a vibrant economic base.



Strategic plan

Vision: **Community for Life**

Mission: **Working with you to create a healthy, safe and connected community**

People's lives are improved in their time of need

By 2035, you will have...

- access to services that meet your needs at all stages of life
- affordable housing options
- access to employment opportunities of your choice
- access to culturally appropriate services
- access to local, nutritious food sources
- a responsibility to contribute to community well-being

Communities are integrated, safe, and complete

By 2035, you will live in a community...

- that is environmentally friendly
- that promotes mobility, walkability, and various modes of transportation
- that embraces diversity and inclusion
- that promotes economic sustainability and future investments in Peel
- where growth is well-managed
- where the built environment promotes healthy living

Government is future-oriented and accountable

By 2035, you will trust that...

- sustainability and long-term benefits to future generations are considered
- Peel Region is a model and progressive employer
- co-ordination and partnerships occur
- a systematic approach to innovation is in place
- community voice and participation are welcome
- Peel Region is a well-managed government

Official Plan, Master Plans and Long-Term Strategies

Regional Service Business Plans

- | | | |
|--|--|--|
|  Housing support |  Public health |  Real property and asset management |
|  Income support |  Water and wastewater |  Information and technology |
|  Community investment |  Waste management |  Business services |
|  Seniors services |  Transportation |  Clerks |
|  Paramedics |  Land use planning |  Regional chair and council |
|  Early years and child care |  Heritage, arts and culture | |

Regional Council Budget and Annual Plan

Peel Region's 2023 accomplishments, awards, and recognition

Celebrating Peel's success despite last year's uncertainty, including the introduction of Bill 112 and the possible dissolution of Peel Region.

Accomplishments



Peel's drinking water system received the highest possible inspection rating of 100% from the Ministry of the Environment, Conservation and Parks.



Delivered water and wastewater services at a rate which is 30% lower than the GTA average per household.



Secured 50 Zero Emission Vehicles for Peel Region and Peel Regional Police, reducing an estimated 418 tonnes of GHG emissions - equivalent to taking 128 gasoline-powered cars off the road.



Achieved a customer satisfaction rating of 97% for waste management services.



Developed Canada's first emotion-based dementia training for first responders.



Sustainable responses for in-land asylum claimants to provide safe space and appropriate supports for this group.



Introduced Ontario's first electric waste collection vehicle to advance efforts towards a low carbon fleet.



Implemented the Fit to Sit program to address the offload delay times of patients by saving 3,119 hours in the emergency health system.



Received approval to launch the new Non-Profit Housing Development Program to support non-profit housing providers build more deeply affordable community and supportive housing

Financial highlights



\$800 million in external funding secured to support ongoing service operations.



\$23 million secured to advance climate action and other initiatives.



Completed 31 continuous improvement initiatives with \$0.9 million in cost savings and \$3.3 million in cost avoidance.



Peel Region received a AAA credit rating from S&P Global Ratings for the 28th consecutive year and from Moody's Corporation for the 11th consecutive year. This is the highest rating a municipal or regional government can receive.



Reduced energy use on peak demand days at Water and Wastewater facilities and received lower electricity fee rates, resulting in a cost avoidance of \$1.84 million above the \$6.6 million in cost avoidance reported in 2022.

Awards and recognition

Peel has an outstanding reputation for excellence and innovation and received many awards that recognize our commitment to leadership, innovation, continuous improvement, and service excellence. A few of the awards and recognition are highlighted below.



Peel Region's Water and Wastewater Division was awarded the Infrastructure Award of Excellence from the Greater Toronto Sewer and Water Construction Association.



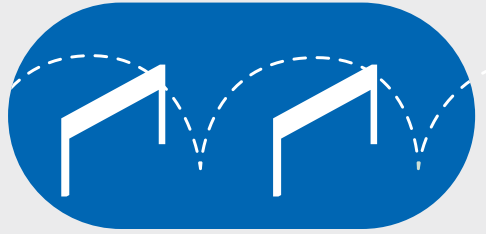
The Registered Nurses Association of Ontario recognized Peel Region Long Term Care's best practices.



G.E. Booth Water Resource Recovery Facility received the Public Works Project of the Year award from the Ontario Public Works Association.

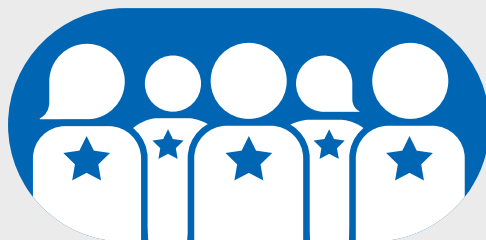


Peel Region was named one of Canada's Best Employers by Forbes.



“While 2023 was a challenging year as we navigated uncertainties surrounding Bill 112 and the dissolution of Peel Region, it was also an incredibly successful year for our community. In 2023, we came together to achieve milestones and maintain exceptional service delivery to meet the needs of the community. I am grateful for the resilience and dedication of Peel Region employees, the community, and to council for their continued support.”

– Gary Kent, Chief Administrative Officer (CAO) - Peel Region



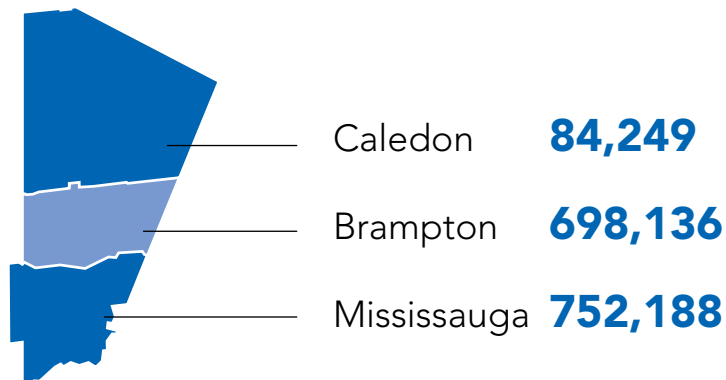
“2023 was turbulent and uncertain for Peel Region. However, the dedication, commitment and professionalism of our staff ensured we continued to deliver exceptional programs and services. I am so proud of the work we do every day for our community.”

– Nando Iannicca, Peel Regional Chair

Peel today

Peel is the second-largest municipality in the Greater Toronto Area (GTA) and growing steadily. It encompasses a mixed landscape of bustling urban centres, charming villages, and rural lands. Our geography is as diverse as our population. Portions of the Oak Ridges Moraine, the Niagara Escarpment, the Etobicoke Creek, and the Lake Ontario waterfront are contained within our borders.

Breakdown of Peel's population¹



We are the youngest population in the GTA

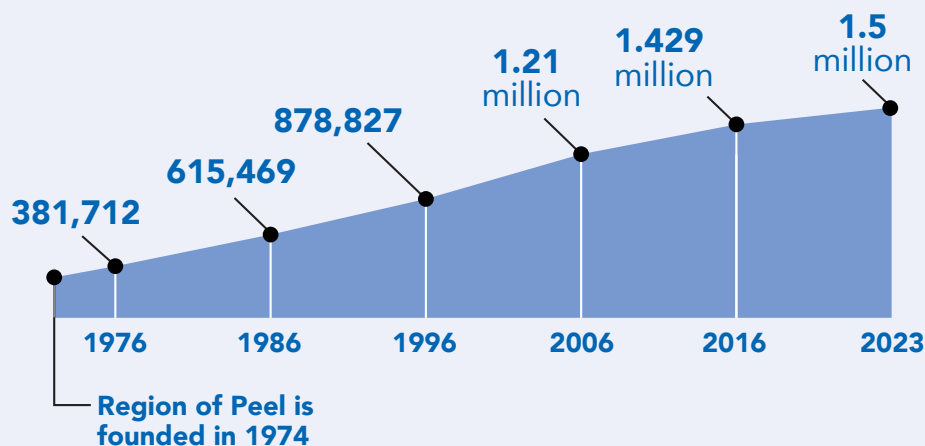


The average age of our residents is 39.4 years – the youngest average in all of the GTA. Children (ages 0-14) make up **17%** of our population.²

We are growing

Peel has blossomed from a region of **381,712** in 1976 to **1.5 million** people in 2023.³ Currently, about 10% of all Ontarians live within our borders.

Peel's population by year



Peel tomorrow

Peel will continue to grow and thrive. Over the next few decades, Peel is forecasted to become home to more than half a million additional people. Our communities will also create hundreds of thousands of new jobs, and experience demographic shifts.

We will continue to grow⁴

Peel's high quality communities attract people from all over the world. Over the next 20 years, Peel's population is expected to grow by half a million people.

Peel's total population (M=millions)



We will create new jobs⁵

Peel will continue to attract industry, professionals, and new talent. Business within Peel Region are projected to provide more than 959,000 jobs by 2041.

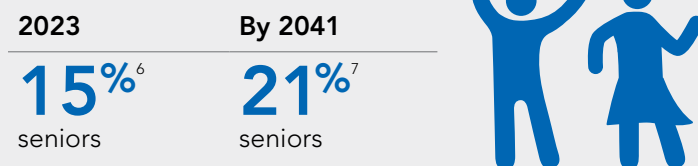
Jobs in Peel (K=thousands)



We will have a large and dynamic senior population

By 2041, one in every five residents will be a senior. In less than a decade, people aged 65+ will outnumber children (aged 0-14) for the first time in history.

Peel's senior population (Percentage of total population)



1. Statistics Canada, Census, 2021 (with 2016 undercount)

2. Statistics Canada, Census, 2021

3. Statistics Canada, Census, 2021 (with 2016 undercount)

4. 2051 Region of Peel Official Plan Growth Forecast, prepared by Hemson Consulting, 2021. Using 2016 Census base year

5. 2051 Region of Peel Official Plan Growth Forecast, prepared by Hemson Consulting, 2021. Using 2016 Census base year

6. Statistics Canada, Census, 2021

7. Age structure forecasts to 2041, prepared by Hemson Consulting, 2018

2023 Peel economic highlights

With a strong economic outlook, Peel continues to be a desirable community for residents and businesses.

Location advantages

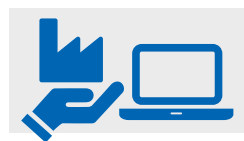
Our economy benefits from being located within the vibrant economic hub of the Greater Toronto Area and close to the large United States market.



Demographic advantages

The 2021 census confirms that Peel has maintained key demographic advantages. Peel remains a growing municipality and the youngest Region in the Greater Toronto Area. Peel Region will continue to benefit from a growing, young, educated, and diverse workforce.

Diversified economic base



Peel's economic base remains diversified with industries across several sectors. Increased diversification of the local economy has made it more resilient to economic shocks that are associated with changes in the business cycle, and which may adversely affect any one sector.

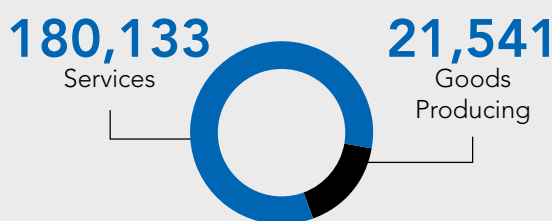
Infrastructure development

Peel has a highly developed infrastructure which includes Pearson International airport, and five 400 series highways that connect its residents to other Canadian provinces and the rest of the world. Peel's transportation network continues to expand and stimulate Peel's economy. Planned investments in roads, water and transit are expected to create more economic growth in the years ahead.

Peel's business sector

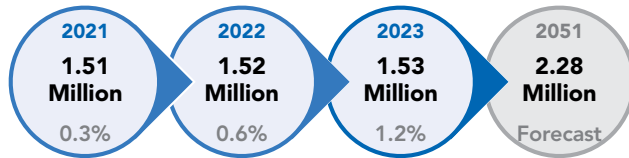
In December 2023, there was a record 225,090 business establishments in Peel Region, 10.1 per cent more than in December 2022. Total business establishments were made up of 201,674 that were classified in sectors defined by the North American Industrial Classification System (NAICS). A total of 21,541 businesses were classified in the goods producing sector and 180,133 in services.

Composition of Peel's business sector



While businesses in both the goods producing and service sectors in Peel continue to grow, stronger growth in service-related businesses have shifted Peel's business sector toward services. In December 2023, approximately 89.3 per cent of Peel's businesses were in the service sector compared with 88.8 per cent a year earlier and approximately 86 per cent a decade ago. As an economy becomes more developed, its service sector generally becomes larger.

Population



In the final quarter of the year, Peel's total population (including undercount) was estimated at approximately 1.53 million people, 1.2 per cent higher than in Q4 2022. This was the highest year-over-year Q4 population growth in Peel in six years.

Immigrants account for over a half of Peel's population and Peel continues to be an attractive destination for new Canadians. As immigration fueled Canadian population growth, Peel growth accelerated. Higher immigration targets over the medium-term is expected to support sustained population growth in Peel.

Building permits²

Peel's construction sector was not immune to the impact of the changed price environment in 2023. High interest rates contributed to higher home ownership costs, which weighed heavily on construction activities in Peel.

In 2023, building intensions in Peel, as measured by the total value of building permits issued, retreated from the record \$4.99 billion recorded in 2022, to \$4.54 billion, 9.1 per cent lower than a year earlier. Despite the decline, the total value of building permits issued in 2023 was the second highest on record.

The lower value of building permits issued in 2023 was the result of a 23.1 per cent decline in the large residential sub-sector to \$2.59 billion. The total value of non-residential building permits grew by 19.7 per cent to a record \$1.95 billion.



A building permit is formal permission from a municipality to begin construction, demolition, or renovation.

Housing starts³

The beginning of construction on a new home is counted as a "housing start".

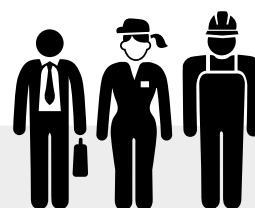


Compared with 2022, the total number of housing starts recorded in Peel fell by 25.1 per cent in 2023 to 5,763 units, its first year-over-year decline in four years. Both segments of the market contributed to the decline. The number of single starts led the decline with a 38.0 per cent fall to 859 units, while the number of multiple starts fell by 22.3 per cent to 4,904 units.

While increased population may have increased the need for housing, elevated home ownership costs worsened housing affordability and constrained the change in the number of starts observed.

1. Classified business establishments are those that can fit in a sector, based on the North American Industry Classification Systems (NAICS)
2. Source: Statistics Canada
3. Source: Canada Mortgage and Housing Corporation (CMHC)

Labour force, employment and unemployment⁴



Total labour force is defined as the total number of persons who are employed or looking for work.

Broad labour market changes in Peel improved in 2023. Compared with 2022, total labour force in Peel, which describes residents of working age (15 years and over) who are in the labour market working or looking for work, increased by 0.5 per cent, or by 4,700 persons, to approximately 945,400 persons. Total employment increased at a slower pace of 0.3 per cent (2,200 positions) to 832,200 positions. The slower growth in employment resulted in more residents classified as unemployed, and an increase in Peel's unemployment rate from 6.4 per cent in 2022 to 6.7 per cent in 2023.

The increase in employment reflected an increase in full-time positions. Employment growth concentrated in the service sector, up 0.9 per cent and in the adult (25 years and over) segment of Peel's labour market, up 0.8 per cent.

Participation and Employment Rates



Peel's overall participation rate, which describes the proportion of Peel's working age population who are in the labour market working or looking for work, fell from 67.2 per cent in 2022 to 66.8 per cent in 2023. Similarly, overall employment rate, which describes the proportion of working age population who are working, fell from 62.9 per cent to 62.4 per cent respectively during the same period. Although both labour force and employment increased in 2023, Peel's working age population increased at a faster rate resulting in the decline in both participation and employment rates.

The decline in participation rate may have also been influenced by the long-term trending down in the rate across Canada, including in Peel, due to population aging. The participation rate for core working age (25–64 years) residents, a measure that is not influenced by population aging, increased from 83.9 per cent in 2022 to 84.2 per cent in 2023. The employment rate for this age group also increased from 79.5 per cent to 79.7 per cent respectively over the same period.

4. Source: Labour Market Survey, Statistics Canada

2023 Annual Financial Report

2023

Chief Financial Officer and Commissioner of Corporate Services letter of transmittal

The Regional Municipality of Peel, Ontario, Canada
for the year ended December 31, 2023

Chief Financial Officer and Commissioner of Corporate Services

Letter of Transmittal

I am pleased to present to you the Region of Peel's financial report for the year ended December 31, 2023. This report provides Peel residents, businesses, Councillors and other key stakeholders, with information on the Region's robust financial management practices and an overview of the Region's 2023 financial results.

Throughout 2023, the Region continued to face many challenges. For much of the year, the Region was focused on dealing with the consequences of the *Hazel McCallion Act, 2023*. Although the Province moved to reverse their decision to dissolve Peel Region, we continued to deal with the uncertainty related to the Province's decision regarding the delivery of Public Works services. In addition to this, the municipal sector continued to face socio-economic challenges, such as the housing affordability crisis, the Province's aggressive housing targets, the influx of asylum seekers to Peel and the climate emergency. However, through the application of the Region's Strategic Plan and Long-term Financial Planning Strategy, the Region continued to deliver services to meet the needs of Peel residents and businesses.

Using our strong financial management practices and the principles in the Long-term Financial Planning Strategy, the Region remained financially healthy in 2023, evidenced by a healthy annual surplus and a continued investment in building a Community for Life by adding \$786 million in both new and state of good repair infrastructure. The Region's Triple A credit rating was reaffirmed in 2023 by both Moody's Investors Service and S&P Global Ratings. This rating reflects our commitment to long term financial planning, prudent financial management and the responsible use of tax dollars.

Financial Management Practices

Peel Region residents and rate payers benefit from sound financial management in the efficient and cost-effective delivery of programs and services. Some of these financial management practices are described below.

Long Term Financial Planning Strategy ("LTFPS")

Peel's Long Term Financial Planning Strategy (LTFPS) provides a framework through which the Region endeavors to achieve the long-term financial sustainability of Regional services and is available on the Region's website. The LTFPS strives to maintain a balance between three pillars: Financial Sustainability, Financial Vulnerability, and Financial Flexibility.

Pillars of the Strategy

Each of the pillars is defined below:

Financial Sustainability:



The Region's ability to provide and maintain planned service levels and infrastructure assets without unplanned increases in rates or disruptive cuts to services.

- Respect the tax payer
- Maintain assets
- Ensure Capital Plan is sustainable
- Deliver value for money

Financial Vulnerability:



The degree to which the Region is dependent on external funding sources that it cannot control; it is the level of risk that could impact the ability to meet existing financial obligations and commitments, including the delivery of Regional services.

- Users pay where appropriate
- Work with local municipalities to support economic viability of the community
- Prudently invest

Financial Flexibility:

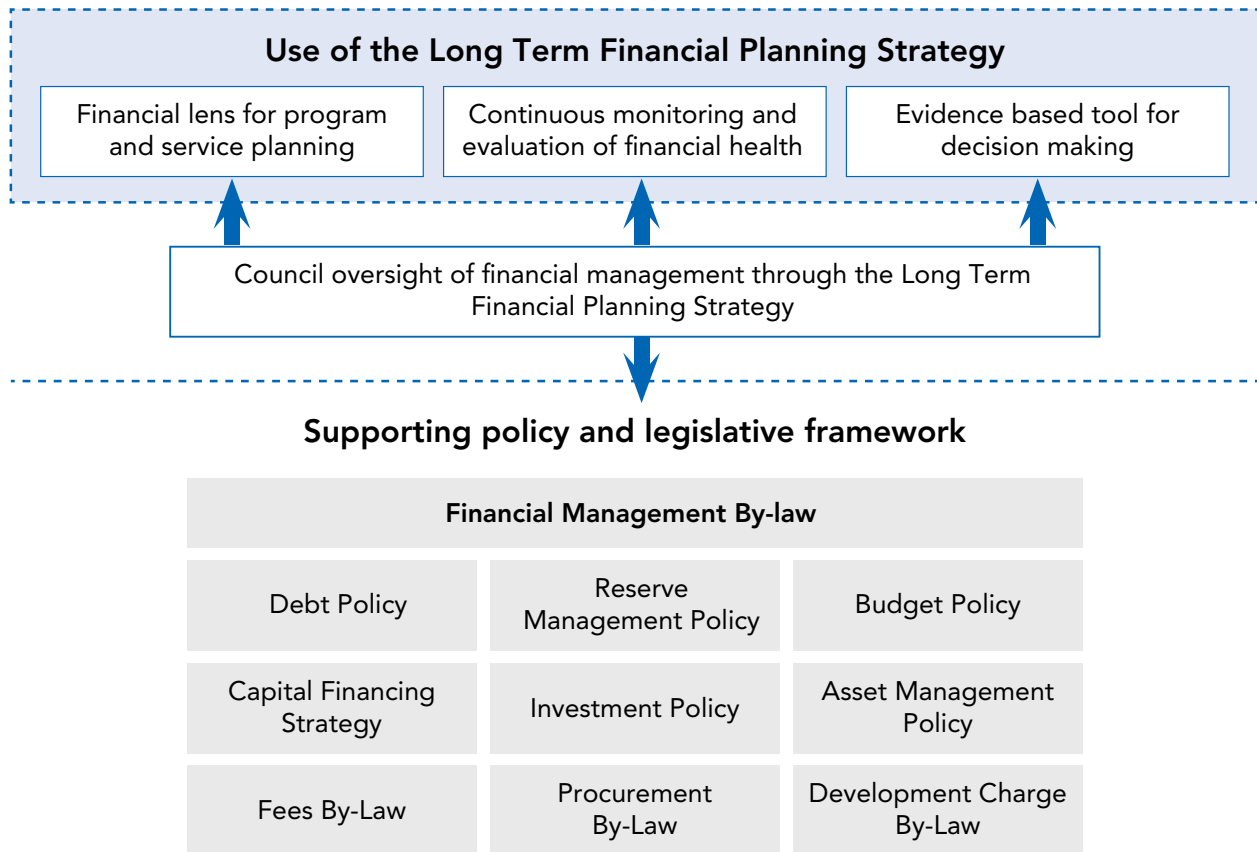


The Region's ability to change either debt levels or taxes and utility rates to meet financial obligations and ensure intergenerational equity.

- Mitigate significant fluctuations in tax and utility rates
- Borrow only for substantial long-term assets at affordable rates

Financial Management By-law

The Financial Management By-Law (“the By-law”) was established to support the implementation of the Finance Strategy. The By-law focuses on the nine financial principles on the nine financial principles as a guide to help with decision making, monitoring and reporting to Council on the execution of the Finance Strategy. The By-law is also utilized to govern several financial policies and strategies that establish the objectives, responsibilities, controls and reporting requirements for risk management, financial planning, debt/investment management, and revenue and expenditure control.



Enterprise Asset Management Program

Enterprise Asset Management is an integral part of the Region’s strategic and long-term planning practices. The Enterprise Asset Management Program (“the Program”) focusses on developing sustainable plans to maintain the assets over a planning horizon that can be as long as 100 years. Guided by the principle of continuous improvement, these plans support Council’s level of service targets and long-term financial strategies. The Program is also guided by industry best practice, as well as regulatory requirements. The Region’s 2023 Infrastructure Status and Outlook Report highlights that assets are in a good state of repair with 78 per cent of the Region’s infrastructure meeting Council’s risk management targets. The Region remains committed to responsible stewardship of this infrastructure, which is a public investment worth \$43 billion.



Treasury Services

The Region has improved and augmented Treasury practices, focusing on opportunities that will provide long-term value to the Region of Peel. Collaboration on the Region’s strategic initiatives led to strengthened governance, process improvements, technological improvements, and realized efficiencies within Treasury Services and across the organization to meet the needs of Peel residents.

Development Charges By-law

The *Development Charges Act, 1997* (“the Act”) sets out the framework within which Ontario municipalities are permitted to levy development charges against new development to fund the cost of growth-related infrastructure. Peel’s Development Charges By-law contains specific rate and other information on how development charges are levied in Peel. The DC By-law also reflects the financial principle “Users pay where appropriate” and supports Council’s principle that “growth pays for growth”.

The Region’s 2020 DC By-law addresses amendments made by the Province to the Act since the enactment of the Region’s previous By-law, ensuring the Region’s compliance. Peel’s current DC By-law expires in January 2031.

Budget Planning Process

Peel implemented a new planning process that began in early 2022 that focused on business planning, not only for the budget year, but on the next four years. Alignment to the Region’s Strategic Plan and Council’s directions to the services was paramount. Services also took into consideration specific service level pressures and trends as well as significant non-service specific factors. Emphasis was placed on the impact of significant high-level trends on Peel’s ability to achieve service outcomes.

Significant trends assessed include:

- Growing, diverse and rapidly aging population
- Changing and evolving economy
- Continued aging infrastructure
- Climate change and weather patterns
- Constantly changing legislation
- Changing nature of employment
- Impact of COVID-19





The Region’s budget, property tax and utility rate plans are developed according to principles which include fairness, sustainability and affordability, user pays where appropriate, value for money and managing assets.

Peel Regional Council decides how municipal services are delivered. The timeline for their decision-making process is provided below.

FEB	MAR APR	MAY JUN	JUL AUG
Executive Leadership Team (ELT) Priority setting and direction to services for business planning	Service Directors Develop proposed business plans and budget based on ELT direction. Link to Strategic Service Plan, Master Plans and service outcomes, risks and opportunities.	ELT Review and feedback on proposed business plans, proposed budget and business requests	Service Directors Refine and complete budget development (capital and operating) based on feedback from ELT
SEPT	OCT NOV	DEC	JAN FEB
ELT Review of final proposed budget, business requests and business cases	Service Directors Finalization of Business Plans, budget, and presentations	Develop consolidated Business Plan and Budget 2023–2026 Business Plan, 2023 Budget and presentations: Distribute to Council	Regional Council Deliberation of the proposed business plan & budget on: Day 1: Jan 19, 2023 Day 2: Jan 26, 2023 Day 3: Feb 2, 2023

The Region's budget presents a budget that places focus and emphasis on services and service outcomes as opposed to administrative structure and strives to streamline how the information is presented to both Council and the public. The budget has two distinct components: the Tax Supported Budget and the Utility Rate Supported Budget. These two components are further broken down into Operating Budget and Capital Budget. Staff report back to Council on a triannual basis with the financial results.

2023 Regional Budget Overview \$5.0B
 Operating Budget - \$3.1B & Capital Budget - \$1.9B
 10-Year Capital Plan - \$14.5B

 Property Tax Supported		 Utility Rate Supported	
Operating Budget	\$2,489M	Operating Budget	\$656M
Budgeted Rate Stabilization Reserve draws	(\$75M)	Budgeted Rate Stabilization Reserve draws	(\$5M)
Capital Budget	\$1,299M	Capital Budget	\$641M
10-Year Capital Plan	\$6,236M	10-Year Capital Plan	\$8,284M
*Property Tax Increase	2.8%	Average Utility Rate Increase	7.9%
(includes 1.0% infrastructure levy, 0.5% Community Safety Levy)		(includes 5.0% for infrastructure)	
**Impact:		Impact:	
Average Home assessed at \$578,600	\$144	Household water consumption of 290m ³	\$58
Small Business assessed at \$641,900	\$255	Small Business water consumption of 695m ³	\$152
Commercial assessed at \$1,925,700	\$765		
Industrial assessed at \$1,937,300	\$849		
Region's Portion of Annual Residential Municipal Tax Bill	\$2,309	Annual Residential Water Bill	\$896

* Assumed weighted average municipal portion of tax bill is approximately 42 per cent

** Weighted average of three local municipalities. Actual impact will vary based on the MPAC assessment and the local municipality.

Internal Audit and the Role of Audit and Risk Committee

The Region's internal audit activity provides value-added advice, assurance and risk management services that support organizational success. The internal audit activity operates independently so that it can be impartial to the audits it conducts and reports to the Audit and Risk Committee.

The objective of the Audit and Risk Committee is to assist Regional Council and associated Boards and Agencies in the discharge of their governance, accountability and controllership responsibilities by advising that risks are being appropriately addressed through strong governance, a risk/control and compliance framework, appropriate stewardship and an effective internal audit activity.

The Committee is comprised of the Regional Chair (ex-officio), and up to eight members including the Chair and Vice-Chair of the Enterprise Programs and Services section of Regional Council, at least one Regional Councillor from each area municipality and up to two members of the public with expertise in the areas of technology and finance. Meetings are held a minimum of four times annually and at other times as required.

2023 Financial Results

The 2023 consolidated financial statements are management's responsibility and have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The statements include the financial activities of all entities deemed to be controlled by Peel including the Peel Police Services Board and the Peel Housing Corporation.

The Region's external auditors, Deloitte, conduct an audit of the annual consolidated financial statements, as required by the *Ontario Municipal Act, 2001*. Deloitte has issued their unmodified audit opinion on the 2023 consolidated financial statements, in which their report can be found prior to the consolidated financial statements on page 27.

Consolidated Statement of Financial Position

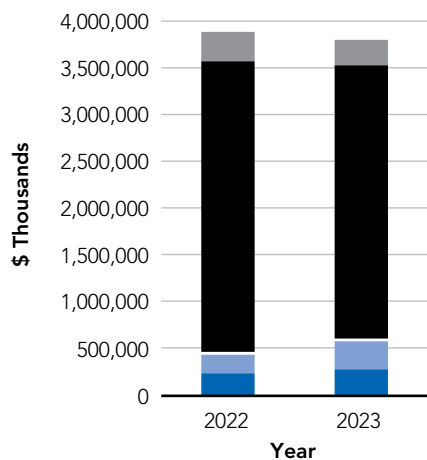
The table below provides a summary of the results from the Region's 2023 Consolidated Statement of Financial Position (\$000):

	2023 Actuals	2022 Actuals	Favourable/ (Unfavourable)
Financial Assets	\$ 3,792,105	\$ 3,881,184	\$ (89,079)
Liabilities	2,863,674	2,851,491	(12,183)
Net Financial Assets	928,431	1,029,693	(101,262)
Non-Financial Assets	13,165,078	12,699,650	465,428
Accumulated Surplus	\$ 14,093,509	\$ 13,729,343	\$ 364,166

The sections on the following pages provide an overview of the results.

The amounts discussed below reflect only the major variances and will not add to the total favourable/ (unfavourable) variances noted in the table above.

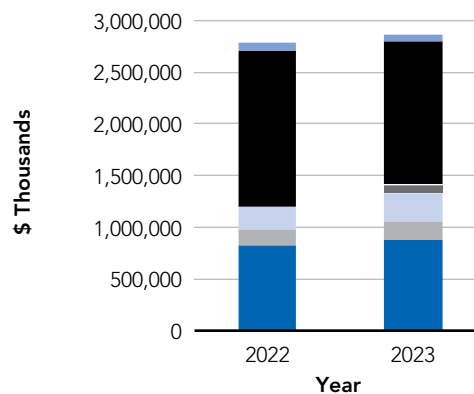
Financial Assets by Category (2022-2023)



- Recoverable gross long-term debt from area municipalities
- Portfolio investments
- Loans receivable*
- Accounts receivable
- Cash and cash equivalents

*amounts comparatively small to be displayed on graphs

Liabilities by Category (2022-2023)



- Mortgages payable on income-producing properties
- Long-term debt
- Other liabilities*
- Asset retirement obligations
- Employee future benefits and post-employment liabilities
- Deferred revenue
- Accounts payable and accrued liabilities

*amounts comparatively small to be displayed on graphs

Financial Assets

Cash and assets that can be quickly converted to cash (what we own)

Overall decrease of \$89.1M including:

- **\$187M decrease** in portfolio investment due to investment maturities and sales made during the year
- **\$43.2M decrease** in the gross long-term recoverable from the local municipalities due to debt repayments received from the local municipalities
- Partly offset with **\$53.9M increase** in cash and cash equivalents and a **\$81.9M increase** in accounts receivable due to the timing of funding payments expected to be received from other levels of government

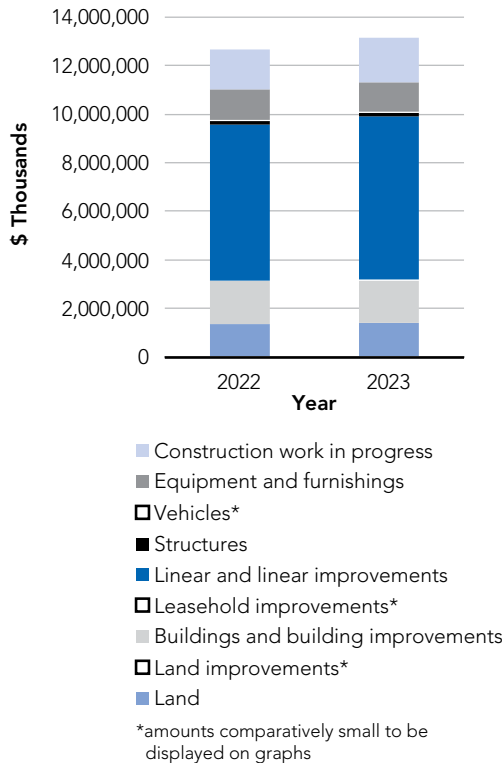
Liabilities

Obligations that require an amount to be paid or services to be provided in the future (what we owe)

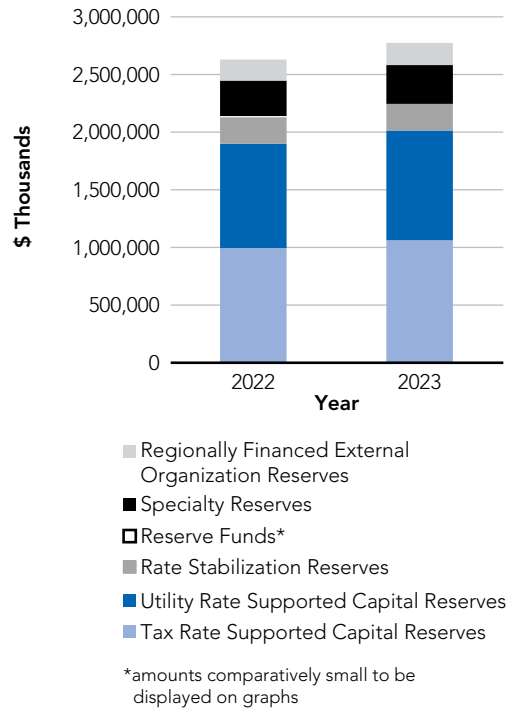
Overall increase of \$12.2M including:

- **\$57.5M increase** in accounts payable due to the timing of payments during 2023
- **\$53.6M increase** in the employee future benefits and post-employment liabilities due to new actuarial estimates and an increase in deferred revenue
- Partially offset by decreases in long-term debt and mortgages payable due to principal repayments and sinking funds contributions made during the year

Net Book Value of Tangible Capital Assets by Category (2022-2023)



Reserve and Reserve Funds by Category (2022-2023)



Non-Financial Assets

Represents economic resources that will be employed by the Region of Peel to deliver programs and provide services in the future

Overall increase of \$293.1M including:

- **\$175.3M increase** in construction work in progress due to continued work on large infrastructure
- **\$118M increase** in linear infrastructure for Water and Roads

Reserves and Reserve Funds

Represents an important component of the accumulated surplus balance

The graph above displays the Region's reserve balances by category. Approximately 29 per cent of the reserve balances are held to meet financing requirements for the state-of-good-repair of existing assets and other capital work not eligible for development charge funding, while 71 per cent are held to provide financial flexibility to address one-time pressures and volatility within the tax supported and utility rate supported budgets.

Consolidated Statement of Operations

The table below provides a summary of the results from the 2023 Consolidated Statement of Operations (\$000):

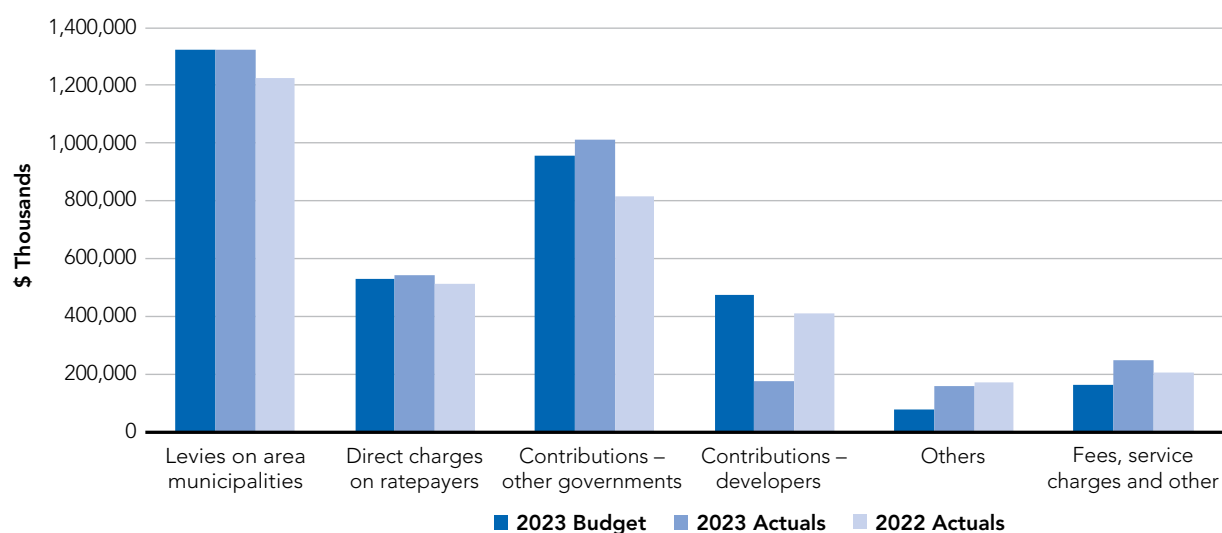
	2023 Budget (A)	2023 Actuals (B)	Actuals vs Budget (A vs B)	2022 Actuals (C)	Variance (B-C)
Total Revenues	\$ 3,528,907	\$ 3,475,111	\$ (53,796)	\$ 3,346,658	\$ 128,453
Total Expenses	3,175,851	3,127,685	48,166	2,763,010	364,675
Annual Surplus	\$ 353,056	\$ 347,426	\$ (5,630)	\$ 583,648	\$ (236,222)

The sections below provide an overview of the results.

The amounts discussed below reflect only the major variances and will not add to the total favourable/ (unfavourable) variances noted in the table above.

Revenues

Revenues Comparison (2023 Budget, 2023 Actuals and 2022 Actuals)



2023 Actuals vs. 2022 Actuals – overall increase of \$128.5M due to:

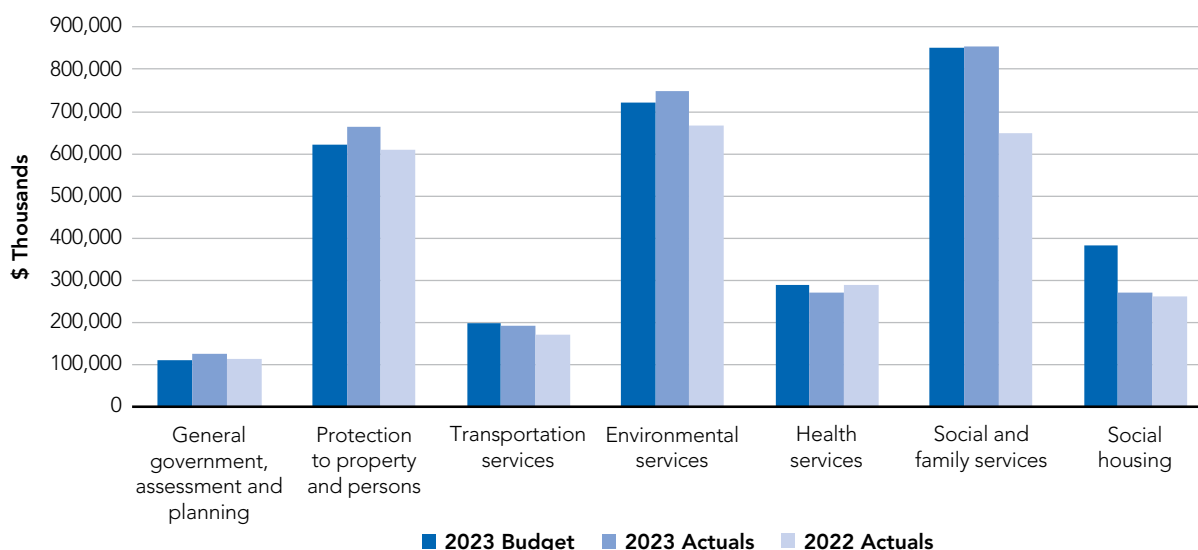
- **\$197.8M increase** in contributions from other governments particularly related to Social and Family Services due to an increase in program funding for social assistance, asylum seekers and childcare
- **\$99.8M increase** in levies on area municipalities due to property tax increases
- **\$42.9M increase** in fees, services charges and other revenue mainly due to the sale of waste management related equipment
- **\$33.2M increase** in direct charges on ratepayers due to utility rate and volume increases
- **\$24.7M increase** in investment income mainly due to higher interest rates during the year
- **\$232.8M decrease** in contributions from developers received by the Region, during the year due to recent changes in the *Development Charges Act* and a sluggish housing market
- **\$37.1M decrease** in contributed tangible capital assets from developers

2023 Budget vs. 2023 Actuals – \$53.8M shortfall due to:

- **\$295.9M unfavourable variance** in contributions from developers due to actual Development Charge (DC) revenue received being lower than estimated DC revenue per budget assumptions based on 2023 capital project financing
- **\$85.3M favourable variance** in fees, service charges and other mainly due to the sale of waste management related equipment which was not included in the budget
- **\$59.1M favourable variance** in contributions – other governments mainly due to unbudgeted funding received for COVID immunization program and funding for Asylum Seekers
- **\$57.3M favourable variance** in contributed tangible capital assets from developers which was not included in the budget
- **\$25.4M favourable variance** in investment income mainly due to higher interest rates realized during the year than budgeted

Expenses

**Expenses Comparison
(2023 Budget, 2023 Actuals and 2022 Actuals)**



2023 Actuals vs. 2022 Actuals – Overall increase of \$364.7M including:

- **\$204.9M increase** in social and family services expenses related to the Canada-Wide Early Learning and Child Care program, social assistance caseloads, and asylum seekers
- **\$83.3M increase** in environmental services related to increases in capital project spending that did not meet tangible capital asset criteria and a loss on the sale of assets
- **\$53.9M increase** in protection to property and persons expenses mainly related to an increase in the employee future benefits and post-employment liabilities due to new actuarial estimates obtained during the year, increase in service level demands and an increase related to planned technology upgrades
- **\$18.1M increase** in transportation services mainly due to an increase in capital project spending that did not meet tangible capital asset criteria and an increase in amortization
- **\$10M increase** in general government expenses primarily due to an increase in the employee future benefits and post-employment liabilities due to new actuarial estimates obtained during the year
- **\$9.4M increase** in social housing mainly due to an increase in repairs and maintenance on buildings
- Partially offset by **\$18M decrease** in health services expenses due to less COVID-19 related expenses

2023 Budget vs. 2023 Actuals – \$48.2M surplus due to:

- **\$111.6M favourable variance** in social housing due to less capital spending than was budgeted in 2023
- **\$20.0M favourable variance** in health services mainly due to decrease in expenses related to COVID and immunization services
- **\$41.5M unfavourable variance** in protection to property and persons mainly related to an unbudgeted increase in the employee future benefits and post-employment liabilities due to new actuarial estimates obtained during the year
- **\$28.3M unfavourable variance** in environmental services mainly due to an unbudgeted loss on the sale of assets
- **\$16.6M unfavourable variance** in general government due to an unbudgeted increase in the employee future benefits and post-employment liabilities due to new actuarial estimates obtained during the year

Budget adjustments

The audited financial statements are prepared using full accrual accounting, as required by PSAB. However, the Region's annual budget approved by Council is developed on a modified accrual basis as two of its primary objectives are to determine the amount of financing and tax revenue required by the municipality to balance its budget.

Due to the differences in methodology, adjustments are needed to convert the budget reported in the annual budget book from a modified accrual basis to a full accrual basis for financial statement purposes. These adjustments include:





- Contributed capital assets are recognized as revenue in the statements but are not included in the budget book.
- Transfers to and from reserves are included in the budget book but are not included in the statements.
- Amortization, asset retirement obligations, and post-employment benefits are included in the statements but not in the budget book.
- Debt principal payments and sinking fund contributions are recognized as reductions to long-term debt in the statements, whereas these are considered as operating expenses in the budget book.
- Non-capitalized capital project costs are recorded as expenses in the statements, whereas all capital project expenses are included in the capital portion of the budget book.
- PHC budget is consolidated with the Region's budget in the statements with any intercompany transactions eliminated, whereas PHC and the Region have separate budget books.

Given that certain budget information is not available in full accrual format, the assumption of using budget adjustments that equal the actual full accrual adjustments are used.

The detailed budget reconciliation can be found in note 14 on page 54 of the financial statements. The full accrual budget estimates are unaudited and for financial statement presentation only.










Future outlook

The Region of Peel is a growing, thriving community and a major economic hub, that is facing a changing and dynamic environment especially as it continues the recovery stage of COVID-19. Major trends which are resulting in increased service pressures and more complex community issues are:

<p>Growing and Rapidly Aging Population</p>  <p>A rapidly growing and ageing population increases service demands and places stress on existing infrastructure, creating more demand for new infrastructure investment.</p>	<p>Aging Infrastructure</p>  <p>Peel's infrastructure is ageing requiring increased levels of investment to keep them in a state of good repair.</p>	<p>Climate Change</p>  <p>Climate change leading to extreme weather events presents risks for effective and long-lasting infrastructure.</p>
<p>Changing Economy</p>  <p>Changes to economic conditions including inflation, energy costs, grants and subsidies may adversely affect the Financing Plan. Impacts of COVID-19 on the economy will have a long term effect on financial sustainability.</p>	<p>Rapidly Changing Technology</p>  <p>Rapidly changing technology in a changing and uncertain macro environment challenges how quickly we adapt in the way we connect with residents and deliver services.</p>	<p>Changing Legislative Environment</p>  <p>Constantly evolving legislation and regulations impact infrastructure decisions.</p>
<p>Continued Pandemic Recovery</p>  <p>Continued COVID-19 pandemic recovery can have multi-year implications on how the Region operates and maintains assets. COVID-19 may also cause permanent impacts on asset design and delivery of capital programs.</p>		

Budget highlights

The chart below highlights areas where we are making investments to ensure we are sustaining current service levels and addressing increased service demand required by a population that is expected to grow by an average of 25,000 people per year, while our population continues to age at the same time.

 <p>Responding to 11,700 more paramedic response calls</p>	 <p>Improving community safety through 70 police officers and 50 civilian positions</p>	 <p>Sustaining a safe and healthy community in a post pandemic environment</p>
 <p>Zero Emission Waste Collection Vehicle Pilot</p>	 <p>Adding 100 affordable rental units for middle income households</p>	 <p>Moving towards 4 hours of care for seniors at our long term care homes</p>
 <p>Maintaining the state of good repair of \$36B of infrastructure</p>	 <p>Supporting psychological health and wellbeing</p>	 <p>Advancing work to achieve a diverse and inclusive workplace and community</p>
 <p>Modernizing service delivery by leveraging technology and implementing the digital strategy</p>	 <p>Reducing green house gas emissions through strategic capital investments</p>	 <p>Supporting critical infrastructure work for water/wastewater services</p>

Conclusion

Despite the challenges of dissolution and the complex interconnected issues of homelessness, asylum seekers and the high cost of housing, the Region of Peel continues to showcase their strength and resilience. Peel is committed to financial strength and stability and had an overall increase in reserves and reserve funds in 2023.

Peel Region has been built on a foundation of long-term sustainable, which is demonstrated by having achieved a Triple A credit rating for 28 consecutive years. With increased investments in key areas such as Housing Support, Community Investment, Paramedics and Seniors Services as well as investments in climate change and our ongoing commitment to diversity, equity and inclusion, Peel Regional Council remains dedicated to serving the Region of Peel by focusing their strategic plan on the priorities and expectations of the community.

Peel is a vibrant municipality, full of contrasts. It is urban and rural, and an economic and transport hub with beautiful natural landscapes. Having both a demographic and economic foundation that are vastly diverse, Peel remains well positioned to keeping growing and thriving in the years to come.

Thank you to Regional Council for their leadership, staff for their dedication, and our community partners for their support.



Davinder Valeri

Chief Financial Officer and
Commissioner of Corporate Services

June 20, 2024

Management report

Year ended December 31, 2023
Management’s Responsibility for the Consolidated Financial Statements

The accompanying financial statements of the Regional Municipality of Peel (the “Region”) are the responsibility of the Region’s management and have been prepared in accordance with Canadian Public Sector Accounting Standards.

The preparation of the consolidated financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Region management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit and Risk Committee of the Region meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Region. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Region’s consolidated financial statements.

Davinder Valeri
Chief Financial Officer and
Commissioner of Corporate Services

David Sutton
Treasurer and Director
of Corporate Finance

Brampton, Canada
June 20, 2024

2023 Annual Financial Report

2023

Consolidated financial statements

The Regional Municipality of Peel, Ontario, Canada
for the year ended December 31, 2023

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.

The signature of Deloitte LLP is written in a cursive, handwritten style in black ink.

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.

THE REGIONAL MUNICIPALITY OF PEEL

Notes to the 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 Canada	\$ -	\$ 234,947	\$ 178,986	\$ 55,961	\$ -
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 Reserves and reserve funds	\$ 13,093,249	\$ 12,597,516
Capital fund	2,770,260	2,630,290
Current fund	(1,665,531)	(1,411,887)
	80,010	67,783
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	53,585	27,219
(Decrease) in other liabilities	(111)	(31)
(Increase) in prepaid expenses	(11,487)	(7,308)
Decrease (Increase) in inventory	71	(114)
Total	\$ 88,970	\$ 137,305

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

2023 Annual Financial Report

2023

Debt retirement and sinking funds financial statements

The Regional Municipality of Peel, Ontario, Canada
for the year ended December 31, 2023

Independent Auditor's Report

To the Members of
Council of the Regional Municipality of Peel

Opinion

We have audited the financial statements of the sinking funds 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 financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the sinking funds 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 Financial Statements section of our report. We are independent of the sinking funds of the Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the 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 sinking funds of the Regional Municipality of Peel'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 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 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 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 sinking funds 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2024

The Regional Municipality of Peel

Sinking Funds Statement of Financial Position

For the year ended December 31, 2023

(All dollars in \$000)

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 2,312	\$ 1,571
Accrued interest	3,650	\$ 1,768
Portfolio investments (Note 6)	473,932	\$ 412,740
TOTAL FINANCIAL ASSETS	479,894	416,079
LIABILITY		
Actuarial requirements for retirement of sinking fund debt (Note 2d)	477,242	415,277
NET FINANCIAL ASSETS	2,652	802
ASSET ALLOCATION		
Region of Peel	474,819	412,422
City of Brampton	4,950	3,542
Town of Caledon	125	115
	\$ 479,894	\$ 416,079

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

The Regional Municipality of Peel Sinking Funds Statement of Operations

For the year ended December 31, 2023

(All dollars in \$000)

	2023	2022
REVENUE		
Contributions (Note 5)	\$ 52,308	\$ 49,103
Investment income	11,505	\$ 3,924
TOTAL REVENUE	63,813	53,027
EXPENSES		
Provision for actuarial requirements	61,963	60,346
TOTAL EXPENSES	61,963	60,346
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	1,850	(7,319)

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

The Regional Municipality of Peel

Sinking Funds Statement of Cash Flows

For the year ended December 31, 2023

(All dollars in \$000)

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 1,850	\$ (7,319)
Change in non-cash assets and liabilities		
Accrued interest	(1,882)	(926)
Increase in actuarial requirements	61,965	60,346
NET CHANGE IN CASH FROM OPERATING ACTIVITIES	61,933	52,101
INVESTING ACTIVITIES		
Acquisition of investments	(61,192)	(54,102)
NET CHANGE IN CASH FROM INVESTING ACTIVITIES	(61,192)	(54,102)
Net change in cash	741	(2,001)
Cash, beginning of year	1,571	3,572
CASH, END OF YEAR	\$ 2,312	\$ 1,571

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

The Regional Municipality of Peel

Sinking Funds Statement of Change in Net Financial Assets

For the year ended December 31, 2023

(All dollars in \$000)

	2023	2022
Excess (deficiency) of revenues over expenses for the year	\$ 1,850	\$ (7,319)
Net financial assets, beginning of year	802	8,121
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,652	\$ 802

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

The Regional Municipality of Peel Sinking Funds

Notes to the Financial Statements

For the year ended December 31, 2023

(All dollars in \$000)

1. Purpose of Funds

The Region of Peel Sinking Funds are separate funds maintained for the purpose of repaying debenture principal amounts at maturity.

2. Summary of Significant Accounting Policies

These financial statements are the representation of management and are prepared by management in accordance Canadian public sector accounting standards, as recommended by Public Sector Accounting Board (“PSAB”) of Chartered Professional Accountants of Canada (“CPA Canada”). The significant accounting policies are summarized below:

(a) Basis of Accounting

The Region of Peel Sinking Funds follow the accrual method of accounting for revenues and expenditures.

(b) Revenue Recognition

Contributions are recognized in the year receivable. Investment income is recognized as revenue when earned.

(c) Portfolio Investments

Portfolio investments are recorded using amortized cost. The discounts or premiums on investments are amortized using the effective interest method. Investments are purchased with the intention of being held to maturity. Gains and losses are recognized when investments are sold. Under certain circumstances, investments may be sold prior to maturity in accordance with the approved Sinking Fund Investment Policy.

(d) Provision Payment Requirements & Use of Estimates

The provisional payments for the Sinking Funds represent the amounts required as set out in the respective debenture by-laws which, together with interest compounded annually, will be sufficient to retire the related debt at maturity. The provision payment requirements are determined using an estimated rate of return at the time of debenture issuance and with rates ranging between of 1.25 per cent per annum and 4 per cent. The excess or deficiency of financial assets over these requirements is included in the fund balance.

(e) Financial Instruments

Financial instruments include cash, accrued interest and actuarial requirements for retirement of sinking fund debt.

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

Instrument	Method
Cash	Amortized cost
Accrued interest	Amortized cost
Portfolio Investments (as described in Note 2c)	Amortized cost
Actuarial requirements for retirement of sinking fund debt	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.

Cash, accrued interest, and actuarial requirement for the retirement of sinking fund debt are initially recorded at their fair value, and subsequently measured at cost net of any provisions for impairment.

The Region does not have any Sinking Fund investments held in foreign currencies.

3. Adoption of New Accounting Standards

Effective January 1, 2023, the Region has adopted Canadian public sector accounting standards PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 1201 Financial Statement Presentation. 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 2c).

The standards were adopted prospectively from the date of adoption. The adoption of these standards did not have any material impact on the amounts presented in these financial statements.

4. Allocation of Surplus

The following is the apportionment of each Sinking Fund's life to date balance.

Sinking Fund Surplus / (Deficit)

	2023	2022	Town of	City of	Region of Peel
	Total	Total	Caledon	Brampton	
	\$	\$	%	%	%
Series DQ	(2,658)	(3,224)	0.09	-	99.91
Series EC-Region	2,014	1,579	-	-	100
Series EC-Brampton	39	10	-	100	-
Series EP	(28)	(34)	-	-	100
Series EQ	(146)	419	-	-	100
Series FX	2,443	1,717	-	-	100
Series HE-Region	950	326	-	-	100
Series HE-Brampton	38	9	-	100	-
	2,652	802	-	-	-

5. Contributions

In 2023, contributions to the Sinking Funds were \$52,308 (2022 – \$49,103).

6. Portfolio Investments

Investments consist of high-quality provincial, municipal, and bank bonds yielding between 1.35 and 5.74 per cent, with maturities ranging from November 2024 to January 2053.

Investments consist of securities issued by the following:

	2023	2022
Banks & Corporates	\$ 154,571	\$ 121,488
Municipal	105,114	98,171
Provincial	214,246	193,081
Amortized Cost	473,932	412,740
Par Value	536,924	474,155
Market Value	438,300	360,817

7. Risk Exposures

The Sinking Funds are subject to credit risk, liquidity risk, interest rate risk and market risk with respect to the investment portfolio. Credit risk is the financial loss due to inability to repay borrowed funds. Liquidity risk is the inability to access or convert to cash on short notice with limited cost.

Interest rate risk is the financial loss due to changes in interest rates. Market risk is the financial loss due to unforeseen changes to credit risk, interest rates and equity (stock) market.

Risks are managed and mitigated through holding high quality fixed income securities with maturities that are typically closely matched to the maturity date of the debenture for which the sinking fund was established, helping ensure that sufficient funds are available to repay the debenture at maturity.

8. Schedule of Debenture Maturities

Outstanding sinking fund debentures issued are detailed below. Required sinking fund contributions are made annually to the sinking funds by Town of Caledon, City of Brampton and the Region of Peel respectively:

Maturity Year	Town of Caledon	City of Brampton	Region of Peel
	\$	\$	\$
2026	-	-	150,000
2033	-	-	250,000
2040	433	-	499,567
2042	-	23,000	300,000
2051	-	20,000	330,000
2053	-	-	33,000
Total	433	43,000	1,562,567

9. 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 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.

2023 Annual Financial Report

2023

Trust funds financial statements

The Regional Municipality of Peel, Ontario, Canada
for the year ended December 31, 2023

Independent Auditor's Report

To the Members of
Council of the Regional Municipality of Peel

Opinion

We have audited the financial statements of the trust funds of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2023, and the statements of financial activities and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Regional Municipality of Peel as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Financial Statements section of our report. We are independent of the trust funds of the Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 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 trust funds of the Regional Municipality of Peel'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 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 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 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 trust funds 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2024

The Regional Municipality of Peel Trust Funds Statement of Financial Position

As at December 31, 2023
(All dollars in \$000)

	2023	2022
FINANCIAL ASSET		
Cash	\$ 236	\$ 258
FUND BALANCE		
Residents' equity	\$ 236	\$ 258

The Regional Municipality of Peel Trust Funds Statement of Financial Activities and Fund Balance

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

	2023	2022
REVENUES		
Deposits from residents	\$ 508	\$ 390
EXPENSES		
Payment for maintenance, withdrawals by residents and estate payments	530	391
(Deficiency) of revenues over expenses	(22)	(1)
Fund balance, beginning of year	258	259
FUND BALANCE, END OF YEAR	\$ 236	\$ 258

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

The Regional Municipality of Peel Trust Funds

Statement of Cash Flows

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

	2023	2022
(Deficiency) of revenues over expenses	\$ (22)	\$ (1)
Cash, beginning of year	258	259
CASH, END OF YEAR	\$ 236	\$ 258

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

The Regional Municipality of Peel Trust Funds

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies

These financial statements reflect the financial position, financial operations, and cash flows of funds held in trust by the Regional Municipality of Peel (“the Region”) for residents of the 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.

These financial statements are the representation of management and are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

a) *Basis of Accounting*

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

b) *Use of Estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

2. *Hazel McCallion Act (Peel Dissolution), 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 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.

2023 Annual Financial Report

2023

Five-year review

The Regional Municipality of Peel, Ontario, Canada
for the year ended December 31, 2023

Five-Year Financial Review

Years Ended 2019 to 2023

Unaudited

(All dollars in \$000)

	2023	2022	2021	2020	2019
Statement of Financial Position					
Financial assets	\$ 3,792,105	\$ 3,881,184	\$ 3,580,316	\$ 3,223,909	\$ 2,854,611
Financial liabilities	2,863,674	2,851,491	2,751,535	2,729,589	2,519,697
Net financial assets (debt)*	928,431	1,029,693	828,781	494,320	334,914
Tangible capital assets	13,115,050	12,661,038	12,285,724	11,993,294	11,627,537
Prepays & inventory	50,028	38,612	31,190	30,496	30,684
Accumulated Surplus	\$ 14,093,509	\$ 13,729,343	\$ 13,145,695	\$ 12,518,110	\$ 11,993,135
Accumulated surplus comprised of					
Accumulated operating surplus	14,076,769	13,729,343	13,145,695	12,518,110	11,993,135
Accumulated remeasurement gain	16,740	-	-	-	-
Accumulated Surplus	\$ 14,093,509	\$ 13,729,343	\$ 13,145,695	\$ 12,518,110	\$ 11,993,135
Reserves and Reserve Funds	\$ 2,770,261	\$ 2,630,291	\$ 2,554,482	\$ 2,295,972	\$ 2,130,555
Tangible capital asset additions	\$ 801,815	\$ 685,591	\$ 601,414	\$ 679,491	\$ 657,591
Long-term liabilities (Note A below)					
Long-term debt	\$ 1,391,189	\$ 1,500,458	\$ 1,522,276	\$ 1,494,742	\$ 1,389,327
Recoverable from area municipalities	(264,719)	(307,943)	(298,328)	(211,307)	(241,387)
Revenues from Peel Housing Corporation properties	59,715	77,337	95,725	114,210	132,483
	\$ 1,186,185	\$ 1,269,852	\$ 1,319,673	\$ 1,397,645	\$ 1,280,423
Net long-term liabilities recovered from (Note A below)					
Property taxation	\$ 56,058	\$ 58,542	\$ 65,161	\$ 67,054	\$ 69,845
Revenue from development charges	1,048,215	1,111,782	1,158,788	1,216,381	1,078,095
Revenues from Peel Housing Corporation properties	81,911	99,528	95,725	114,210	132,483
	\$ 1,186,185	\$ 1,269,852	\$ 1,319,673	\$ 1,397,645	\$ 1,280,423
Charges for net long-term liabilities (Note A below)					
Supported by:					
Property taxation	\$ 3,729	\$ 3,732	\$ 3,733	\$ 3,758	\$ 3,805
Revenue from development charges	59,226	59,365	63,221	60,849	58,213
Revenues from Peel Housing Corporation properties	3,784	2,960	3,697	4,915	4,706
	\$ 66,739	\$ 66,056	\$ 70,651	\$ 69,522	\$ 66,724
Debt repayment limit (Note B below)	\$ 229,691	\$ 320,504	\$ 291,307	\$ 320,504	\$ 291,307
<i>(As prescribed by the Province)</i>					

* Net Financial Assets (debt) represents the difference between financial assets and liabilities.

Note A: The Region's share of its own sinking funds is deducted to arrive at net long-term liabilities as it represents funds accumulated to retire those liabilities.

Note B: 2023 Annual debt and financial obligation limit is calculated based on the data contained in the 2022 FIR

Five-Year Financial Review (Continued)

Years Ended 2019 to 2023

Unaudited
(All dollars in \$000)

	2023	2022	2021	2020	2019
Statement of Operations					
Sources of revenue					
Levies on area municipalities	\$ 1,324,458	\$ 1,224,654	\$ 1,164,833	\$ 1,130,614	\$ 1,083,265
Direct charges on ratepayers	545,376	512,185	474,438	450,726	412,930
Contributions – other governments	1,014,356	816,532	890,807	796,291	798,861
Contributions – developers	178,986	411,803	294,408	270,996	252,359
Contributed capital assets	57,261	94,364	148,425	119,996	105,973
Investment income	103,767	79,086	73,300	80,974	78,220
Fees, service charges and other	250,907	208,034	266,220	197,444	170,128
	3,475,111	3,346,658	3,312,431	3,047,041	2,901,736
Expenses by function					
General government	97,000	86,987	63,862	66,755	56,248
Protection to property and persons	664,325	610,470	592,490	560,347	502,822
Transportation services	149,876	131,797	129,107	131,482	138,264
GO Transit	6,012	4,628	3,661	7,920	12,301
Gas tax transferred to area municipalities	37,954	36,372	71,338	34,791	69,712
Environmental services	749,087	665,731	647,726	640,877	651,305
Health services	270,490	288,549	335,585	223,412	184,608
Social and family services	854,715	649,779	566,618	611,792	584,757
Social housing	270,524	261,073	246,315	214,593	231,060
Planning and development	8,190	8,004	8,516	10,381	9,999
Assessment/other	19,512	19,620	19,628	19,716	19,431
	3,127,685	2,763,010	2,684,846	2,522,066	2,460,507
Annual surplus	\$ 347,426	\$ 583,648	\$ 627,585	\$ 524,975	\$ 441,229
Accumulated operating surplus, beginning of year	13,729,343	13,145,695	12,518,110	11,993,135	11,551,906
Accumulated operating surplus, end of year	\$ 14,076,769	\$ 13,729,343	\$ 13,145,695	\$ 12,518,110	\$ 11,993,135
Expenses by object					
Salaries, wages and employee benefits	\$ 1,143,608	\$ 1,065,955	\$ 1,052,307	\$ 984,701	\$ 882,412
Debt servicing	66,739	66,056	70,651	69,522	66,724
Amortization	321,871	308,379	305,732	295,659	284,890
Operating and general expenditures	851,213	700,227	677,868	612,187	625,337
Transfers to others	744,254	622,393	578,288	559,997	601,144
	\$ 3,127,685	\$ 2,763,010	\$ 2,684,846	\$ 2,522,066	\$ 2,460,507

Annual Surplus represents the difference between revenues and expenses for the year.

Accumulated Surplus is the sum of net financial assets and non-financial assets.

Five-Year Financial Review (Continued)

Years Ended 2019 to 2023

Unaudited
(All dollars in \$000)

	2023	2022	2021	2020	2019
RESERVE AND RESERVE FUNDS					
TAX SUPPORTED CAPITAL RESERVES					
General government	\$ 270,549	\$ 260,001	\$ 260,420	\$ 214,005	\$ 206,098
Health services	9,227	10,141	8,228	7,809	7,394
Social housing	227,692	212,810	198,850	167,280	177,128
Protection to property and persons	41,957	38,867	45,889	39,459	32,658
Social and family services	51,537	50,384	60,358	86,983	100,748
Transportation services	257,779	227,072	199,039	174,868	171,864
Waste management	203,066	193,907	182,875	158,166	141,484
	1,061,807	993,183	955,659	848,569	837,374
UTILITY RATE SUPPORTED CAPITAL RESERVES					
Wastewater	368,988	381,625	389,525	361,468	355,923
Water	586,080	523,837	468,485	376,208	313,718
	955,068	905,462	858,010	737,676	669,641
Total Capital Reserves	\$ 2,016,874	\$ 1,898,645	\$ 1,813,670	\$ 1,586,246	\$ 1,507,016
RATE STABILIZATION RESERVES					
General government	\$ 132,730	\$ 138,241	\$ 153,973	\$ 149,262	\$ 96,430
Health services	9,514	9,439	9,184	9,011	8,730
Social housing	4,129	3,973	3,856	3,773	3,646
Other	12,726	12,103	11,398	11,096	9,849
Protection to property and persons	(5,625)	(1,880)	1,009	990	959
Social and family services	7,442	7,181	6,987	6,856	6,894
Transportation services	12,950	12,505	12,172	11,964	11,596
Waste management	1,350	1,354	1,354	1,903	2,751
Wastewater	34,520	36,999	36,125	35,444	31,370
Water	14,020	13,805	13,558	13,303	12,888
	223,756	233,720	249,615	243,602	185,112
RESERVE FUND					
General government	\$ 1,711	\$ 1,698	\$ 1,579	\$ 1,522	\$ 1,454
Protection to property and persons	1,624	1,462	1,268	1,259	1,371
Social and family services	-	-	-	136	714
Transportation services	18	17	17	22	22
Waste management	305	294	286	281	272
	3,657	3,472	3,150	3,220	3,834
SPECIALTY RESERVES					
General government	\$ 67,449	\$ 66,426	\$ 71,588	\$ 40,108	\$ 39,818
Social housing	141,319	135,595	127,044	122,201	116,460
Social and family services	704	680	661	649	629
Waste management	121,134	107,565	94,646	84,771	72,314
	338,182	310,265	293,940	247,729	229,221
POLICE					
Other	\$ 7,099	\$ 7,106	\$ 7,410	\$ 7,300	\$ 7,073
Tax supported capital reserves	141,537	137,007	146,070	165,695	155,327
Rate stabilization reserves	39,155	40,076	40,629	42,181	42,974
	187,792	184,188	194,108	215,176	205,373
Total Reserve and Reserve Funds	\$ 2,770,261	\$ 2,630,291	\$ 2,554,482	\$ 2,295,972	\$ 2,130,555

Five-Year Statistical Review

Years Ended 2019 to 2023

Unaudited

	2023	2022	2021	2020	2019
TAXABLE ASSESSMENT (Normalized to reflect the assessment in current dollars, in \$millions)					
Residential	\$ 243,857	\$ 241,516	\$ 238,289	\$ 235,939	\$ 233,660
Non-residential	58,403	57,811	57,200	56,770	56,380
Total Taxable Assessment (Note B below)	\$ 302,260	\$ 299,327	\$ 295,489	\$ 292,709	\$ 290,040
TAXABLE ASSESSMENT (By year of assessment, in \$millions)					
Residential	\$ 243,857	\$ 241,591	\$ 238,440	\$ 236,208	\$ 221,472
Non-residential	58,403	58,090	57,805	57,825	55,363
Total Taxable Assessment (Note B below)	\$ 302,260	\$ 299,681	\$ 296,245	\$ 294,033	\$ 276,835
BUILDING PERMITS (in millions)					
Residential	\$ 2,588	\$ 3,364	\$ 2,926	\$ 1,922	\$ 2,273
Non-residential	1,948	1,627	1,284	1,246	1,488
Total Building Permits	\$ 4,536	\$ 4,991	\$ 4,210	\$ 3,168	\$ 3,761
PER CAPITA INFORMATION					
Taxable assessment (Based on normalized value)	\$ 158,909	\$ 159,309	\$ 157,229	\$ 157,127	\$ 156,321
Current expense	2,038	1,823	1,772	1,680	1,646
Reserves, reserve funds and development charges	1,805	1,735	1,686	1,529	1,425
Net Long-Term Liabilities					
Supported by:					
Property taxation	\$ 37	\$ 38	\$ 43	\$ 45	\$ 47
Revenue from development charges	683	733	765	810	721
Revenues from income producing properties	53	66	63	76	89
Total Net Long-term Liabilities	\$ 773	\$ 837	\$ 871	\$ 931	\$ 857
Dollars per Average Household					
Property taxes (Notes C below)	\$ 2,319	\$ 2,165	\$ 2,088	\$ 2,038	\$ 1,954
Utility charges (Notes D below)	896	838	791	748	697
Average Homeowner Cost	\$ 3,215	\$ 3,003	\$ 2,879	\$ 2,786	\$ 2,651
HOUSING STARTS (units)	5,763	7,697	7,077	4,568	5,011
POPULATION AT YEAR END					
Mississauga	752,188	745,363	765,088	757,718	757,464
Brampton	698,136	688,903	673,405	667,903	662,216
Caledon	84,249	81,753	77,063	75,957	75,067
Total Peel Population (Note E below)	1,534,573	1,516,019	1,515,556	1,501,578	1,494,747
HOUSEHOLDS (Note F below)	462,063	455,673	456,502	451,679	449,755
EMPLOYEES (Continuous full-time)					
Peel Regional Police	3,242	3,143	3,108	3,042	2,977
Other Regional services	5,029	4,758	4,453	4,414	4,443
Total Employees	8,271	7,901	7,561	7,456	7,420
EMPLOYEES PER HUNDRED THOUSAND RESIDENTS (Continuous full-time)					
Peel Regional Police	211	207	205	203	199
Other Regional services	328	314	294	294	297
Total Employees Per Hundred Thousand Residents	539	521	499	497	496

Note B: The Ontario Government postponed a province-wide property assessment update due to the pandemic. Property assessments for the 2023 property tax year will continue to be based on fully phased-in January 2016 current value assessment base.

Residential includes: residential, multi-residential (including new multi-residential), farmland and managed forests property tax classes.
Non-Residential includes: commercial, industrial and pipelines property tax classes.

Note C: 2019 based on residential taxable assessment value of \$545,900.
2020 & 2021 based on residential taxable assessment value of \$578,200.
2022 based on residential taxable assessment value of \$578,600.
2023 based on residential taxable assessment value of \$580,400.

Note D: 2019 based on an average household water use of 29 tens of cubic metres per year.
2020 based on an average household water use of 29 tens of cubic metres per year.
2021 based on an average household water use of 29 tens of cubic metres per year.
2022 based on an average household water use of 29 tens of cubic metres per year.
2023 based on an average household water use of 29 tens of cubic metres per year.

Note E: Recently available 2021 Census population values differ from the estimated values used here. Population figures used here reflect an estimated value based on 2016 Census data adjusted using the Peel Data Centre

Population and Household Monitoring Table (CMHC Housing absorptions, residential demolitions) and undercount of 3.26% from Hemson Consulting Ltd-Region of Peel Ward and Census Tract Population Age Structure Forecast, 2018
<https://data.peelregion.ca/datasets/population-and-household-estimates/explore>
<https://data.peelregion.ca/datasets/housing-construction-activity/explore>

Note F: Recently available 2021 Census population values differ from the estimated values used here. Population figures used here reflect an estimated value based on 2016 Census data adjusted using the Peel Data Centre

Population and Household Monitoring Table (CMHC Housing absorptions, residential demolitions) and undercount of 3.26% from Hemson Consulting Ltd-Region of Peel Ward and Census Tract Population Age Structure Forecast, 2018
<https://data.peelregion.ca/datasets/population-and-household-estimates/explore>
<https://data.peelregion.ca/datasets/housing-construction-activity/explore>

Peel's largest employers

Mississauga

Air Canada
Bank of Montreal
Bell Canada
Blackberry Ltd.
Canada Post
Canada Revenue Agency
Canadian Imperial Bank of Commerce
Chartwell Retirement Residences
Citi Canada
City of Mississauga
Erie Meat Products Ltd.
Federal Express Canada Ltd.
GlaxoSmithKline Inc.
Golden Life Insurance Solutions Inc.
Greater Airport Authority (GTAA) Administration
Hewlett-Packard Canada Co.
Hoffman-Roche Canada Ltd.
Ingram Micro Inc.
Intact Insurance
Maple Leaf Consumer Foods
McDonald's Corporation
McKesson Canada
Peel District School Board
Point Click Care Inc.
Purolator
Region of Peel
Royal Bank of Canada
Shoppers Drug Mart
SNC Lavalin Nuclear Inc
Sobeys National Inc.
TJX Canada
TD Canada Trust
Tim Hortons
Trillium Health Partners
Tyco Integrated Fire and Security
University of Toronto Mississauga
Walmart Canada

Top Public Sector Firms

Canada Post
Canada Revenue Agency
City of Mississauga
Peel District School Board
Region of Peel
Trillium Health Partners

Brampton

Amazon
Canadian Tire Corp (Distribution Centre)
Coca-Cola Refreshment Canada Ltd.
Dynacare
FCA Canada Inc. Stellantis
Give & Go Prepared Foods
Loblaw Company Ltd.
Magna
Maple Lodge Farms
Rogers Communications
Sheridan College Institute of Technology and Advanced Learning
Tara Pharmaceuticals Inc.

Top Public Sector Firms

City of Brampton
Regional Municipality of Peel
Brampton Civic Hospital
Peel Regional Police

Caledon

Amazon
Husky Technologies
Verdi Alliance Group of Companies

Top Public Sector Firms

Town of Caledon
Humberview Secondary School
Mayfield Secondary School
Caledon OPP

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Auditors

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