

The cover features a light gray background with a subtle pattern of small white circles. In the center, there are several overlapping circles in dark blue and medium blue. A large dark blue circle contains the title 'Annual Financial Review' in white. Below it, a medium blue circle contains the year '2024'. To the right of the title circle is a large, irregular blue shape. Two circular inset images are present: one at the top right showing a street scene with buildings and trees, and another at the bottom left showing an aerial view of a bridge over a river surrounded by greenery. Various smaller blue circles and partial circles are scattered around the central design.

Annual Financial Review

2024

Clarington



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Introduction

About Clarington

In 1974, the Regional Municipality of Durham Act brought together 21 municipalities, creating a two-tier government structure with regional government and eight individual municipalities, including the Municipality of Clarington.

The Town of Newcastle was formed by the amalgamation of the former Town of Bowmanville, the Village of Newcastle and the Townships of Clarke and Darlington. In 1993, the Municipality was renamed Clarington: a blend of the original Townships of Clarke and Darlington.

The Municipality of Clarington is a beautiful community that forms the eastern boundary of the Greater Toronto Area. Residents enjoy waterfront trails alongside Lake Ontario, farmlands, and the natural beauty of the Oak Ridges Moraine.

Clarington is a geographically large municipality, covering an area of approximately 611 square kilometres, with four major urban centres and 14 hamlets.

With a population of over 111,851 and growing, Clarington offers residents a blend of city living and rural charm.

Clarington's Strategic Plan

The Council for the Municipality of Clarington adopted a new Strategic Plan in December of 2023. The Strategic Plan Expected Results for the 2024 to 2027 term are highlighted below. For a full listing of the Strategic Plans Priorities and Goals visit [Clarington Strategic Plan - Clarington](#).



Lead – Exceptional Municipal Services and Governance

- Objective – to be a leader in the delivery of efficient, effective and meaningful municipal services.

Expected Results

An employer of choice
Finances and operations are efficiently and responsibly managed
Exceptional program and service delivery
Residents are engaged and informed

Connect

- Objective – to cultivate a strong, thriving and connected community where everyone is welcome.

Expected Results

A connected community
Residents are safe and healthy
A diverse, equitable and inclusive community
Arts, culture and recreation are prioritized

Grow Responsibly

- Objective – to promote responsible and balanced growth by developing the economy while protecting the environment.

Expected Results

A strong local economy
Growth is proactively addressed
Unique community spaces are prioritized
Healthy and resilient environment

Governance

Mayor and Council

Clarington's Council comprises the mayor, two regional and four local councillors elected for four-year terms. Members of Council are the governing body of the Municipality and have the following responsibilities:

1. Represent the public and consider the well-being and interests of the Municipality.
2. Evaluate and approve policies and programs of the Municipality.
3. Determine which services the Municipality provides.
4. Ensure the administrative and controllership policies, practices, and procedures are in place to implement the decisions of Council.
5. Maintain the financial integrity of the Municipality.

Four wards separate the Municipality for electoral purposes. Each Regional Councillor represents two wards locally, and they also represent Clarington residents at Regional Council, along with the Mayor. Each Local Councillor represents one ward.

Municipal elections were held in the fall of 2022. The Council for the Municipality of Clarington consists of:

- Mayor Adrian Foster
- Regional Councillors Granville Anderson (Wards 1 and 2) and Wille Woo (Ward 3 and 4)
- Local Councillors Sami Elhajjeh (Ward 1), Lloyd Rang (Ward 2), Corinna Traill (Ward 3) and Margaret Zwart (Ward 4)



Back row: Corinna Traill, Margaret Zwart, Lloyd Rang, Sami Elhajjeh

Front row: Granville Anderson, Adrian Foster, Willie Woo

Senior Leadership Team

The senior leadership team consists of the Office of the Chief Administrative Officer (CAO) and the Deputy CAO's of various departments. The senior leadership team works closely with Council to implement the critical strategic and operational initiatives outlined in the Strategic Plan, master plans and budgets. The Municipality is committed to responsible leadership through sound fiscal management and the delivery of quality programs and services to the stakeholders of the Municipality of Clarington.



Message from the Treasurer



The Municipality of Clarington is proud to present its Annual Financial Report, which details the Municipality's financial performance and highlights key accomplishments through the fiscal year ending December 31, 2024.

The 2024 fiscal year was one of continued growth for the Municipality. Preparation for large infrastructure projects such as the South Bowmanville Recreation Centre, rehabilitation of Veteran's Square and municipal roads, playground and park expansions including the Newcastle Community Park and Stuart Park were all investments into the infrastructure that provides services to residents.

The Municipality had strong investment returns, funds that are used to offset tax dollars and used to invest in services and infrastructure in the future. By being more active in investments and moving to the Prudent Investor Standard in 2025, the Municipality is able to diversify its investments which is one way to earn revenue without raising taxes. This investment revenue goes into reserve and reserve funds and will be used in future years.

For the second straight year, these statements include several changes to accounting standards that are intended to provide clearer and more understandable information to users. In 2024, changes to the recognition of revenue were made to be in line with these new standards and better reflect any future service obligations that may be required by the Municipality.

A handwritten signature in black ink that reads "Trevor Pinn".

Trevor Pinn, CPA, CA
Deputy CAO/Treasurer

Financial Statement Discussion and Analysis

The accompanying financial statements are prepared following the Canadian Public Sector Accounting Standards (PSAS) published by the Public Sector Accounting Board (PSAB). The Financial Report is published to provide the Municipality's Council, citizens, staff and other stakeholders with detailed information concerning the financial position and activities of the Corporation of the Municipality of Clarington (the "Municipality") for the fiscal year ended December 31, 2024.

There are five required financial statements:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Remeasurement Gains and Losses
4. Statement of Changes in Net Financial Assets
5. Statement of Cash Flows

These financial statements are supported by added disclosure and information in the notes and schedules to the financial statements. Overall, the financial statements and accompanying notes provide information on the cost of the Municipality's activities, how they were financed, investing activities, and the Municipality's assets and liabilities at December 31, 2024.

Municipality of Clarington Mandate

The Municipality of Clarington is a lower-tier municipality within the Regional Municipality of Durham in the Province of Ontario. As outlined in the notes to the consolidated financial statements, the Municipality conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses and changes in investment in tangible capital assets of the Municipality of Clarington. The reporting entity comprises all organizations, local boards and committees controlled by the Municipality, including:

- Board of Management for the Historic Downtown Bowmanville Business Improvement Area
- Board of Management for the Newcastle Central Business District Improvement Area
- Board of Management for the Orono Central Business District Improvement Area
- Clarington Library, Museums and Archives

- Newcastle Arena Board
- Newcastle Community Hall Board
- Solina Hall Board
- Tyrone Community Hall Board
- Clarington Heritage Committee
- Bowmanville Santa Claus Parade Committee

The Municipality holds a 9.248 per cent share of ownership of Elexicon Corporation, which is the sole shareholder of Elexicon Energy, a local electricity distribution company. The Municipality's investment in Elexicon Corporation and its subsidiaries is accounted for on a modified equity basis, consistent with generally accepted accounting principles as required by PSAS for investments in government-business partnerships.

The Municipality collects taxes and other revenues on behalf of the Region of Durham (the upper-tier municipal government) and the Province of Ontario for the school boards within Clarington. These statements do not reflect the taxation, other revenues, expenses, assets and liabilities for the operations of the Region of Durham and the school boards.

The Municipality of Clarington provides a wide range of services to its taxpayers. The Consolidated Financial Statements use the following segmented groups of services:

- **General Government Services** – comprises all departments supporting the Municipality's corporate governance, management, administration, and program support.
- **Protection Services** – includes protection to persons and property and comprises Emergency and Fire Services, Municipal Law Enforcement, Animal Services, and Building Inspection / Enforcement Services. Emergency and Fire Services is responsible for emergency management, fire prevention and public education, fire suppression, communication, and training.
- **Transportation Services** – comprises the Public Works Division. The primary responsibilities include inspecting, planning and maintaining the roads, bridges, sidewalks, streetlights, roadsides, winter snow clearing, subdivision planning, traffic engineering, development and municipal servicing reviews. Other services include fleet maintenance, parking and school crossing guards.
- **Environmental Services** – includes storm-water management and erosion control. These activities are primarily the responsibility of Public Works.
- **Health Services** – includes the maintenance and operation of the Municipality's active and abandoned cemeteries and crematoriums, cemetery record

management and the sale of cemetery plots, permits and headstones. The Public Works Division provides maintenance with administrative support by the Legislative Services Department for sales and record keeping.

- **Recreation and Cultural Services** – includes the administration, operation and maintenance of all recreational, aquatic, arena, community recreational facilities, parks and trails. Community Services is responsible for indoor recreation facilities and programming. Public Works maintains outdoor facilities and amenities. Clarington Library, Museums and Archives, and other external cultural agencies are included in this segment.
- **Planning and Development Services** – comprises the Planning segment of the Planning and Infrastructure Services Department. Services include the development of planning policies, urban design, heritage preservation, real estate services and geomatics. Economic Development activities and business improvement area activities are included in this segment.

Management Responsibility

The Municipality's management is responsible for both the presented data's accuracy and the presentation's completeness and fairness, including all disclosures.

The Municipality's management monitors and 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 to prepare the consolidated financial statements.

Council meets with management and external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters before approving the consolidated financial statements.

MNP LLP, an independent external auditor appointed by the Municipality, audited the consolidated financial statements. The Independent Auditor's Report, which is included in the statements, provides an unqualified "clean" opinion on the Municipality's consolidated financial statements for the year ended December 31, 2024. The report also outlines the auditors' responsibilities and the scope of their examination. In 2024, the Auditor Report includes an "Other Matter" related to the fact that the previous statements were audited by a different auditing firm. In 2024, the BDO Canada LLP office which was appointed by the Municipality joined MNP LLP.

An audit is conducted following Canadian Auditing Standards (CAS). These standards require that the auditors comply with the ethical requirements necessary to plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing specific procedures chosen by the auditors to obtain audit evidence to verify the amounts and disclosures in the consolidated financial statements and assess the risk of material misstatements. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management, and the overall presentation of the consolidated financial statements.

The budget is an important strategic planning and resource allocation process required by legislation and serves as the foundation for the Municipality's financial planning and control. The Strong Mayors, Building Homes Act, 2022, granted executive powers to the Mayor to propose the Municipality's annual budget. The Mayor, in collaboration with the Municipality's management, submitted the budget to Council for review and amendment. Citizens are involved in the budget process through surveys and public meetings.

Risk Management and Financial Management Plans

Financial management and control of the Municipality is largely governed through by-laws and Council resolutions that prescribe purchasing, accounting, investing, budgeting, risk management, debt, and reserve policies. Council has sole authority to allocate funds through the annual approval of the operating and capital budgets.

The annual operating budget is balanced with revenues equaling expenditures for the calendar year. The operating budget must include estimates of all sums required by the Municipality, including any debt payments and all forms and sources of revenue.

The Municipality strives to leverage non-tax sources of revenue to sustain its level of services for its citizens. The Municipality charges user fees to recover the costs of services where it is appropriate to do so. There is also an annual update to ensure user fees increase at a reasonable yearly inflation rate. The annual fee schedule is reviewed and approved by Council.

The Municipality's financial management policies regarding tangible capital assets ("TCAs") stipulate that said assets are recorded at cost and include all amounts directly attributable to acquisition, construction, development, or betterment of the asset. The TCAs' costs, less residual value, are amortized on a straight-line basis over their estimated useful lives. Works in progress are not amortized until the assets are available for productive use, at which time they are capitalized. The Municipality has a capitalization threshold for each asset class. Individual TCAs of lesser value are expensed unless they are pooled because collectively, they have significant value or could not be operated separately.

Contributed assets, excluding land, are recorded when the Municipality assumes responsibility for the maintenance of municipal services such as roads, sidewalks, stormwater sewers and parks from external parties. Assumption of development usually occurs three to five years from the registration of the subdivision, although it

may be longer depending on the speed of development. Fluctuations in the value of contributed assets occur from year to year based on the plans registered, the timing of the assumption of the subdivision and the infrastructure included in each subdivision.

The Municipality's key financial policies establish guidelines for debt, revenue sources and utilization of reserves and reserve funds, budget variance reporting, and the procurement by-law that sets authorization limits. Each of these policies is intended to mitigate risk, safeguard the Municipality's assets, and ensure proper internal controls are in place.

Consolidated Statement of Financial Position

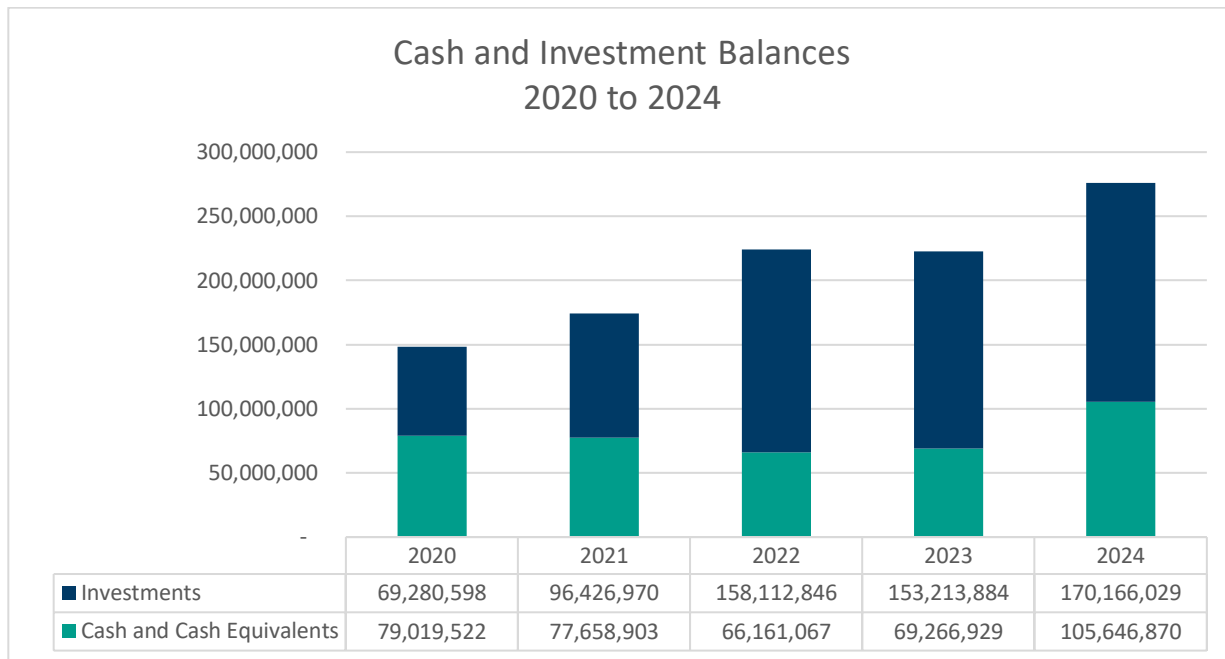
The Consolidated Statement of Financial Position is the public sector accounting equivalent of a balance sheet. The Statement of Financial Position provides a snapshot of the assets, liabilities and accumulated surplus (an indicator of service capacity) as at December 31, 2024.

Financial Assets

Cash and cash equivalents consist of cash on hand, demand deposits and other investments that can be converted to cash within 90 days. The Municipality saw an increase in cash of approximately \$36.4 million. The Statement of Cash Flows highlights how the change in cash occurred. The Municipality increased investments by approximately \$17.0 million. A significant reason for the increase in cash and investments is related to increases in debenture funding received in 2024. The costs related to these debentures will be expended in future periods.

Investments are made according to the Municipality's adopted investment policy and the legislated standards. Most investments are guaranteed investment certificates, government bonds and principal protected notes. There continues to be a shift from GICs to bonds and other deposit notes as a form of investment due to the relatively better return on investment that these instruments have had during the year. The Municipality also holds approximately \$4.1 million in eligible corporate debt (Ontario Hydro \$2.5 million and Quebec Hydro \$1.6 million).

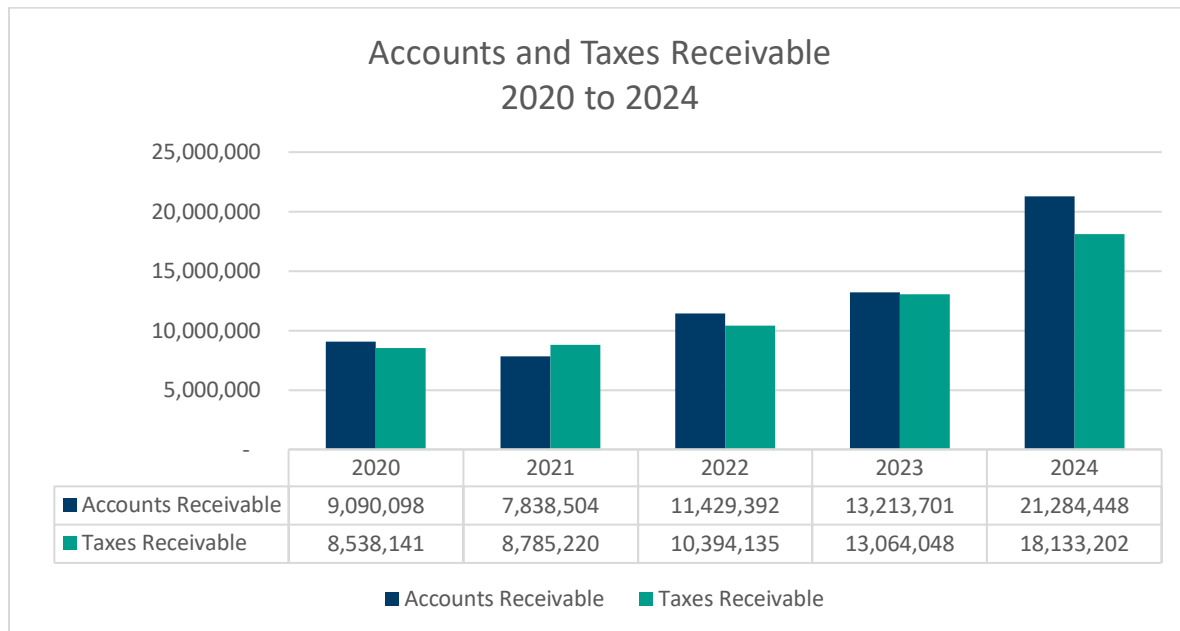
The following chart shows the balance of cash and cash equivalents as well as the Municipality's investments for the period 2020 to 2024.



Accounts receivable represent funds owed to the Municipality. An increase of \$8.1 million in accounts receivable stems primarily from an increase in interest receivable on investments of \$3.3 million and receivables from other levels of government and developers.

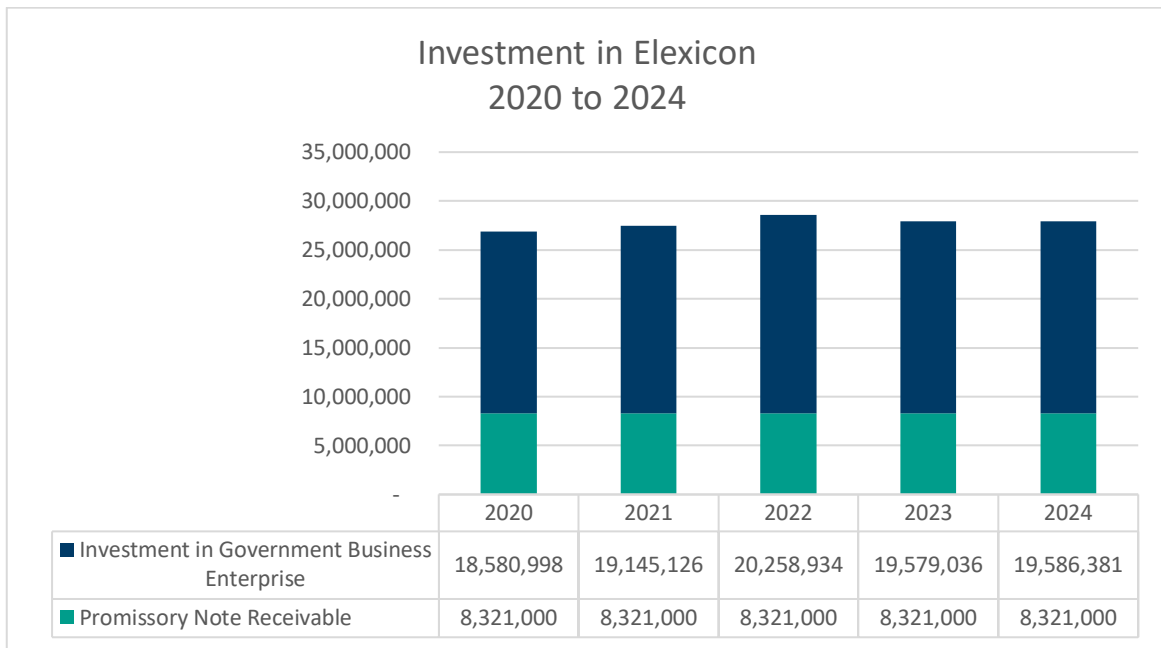
Taxes receivable represent unpaid property taxes, net of any allowance for uncollectible taxes or anticipated appeals. The bulk of the year-over-year increase of \$5.1 million is tied to current year taxes and interest receivables of \$3.3 million.

The following chart shows the balances for accounts receivable and taxes receivable at December 31 of each year from 2020 to 2024.

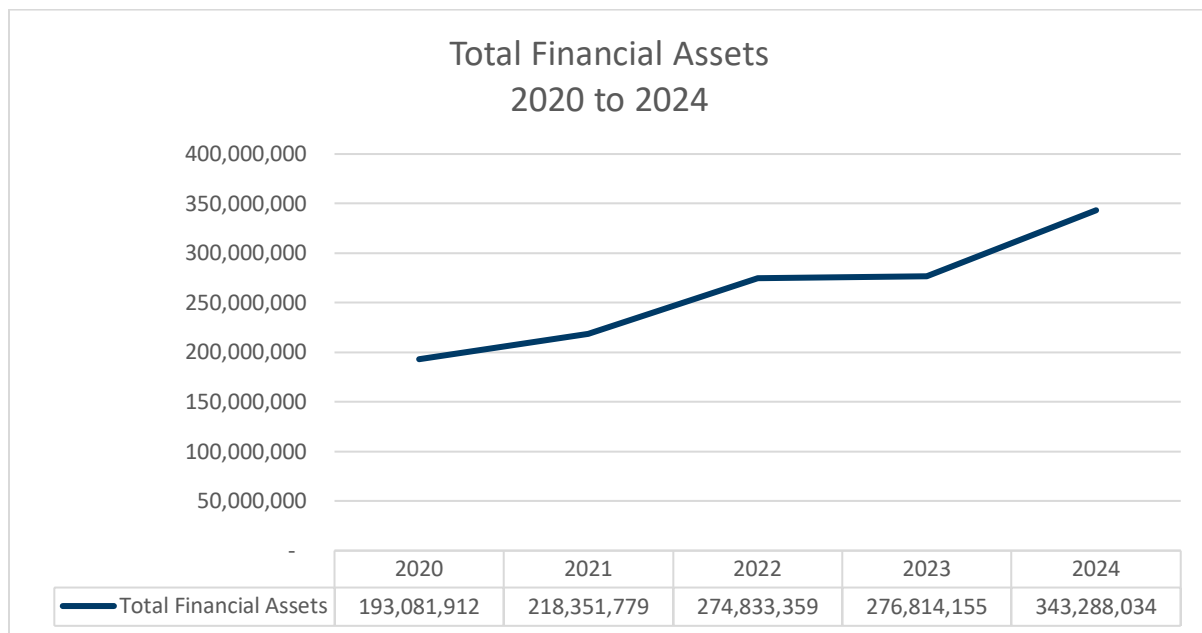


Land for resale consists of the historical cost of property that the Municipality has declared surplus and is actively marketing; it is not representative of the fair market value of that land. At December 31, 2024, land for resale consisted of property on Baseline Road at Spry Avenue.

Promissory note receivable and the investment in Elexicon Corporation relates to the Municipality's investment in the local electric distribution company. The promissory note receivable is unchanged from 2023 and is an on-demand note. The investment in Elexicon Corporation is relatively consistent with the prior year, indicating no impairment in the investment. Clarington reports its investment in Elexicon using a modified consolidation basis; this amount shown in the financial statements is not liquid and cannot easily be converted to cash. Summarized in note 8 of the financial statements are the financial results of Elexicon. The investment in the Government Business and promissory notes receivable over the past five years is shown in the following chart:



Overall, the Municipality's financial assets have increased by approximately \$66.5 million; this compares to an increase of \$58.2 million in liabilities. The Municipality's financial position continues to reflect a strong financial outlook.



Liabilities

Liabilities represent financial obligations of the Municipality resulting from events and decisions which occurred on or before December 31, 2024.

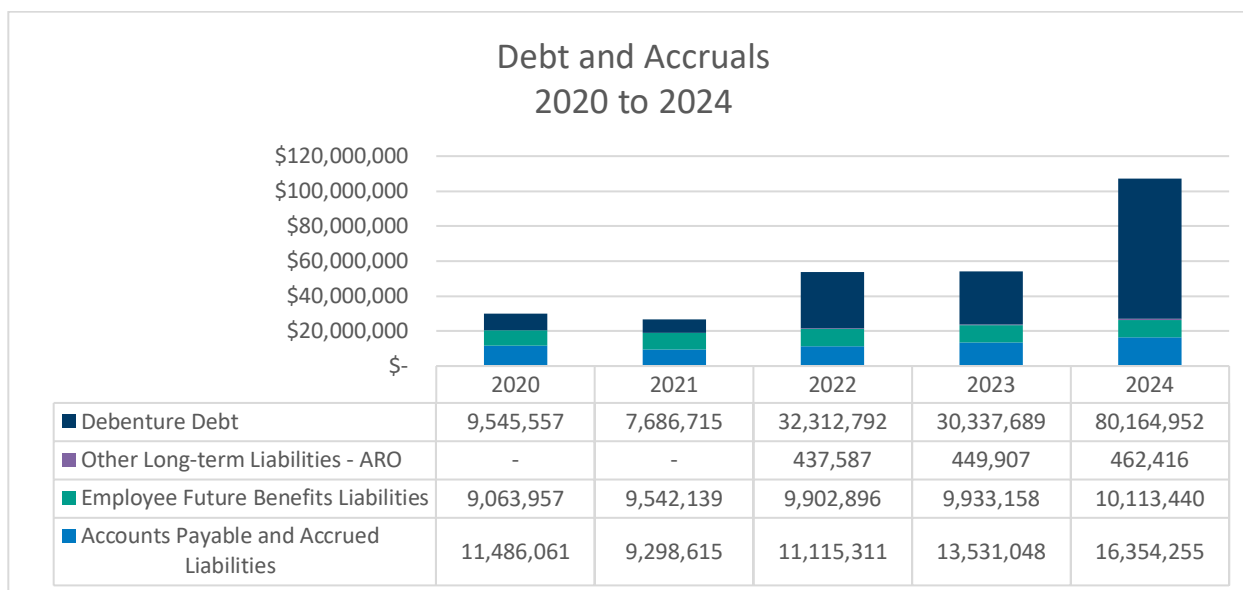
Accounts payable and accrued liabilities are short-term liabilities expected to be paid in the following fiscal year. They would consist of amounts owing to vendors for services rendered during 2024, accruals for unbilled amounts and other liabilities. Accounts payable and accrued liabilities increased by \$2.8 million in 2024, primarily due to the timing of payments due for significant construction. This year's increase follows an increase in 2023 of \$2.4 million; the balance for any given year will fluctuate based on timing.

Employee future benefits include the present value of the cost of providing employees with future benefit programs. These benefits are expensed as they are earned through the employee's service. The employee's future benefits include sick leave accumulation plans for firefighters \$1,405,844 (2023 - \$1,249,533), other employees \$15,405 (2023 - \$17,758), and the cost to provide qualifying employees health, dental and life benefits to the age of 65. The Municipality engages a third-party actuary to estimate the liability for employee future benefits.

Debenture debt represents the outstanding debenture obligations with the Region of Durham for capital asset investments. There are currently ten (2023 - seven) outstanding debts with maturities between 2025 and 2044, ranging in interest rates from 1.25 per cent to 4.75 per cent. During the 2024 fiscal year, the Municipality acquired new or expanded long-term debts for the construction of the South Bowmanville Recreation Centre, the Outdoor Rinks, the Newcastle Community Park and the Newcastle Community Hall air conditioning projects. The 2024 repayment in debt principal was \$2.0 million (2023 - \$2.0 million).

Guidelines established through the *Municipal Act, 2001* allow for a maximum debt payment ratio of 25 per cent of own-source revenues, which in 2024 equaled \$21.5 million, leaving approximately \$19.5 million in the debt servicing room. The Municipality does not expect to utilize the maximum debt capacity in the near future.

The following chart shows the accounts payable, employee future benefit liability, asset retirement obligations (ARO) liability and debenture debt balances for the period 2020 to 2024:



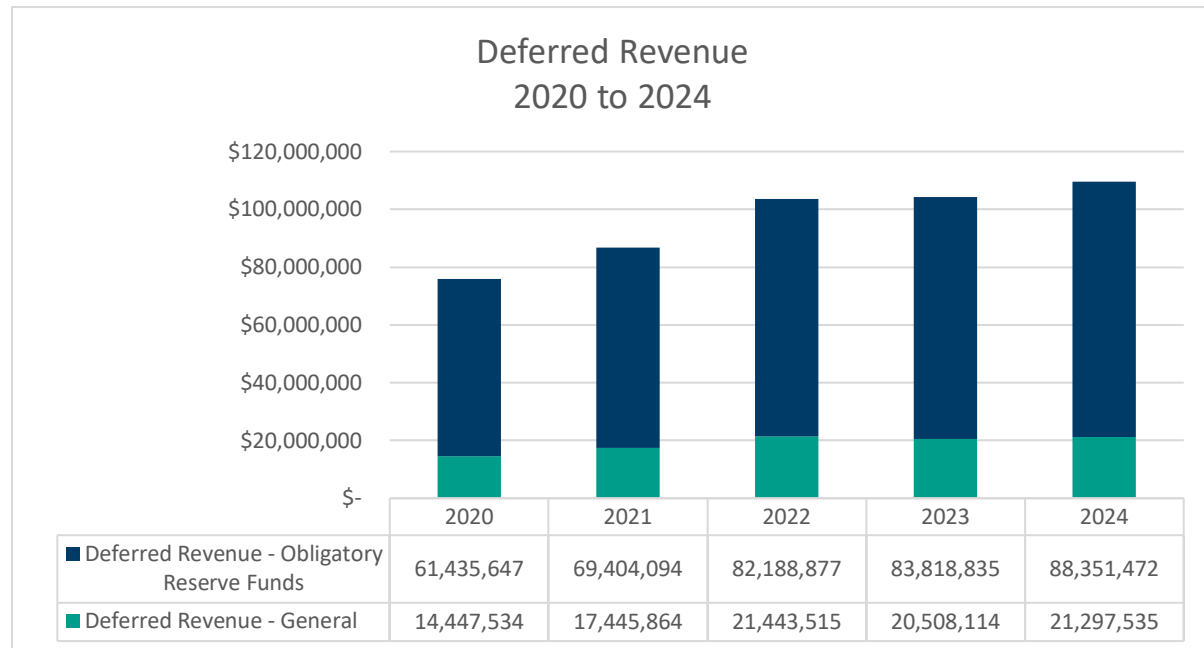
Deferred revenue – general represents funds that have been received by the Municipality where the associated revenue has not yet been recognized. The main items included in deferred revenue – general are taxes paid for future years \$8.2 million (2023 - \$7.9 million), subdivision deposits held \$8.5 million (2023 - \$10.3 million), and Community Services related deposits \$2.6 million (2023 - \$1.8 million).

In 2024, the Municipality adopted the new accounting standard PS 3400 Revenue. This standard establishes how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. Adoption of this standard has resulted in changes in the timing of revenue recognition for certain revenue streams such as licenses and permits. The Municipality will recognize revenue from these exchange transactions when it satisfies its performance obligations. The Municipality adopted the standard prospectively resulting in a \$2.6 million decrease in user charges revenue and an increase in deferred revenue for the year ended December 31, 2024.

Deferred revenue – obligatory funds of \$88.4 million (2023 - \$83.8 million) represent funds received by the Municipality where there are legislative or contractual restrictions on the use of the funds. Provincial Infrastructure funds, Canada Community Building Fund, Parkland-cash-in-lieu, Building Permit revenue, and Development Charges represent the balance of these funds. Most of this balance, approximately \$68.1 million (2023 - \$64.2 million), consists of development charges paid by developers towards the future capital cost of growth-related infrastructure costs and certain studies. In 2024, the Municipality collected \$4.5 million (2023 - \$8.3 million) from developers, earned investment income of \$6.3 million (2023 - \$2.0 million) and utilized \$12.9 million (2023 - \$15.0 million). The Municipality approved its updated Development Charges Study in January 2021, which includes the growth-related capital needs for 2021 to 2031.

The following chart shows the five-year history for deferred revenue from 2020 to 2024;

note the majority of the increase relates to the collection of development charges.

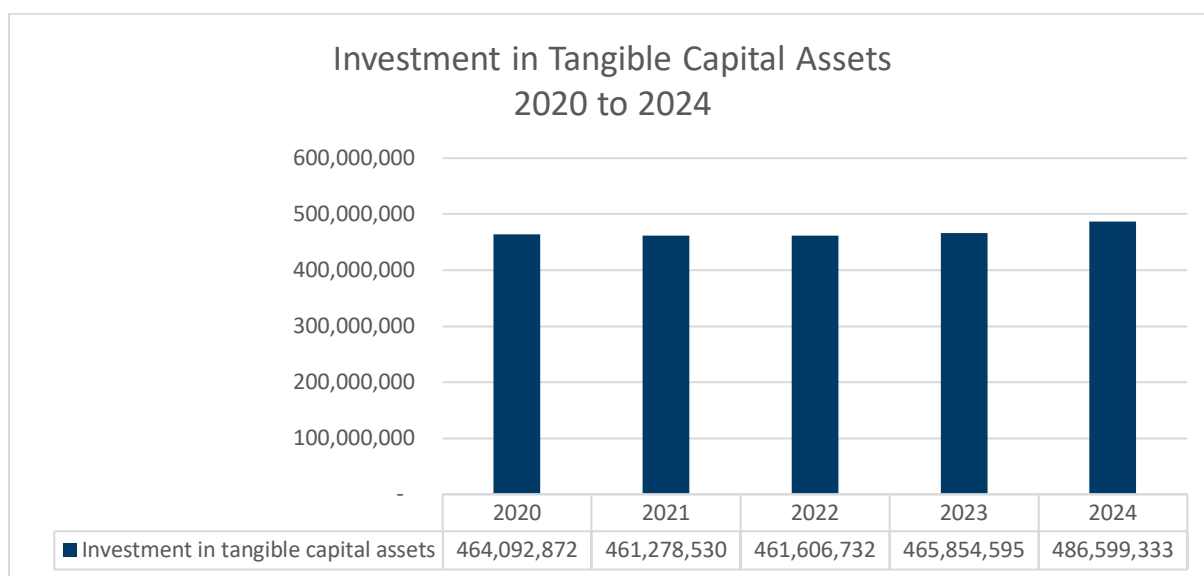


The increase in total liabilities is primarily the result of an increase in debenture debt, the timing of accounts payable and accrued liabilities, deferred revenue, and obligatory reserve funds.

Non-Financial Assets

Non-financial assets consist of tangible capital assets used to deliver programs and services to stakeholders, prepaid expenses and inventory of supplies.

Tangible capital assets (TCA) increased \$20.7 million (2023 - \$4.2 million), which is reflective of the \$24.1 million (2023 - \$23.2 million) in amortization, representing the utilization of assets, being lower than the investment in tangible assets of \$31.2 million (2023 - \$24.4 million). The increase is also reflective of the fact that in 2024 the Municipality benefited from the contribution of \$9.1 million (2023 - \$2.9 million) in tangible assets. The variance in contributed assets from year-to-year is due to the timing of the completion of subdivisions and their acceptance by the Municipality from third parties. The following chart shows the five-year balance for tangible capital assets.

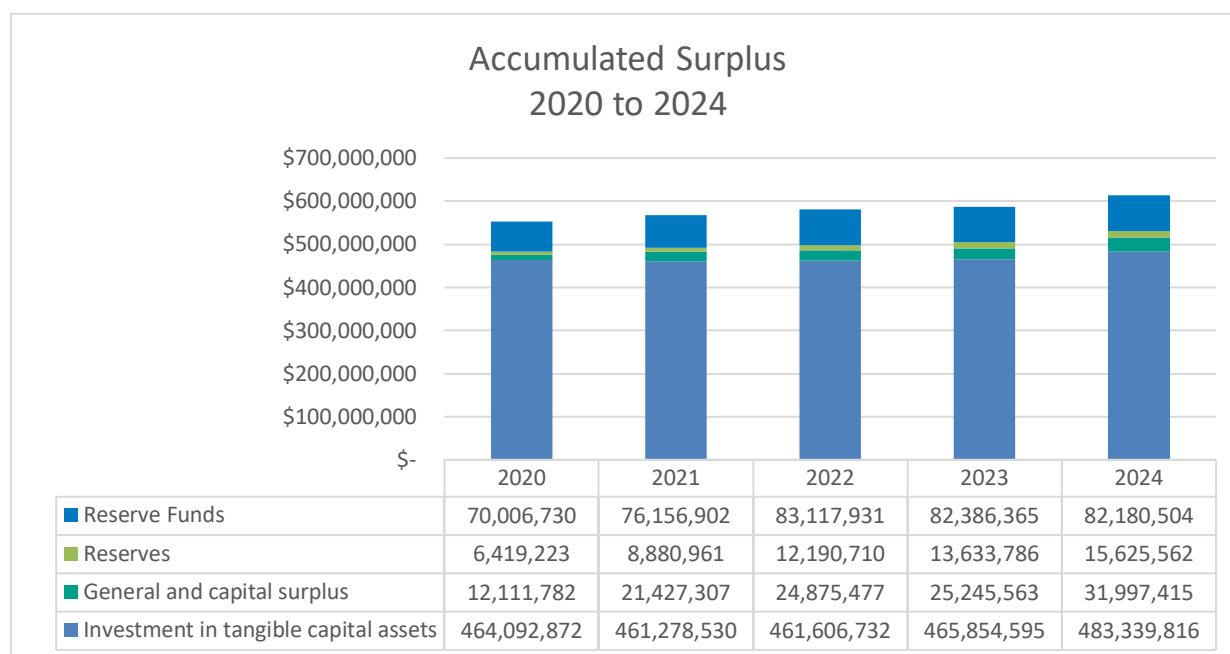


Prepaid expenses and inventory supplies, which are items already paid for but will be utilized in future years, have remained relatively stable, and variations are mainly a result of timing differences.

Accumulated Surplus

It is critical for users of the financial statements to understand that the term “accumulated surplus” does not mean and cannot be implied to suggest that “cash or funds” are available for spending. The Municipality saw an increase of \$26.0 million, which represents an increase in the future serviceability of the Municipality.

Note 20 “Accumulated Surplus” of the Consolidated Financial Statements presents a detailed breakdown of the accumulated surplus. The vast majority, 78.8 per cent, of the value in accumulated surplus represents the Municipality’s investment in the tangible capital assets (infrastructure) required to deliver the programs and services that stakeholders expect. The five-year summary breakdown of the accumulated surplus is presented below:



Overall, the Municipality has a solid financial position with a positive financial asset to financial liability ratio of 1.6:1.0 (2023 - 1.8:1.0), representing a stable level in financial position. The Municipality's reserves and reserve funds of \$70.0 million (excluding equity in Elexicon Corporation) is in line with the long-term liabilities of \$80.1 million, indicating that there are sufficient funds available to meet the Municipality's long-term liabilities.

Consolidated Statement of Operations

The Consolidated Statement of Operations is the public sector accounting equivalent of an income statement. The Statement of Operations summarizes revenue and expenses for the year. The annual surplus reported in this statement represents the difference between the cost of providing the Municipality's services and the revenues recognized during the year on an accrual basis. The Municipality's expenses are shown based on service segments that align with the Province of Ontario's financial information return definitions and are not based on the administrative structure of the Municipality.

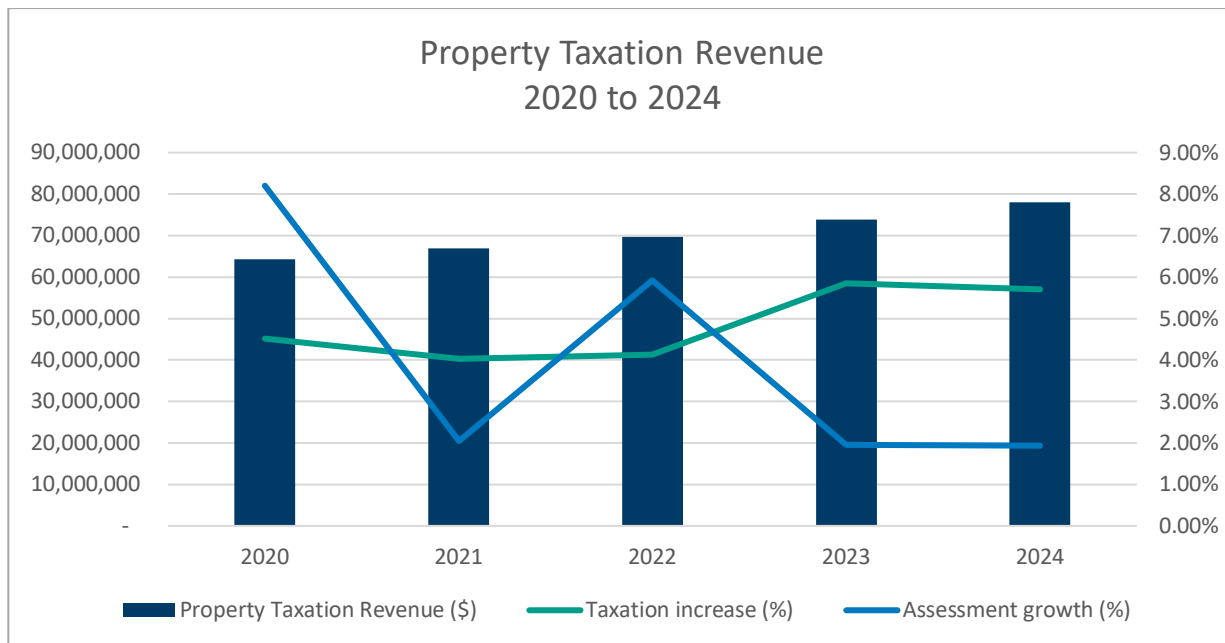
The Statement of Operations groups expenses by functional segment, as required by the Public Sector Accounting Standards. Expenses are broken down in Schedule 2, showing each segment and the expenses by accounting object (e.g., salaries, materials, contracted services).

Schedule 3, which shows the budgeted breakdown by segment for each accounting object in revenues and expenses. This additional schedule should provide helpful information to users of the financial statements on how funds were budgeted and how that compares to the actual results of the Municipality.

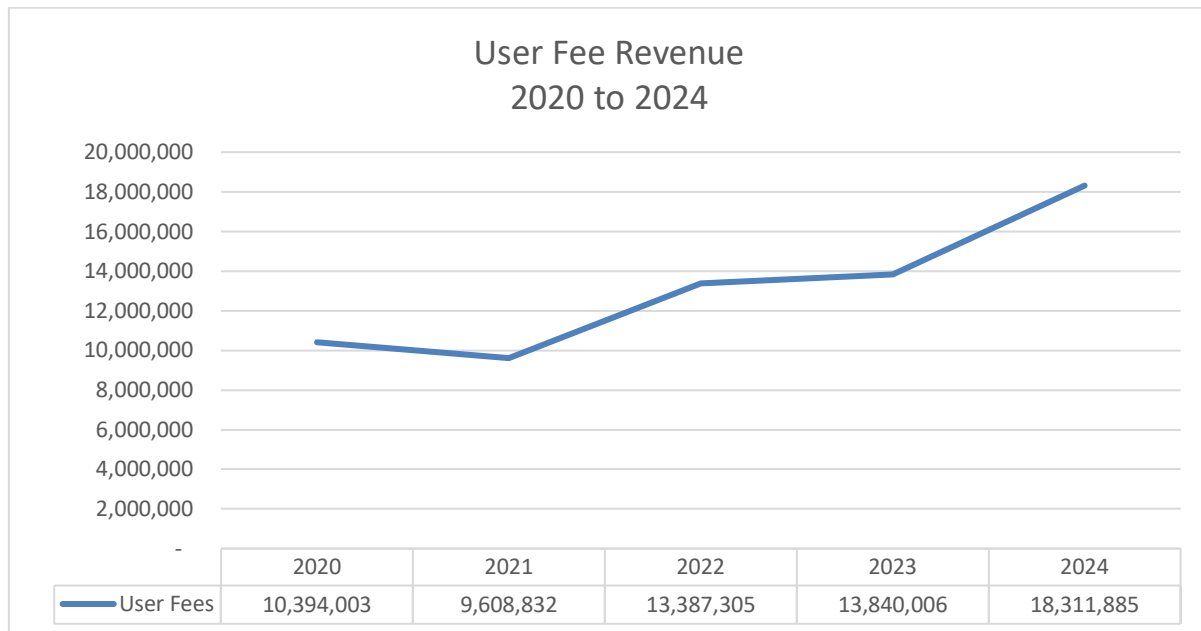
Revenues

The Municipality follows accrual accounting which recognizes revenue when earned rather than when received. The Statement of Operations shows revenues based on revenue stream. Property taxation includes the Municipality's portion of the tax bill only; taxes that the Municipality collects on behalf of other parties are not shown within the financial statements of the Municipality. Taxation was in line with the 2024 budget, user charges were higher than budgeted but in line with prior year.

The following chart shows the past five years' taxation revenue, the annual increase in taxation and the assessment growth for the Municipality. The Province delayed the reassessment cycle that would typically occur every four years due to the COVID-19 pandemic. The assessed values of properties in 2024 remained the same, except if the property was altered, as in 2023 and are based on the property's fair market value on January 1, 2016. The increase in assessment relates to new properties or improvements to existing properties. The Province of Ontario has announced that the assessments in 2025 will follow the 2016 assessments; therefore, assessment growth will be purely growth-related until at least 2026.



User fee revenues in 2024 are approximately \$4.5 million higher than in 2023. These fees are primarily in Recreation and Cultural Services and relate to lessons, programs, ice rentals and fitness centre services. Further increases were recognized in Planning and Development Services for secondary plan cost recoveries. The following chart shows the return of user fee revenues to a level comparable to pre-pandemic levels.

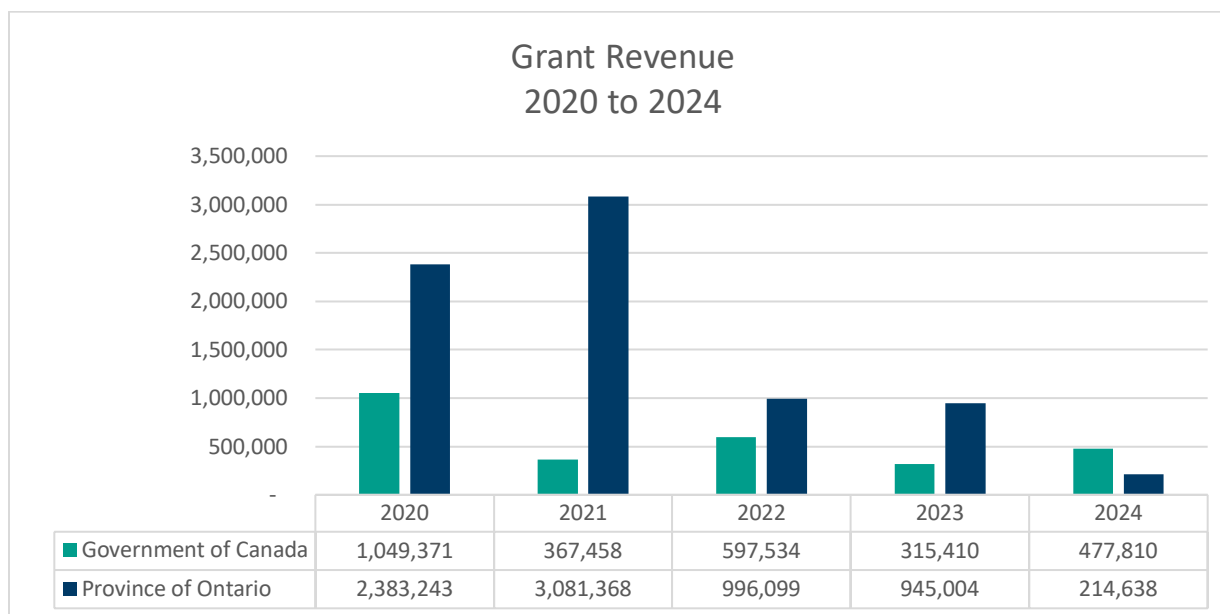


Grant revenue is comprised of funding received from the Federal Government and the Province of Ontario.

Government of Canada grants include funds related to specific capital projects earned in 2024 and operating grants to support summer student programs.

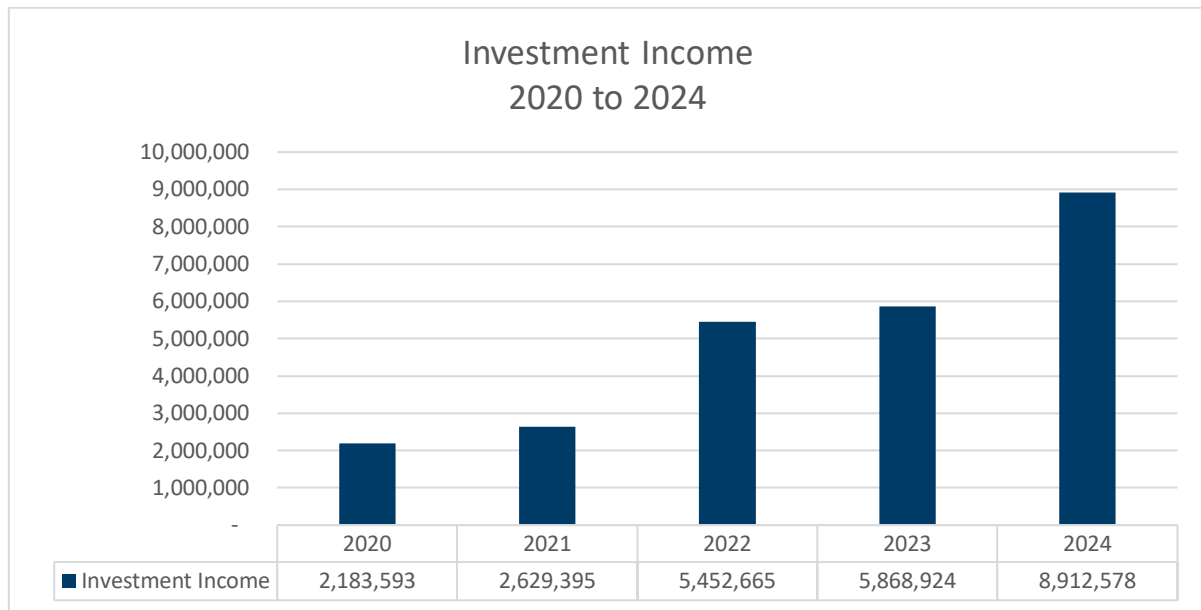
Grants from the Province included funds received to support operating activities including special events and seniors programming, library service grants and pay equity grants.

Grant revenue is not a consistent form of revenue for the Municipality and is volatile from year to year, as summarized in the chart below, Province of Ontario revenue in 2020 and 2021 includes COVID-19 related grants that were one-time in nature to support the response and recovery of the COVID-19 pandemic.



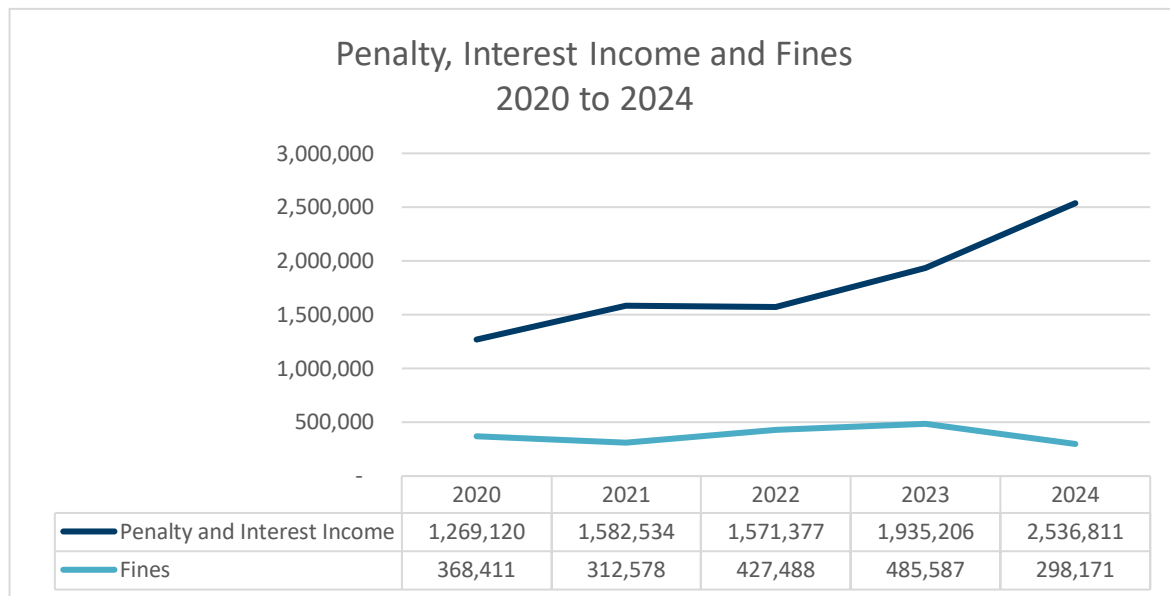
Deferred revenue earned decreased yearly by more than \$2.1 million, primarily due to decreased capital infrastructure project activities supported by obligatory reserve funds.

Investment income includes dividends from Elexicon, which are not budgeted for as they are discretionary, and there is no guarantee of receipt. The investment income is above budget and is higher than 2023. The increase is driven by an increase in the funds invested in 2024 over 2023 and the increase in returns on those investments. The Municipality heavily invests in fixed income investments such as Guaranteed Investment Certificates (GICs), bonds and principal protected notes; fixed income investments are impacted by the Bank of Canada's overnight bank rate (i.e., the "Prime Rate"). In 2024, the interest rates earned on investments and the Municipality's bank accounts increased from 2023. The Municipality's continued shift of investments away from Guaranteed Investment Certificates (GICs) to other eligible fixed income instruments such as bonds and principal protected notes to maximize earnings potential while protecting the investment principal resulted in significant investment income in 2024.



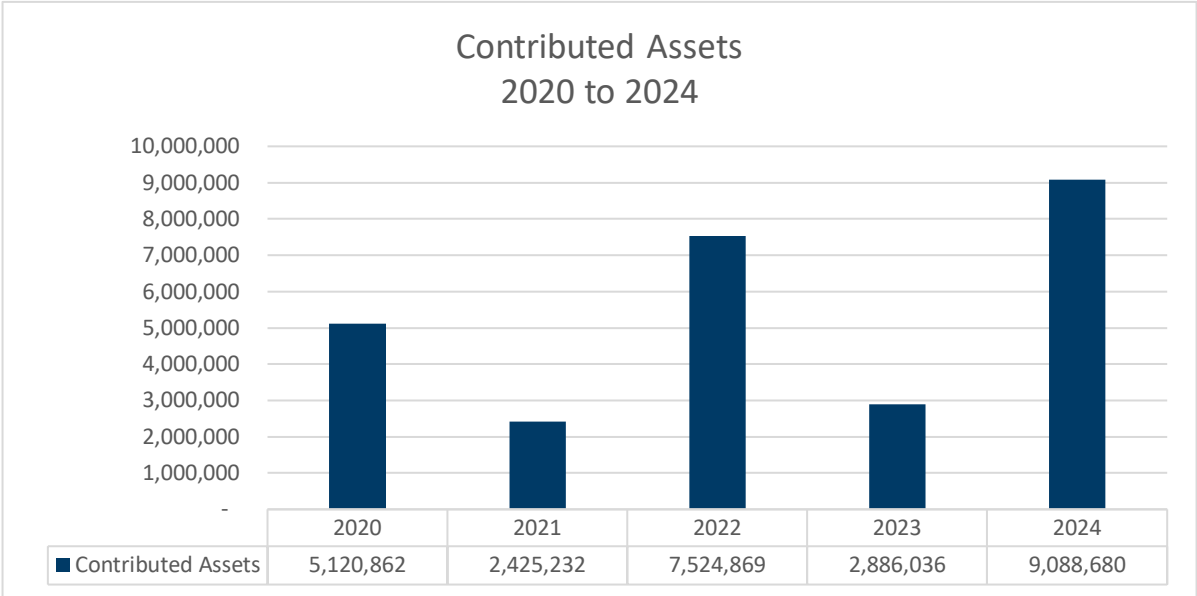
Penalties and interest on property tax in 2024 are higher than budgeted figures and higher than those from 2023.

Fines were approximately \$0.2 million lower in 2024 versus 2023.



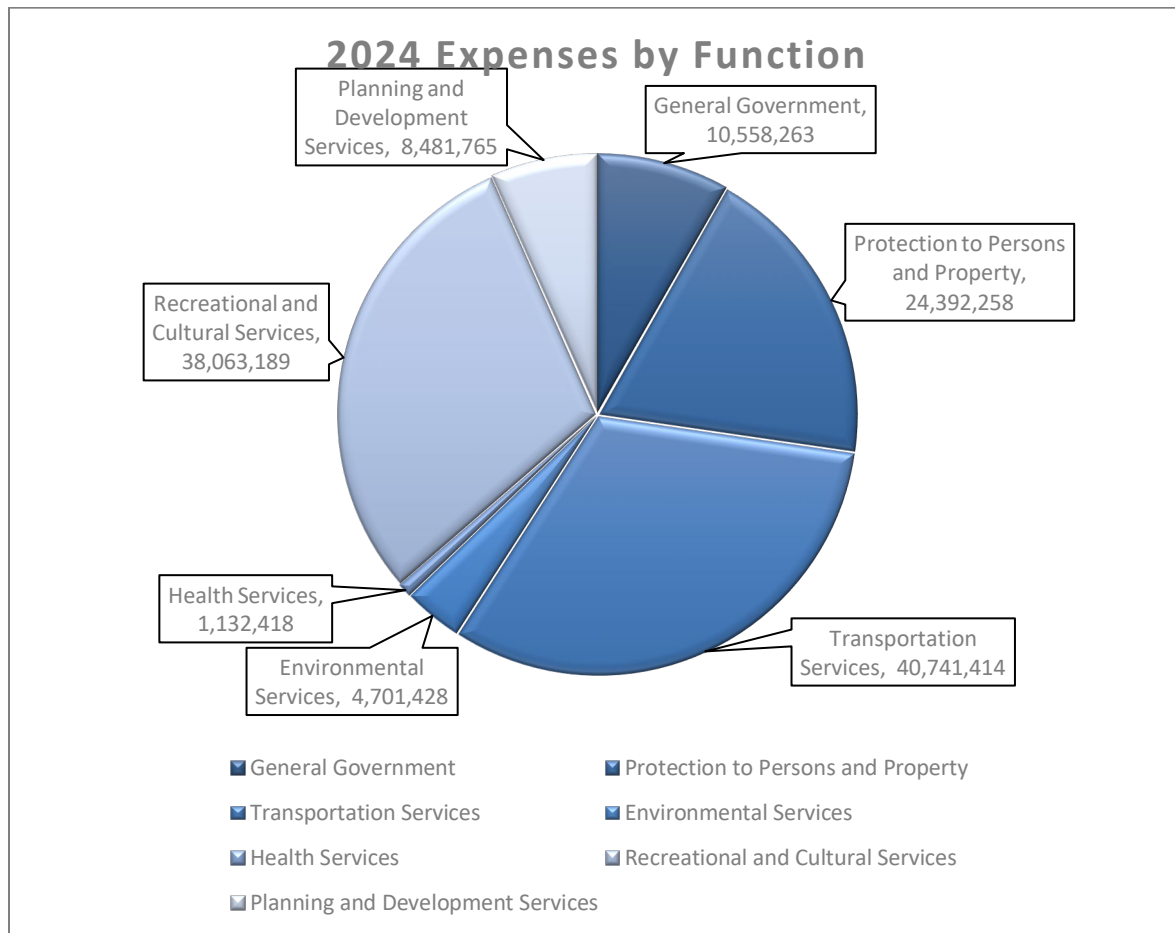
During the year, the Municipality received tangible capital assets with a fair market value of \$9.1 million (2023 - \$2.9 million); this relates to subdivisions assumed by the Municipality. The value is the fair market value of the assets built by the developer (e.g., roads, parks, stormwater management), which are now assets of the Municipality. This amount will fluctuate yearly and is based on the timing of development and acceptance by the Municipality. The budget amount shown in the statement has been set, as is past practice, to agree to the actual amount. As the revenue is recognized in the year that the assets are contributed, but expensed over the useful life of the asset, there is a

significant surplus in the first year which is offset by deficits tied to the asset in future years. The following chart highlights the past five years of contributed asset revenue and shows the volatility of this revenue source.



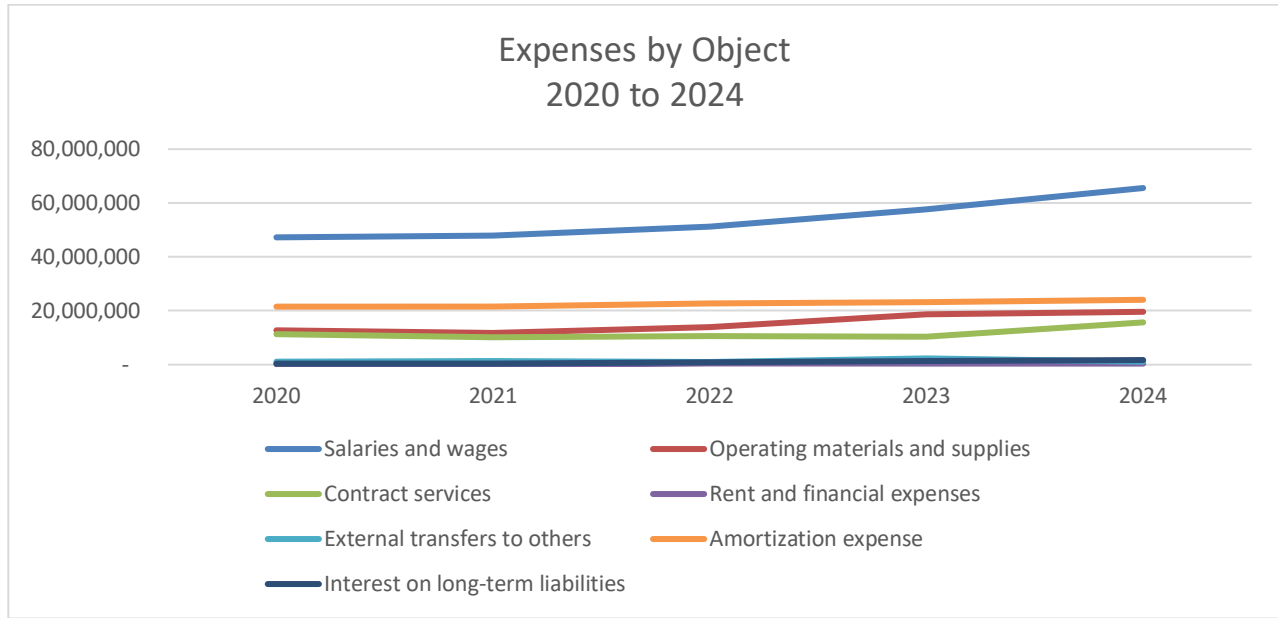
Expenses

Expenses are presented by service function and are in line with the Financial Information Report mandated by the Province of Ontario. The Municipality’s 2024 expenses by service function are summarized below.



Overall, the expenses for the Municipality were higher in 2024 than the prior year, however they were slightly below 2024 budgeted figures. It should be noted that the surplus and budget shown in the statements are in accordance with PSAB and are not shown on the same basis that the Municipality budgets annually (which uses a modified cash basis).

The following chart shows the past five years' operating expenses by accounting object.



Consolidated Statement of Remeasurement Gains (Losses)

The Statement of Remeasurement Gains (Losses) outlines the overall change in financial position due to remeasurements related to unrealized gains and losses on specific financial assets and liabilities recorded at fair value. Any realized gains and losses are reclassified to the statement of operations upon derecognition, or settlement of specific financial assets and liabilities recorded at fair value.

Fluctuations in market value cannot be anticipated with certainty. This statement was introduced to report on the financial impact of these fluctuations on the Municipality's financial position. Please see Note 2 of the Consolidated Financial Statements for a detailed breakdown of assets and liabilities impacted by fair value remeasurement and the Municipality's financial instrument risk management analysis.

Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to provide financial statement users with additional information on the Municipality's financial activities during the year. The statement backs out all the non-financial activity from the statement of operations, such as amortization, accounting gains/losses, and the purchase and sale of assets. The statement shows that the financial impact on the surplus attributable to the change in financial assets is an increase of \$8.3 million (2023 - \$0.8 million).

The 2024 annual surplus was higher than that of 2023. The impact of the amortization and acquisition of tangible capital assets, the investment in and capitalization of assets under construction and the disposal of tangible capital assets totals \$17.5 million (2023 - \$4.2 million). The surplus for PSAB purposes does not reflect financial resources that are available to provide services to taxpayers as some of the surplus relates to contributed assets which will be used over a long period of time, or investment income that are related to restricted reserve funds (such as development charges). Prepaid expenses and the inventory of supplies decreased in 2024. The impact of the new financial instruments standard is reflected in the net change in remeasurement gains (losses) for the year of \$13.1 million.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows explains how the Municipality financed its activities and met its cash obligations. It details items that do not involve cash, such as annual amortization and developer-contributed assets. This statement reconciles the change in cash and cash equivalents from year to year. The consolidated cash position of the Municipality increased from \$69.2 million in 2023 to \$105.6 million in 2024.

Operating activities in 2024 were \$22.5 million (2023 - \$25.1 million) in cash. These would include the collection of outstanding receivables, the payment of accounts payable, and the receipt of funds which were not recognized as revenue during the year.

(mainly development charges).

The change in cash from capital activities of \$32.5 million (2023 - \$24.8 million) in cash outflows was due to the acquisition of tangible capital assets during the year.

Investing activities included dividends from Elexicon Group of \$0.5 million (2023 - \$0.7 million) and an increase in investments of \$4.0 million (2023 - recognized a decrease of \$4.1 million).

The Municipality repaid \$2.0 million (2023 - \$2.0 million) of its long-term debt, which is considered a financing activity. The Municipality entered into additional debenture financing in 2024 for the construction of the South Bowmanville Recreation Centre, the Outdoor Rinks, the Newcastle Community Park and the Newcastle Community Hall air conditioning projects.

Conclusion

The Municipality of Clarington remains committed to maintaining a solid financial position, effective use of tax dollars and transparent reporting. The Municipality continues to monitor current economic factors and adjusts accordingly.

All financial information contained within the 2024 Financial Report has been reviewed and approved by the Treasurer and Council.

If this information is required in an alternate format, please contact the Accessibility Co-ordinator at 905-623-3379 ext. 2131

The Corporation of the Municipality of Clarington

Consolidated Financial Statements

December 31, 2024

**The Corporation of the Municipality of Clarington
December 31, 2024**

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The Corporation of the Municipality of Clarington

December 31, 2024

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Clarington are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the 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.

The Corporation maintains a system of internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized, and the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been audited by MNP LLP, Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards.

Council is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. Council meets periodically with management, as well as the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting.

The external auditor reviews the consolidated financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements by Council.



Trevor Pinn, CPA, CA
Deputy CAO / Treasurer
June 13, 2025



Michelle Pick, CPA, CGA
Accounting Services Manager / Deputy Treasurer
June 13, 2025

To the Council Members of The Corporation of the Municipality of Clarington:

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Clarington (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, the consolidated statement of remeasurement gains (losses), the consolidated statement of changes 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and the results of its consolidated operations, changes in its remeasurement gains (losses), net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Municipality 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.

Other Matter

The consolidated financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on September 16, 2024.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Lindsay, Ontario

July 15, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Municipality of Clarington
Consolidated Statement of Financial Position
As at December 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents	\$105,646,870	\$ 69,266,929
Investments (Note 5)	170,166,029	153,213,884
Accounts receivable	21,284,448	13,213,701
Taxes receivable (Note 6)	18,133,202	13,064,048
Inventories for resale	3,755	9,208
Inventory - surplus land	146,349	146,349
Promissory notes receivable (Note 7)	8,321,000	8,321,000
Investment in Elexicon Corporation (Note 8)	19,586,381	19,579,036
Total financial assets	343,288,034	276,814,155
Liabilities		
Accounts payable and accrued liabilities	16,354,255	13,531,048
Employee future benefits liabilities (Note 9)	10,113,440	9,933,158
Debenture debt (Note 11)	80,164,952	30,337,689
Other long-term liabilities - ARO	462,416	449,907
Deferred revenue - general	21,297,535	20,508,114
Deferred revenue - obligatory reserve funds (Note 13)	88,351,472	83,818,835
Total liabilities	216,744,070	158,578,751
Net financial assets	126,543,964	118,235,404
Non-financial assets		
Investment in tangible capital assets (Note 19) (Schedule 1)	483,339,815	465,854,595
Prepaid expenses	2,235,181	2,205,444
Inventory supplies	1,024,337	824,867
Total non-financial assets	486,599,333	468,884,906
Accumulated surplus (Note 20)	613,143,297	587,120,310
Accumulated surplus comprised of:		
Accumulated operating surplus:	600,978,504	587,948,826
Accumulated remeasurement gain (loss)	12,164,793	(828,517)
Accumulated surplus	\$613,143,297	\$587,120,309
Contingencies (Note 15) and Contractual Commitments (Note 16)		

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

The Corporation of the Municipality of Clarington
Consolidated Statement of Operations
For the year ended December 31, 2024

	2024 Budget (Note 22)	2024 Actual	2023
Revenues			
Taxation and user charges			
Property taxation	\$ 78,142,505	\$ 77,975,507	\$ 73,770,910
Taxation from other governments	4,771,047	4,881,256	4,785,994
User charges	13,114,340	18,311,885	13,840,006
Grants			
Government of Canada	10,500	477,810	315,410
Province of Ontario	103,481	214,638	945,004
Other			
Deferred revenue earned	9,757,175	12,934,534	15,014,844
Investment income	2,469,000	8,912,578	5,868,924
Penalty and interest on taxes	1,700,000	2,536,811	1,935,206
Fines	278,300	298,171	485,587
Donations and contribution from others	96,000	4,342,432	560,917
Ellexicon Corporation			
Equity share of net income	-	512,524	462
Contributed tangible capital assets	9,088,680	9,088,680	2,886,036
Other income	5,054,750	639,399	4,878
Loss on disposal of tangible capital assets	-	(25,812)	(180,520)
Total revenue	124,585,778	141,100,413	120,233,658
Expenses			
General government services	10,341,574	10,558,263	9,352,939
Protection services	23,861,502	24,392,258	22,711,063
Transportation services	42,479,878	40,741,414	33,698,893
Environmental services	4,514,641	4,701,428	3,805,726
Health services	1,008,947	1,132,418	1,006,906
Recreation and cultural services	37,838,262	38,063,189	35,254,345
Planning and development services	9,556,455	8,481,765	8,245,810
Total expenses	129,601,259	128,070,735	114,075,682
Annual surplus	(5,015,481)	13,029,678	6,157,976
Accumulated surplus, beginning of year	587,948,826	587,948,826	581,790,850
Accumulated surplus, end of year	\$582,933,345	\$600,978,504	\$587,948,826

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

The Corporation of the Municipality of Clarington
Consolidated Statement of Remeasurement Gains (Losses)
For the Year Ended December 31, 2024

	2024	2023
Remeasurement Gains/Losses	\$ (828,517)	\$ -
Unrealized gains (losses) attributable to:		
Foreign exchange	-	-
Derivatives	-	-
Portfolio investments	11,880,255	(828,517)
Remeasurement gains (losses)	11,880,255	(828,517)
Amounts reclassified to the statement of operations:		
Foreign exchange	-	-
Derivatives	-	-
Portfolio investments	1,113,055	-
Amounts reclassified to statement of operations	1,113,055	-
Proportion of other comprehensive income from investment in government enterprise	-	-
Accumulated remeasurement gains (losses), end of year	\$ 12,164,793	\$(828,517)

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

The Corporation of the Municipality of Clarington
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2024

	2024	2024	2023
	Budget	Actual	Actual
Annual surplus	\$ (5,015,481)	\$ 13,029,678	\$ 6,157,976
Amortization of tangible capital assets	24,979,788	24,078,934	23,218,292
Acquisition of tangible capital assets	(26,441,056)	(31,232,882)	(24,387,547)
Investment in assets under construction	-	(19,777,532)	(11,529,685)
Assets under construction transferred to tangible capital assets	-	9,230,417	8,170,591
Net book value of tangible capital assets disposals / adjustments	-	215,843	280,484
Decrease in prepaid expenses	-	(29,738)	(127,712)
Decrease in inventory supplies	-	(199,470)	(150,859)
Net change in remeasurement gains (losses) for the year	-	12,993,310	(828,517)
Increase(decrease) in net financial assets	(6,476,749)	8,308,560	803,023
Net financial assets, beginning of year	118,235,404	118,235,404	117,432,381
Net financial assets, end of year	\$ 111,758,655	\$126,543,964	\$118,235,404

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

The Corporation of the Municipality of Clarington
Consolidated Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023
Operating activities		
Annual surplus	\$ 13,029,678	\$ 6,157,976
Non cash items		
Amortization of tangible capital assets	24,078,934	23,218,292
Loss on disposal of tangible capital assets	25,812	180,520
Equity share of Elexicon Corporation net income	(512,524)	(462)
Contributed tangible capital assets recorded in revenue	(9,088,680)	(2,886,036)
Accretion expense	12,509	12,320
Change in non-cash operating items		
Accounts receivable	(8,070,747)	(1,784,309)
Taxes receivable	(5,069,154)	(2,669,913)
Inventories for resale	5,453	428
Accounts payable and accrued liabilities	2,823,207	2,415,737
Employee future benefits liabilities	180,282	30,262
Deferred revenue - general	789,421	(935,401)
Deferred revenue - obligatory reserve funds	4,532,637	1,629,958
Prepaid expenses	(29,738)	(127,715)
Inventory supplies	(199,470)	(150,859)
	22,507,620	25,090,798
Capital activities		
Acquisition of tangible capital assets (net of contributed)	(32,691,317)	(24,860,605)
Proceeds on disposal of tangible capital assets	190,031	99,964
	(32,501,286)	(24,760,641)
Investing activities		
Decrease (Increase) in investments	(3,958,835)	4,070,447
Dividends received from Elexicon Corporation	505,179	680,361
	(3,453,656)	4,750,808
Financing activities		
Repayment of long term liabilities	(2,039,737)	(1,975,103)
Proceeds of debenture issue	51,867,000	-
	49,827,263	(1,975,103)
Net increase, of cash and cash equivalents	36,379,941	3,105,862
Cash and cash equivalents, beginning of year	69,266,929	66,161,067
Cash and cash equivalents, end of year	\$ 105,646,870	\$ 69,266,929

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

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

The Municipality of Clarington (the "Municipality") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

1. Significant accounting policies

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS").

a. Significant accounting policies adopted are as follows:

i. Reporting entity

These consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, and the changes in investment in tangible capital assets of the Municipality of Clarington. The reporting entity is comprised of all organizations, local boards and committees controlled by the Municipality, including the following:

- | | |
|---|----------------------------------|
| - Board of Management for the Historic Downtown Bowmanville Business Improvement Area | - Newcastle Arena Board |
| - Board of Management for the Newcastle Central Business District Improvement Area | - Newcastle Community Hall Board |
| - Board of Management for the Orono Central Business District Improvement Area | - Solina Hall Board |
| - Clarington Public Library Board and Clarington Museums and Archives | - Tyrone Community Hall Board |
| - Bowmanville Santa Claus Parade Committee | - Clarington Heritage Committee |

All material inter-entity transactions and balances are eliminated on consolidation.

ii. Investment in Elexicon Corporation

The Municipality of Clarington, along with the City of Pickering, the Town of Ajax, and the City of Belleville own 68% of Elexicon Corporation. The Town of Whitby owns the remaining 32% of Elexicon Corporation. The Municipality of Clarington holds a 9.248% share of ownership.

The Municipality's investment in Elexicon Corporation and its subsidiaries is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAS for investments in government business partnerships. Under the modified equity basis of accounting, the business partnership's accounting principles are not adjusted to conform to those of the Municipality and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of Elexicon Corporation in its "Consolidated Statement of Operations" with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

1. Significant accounting policies (continued)

a. Significant accounting policies adopted are as follows: (continued)

ii. Investment in Elexicon Corporation (continued)

Elexicon Corporation and other capital transactions will be reflected as adjustments in the investment asset account.

iii. Accounting for region and school board transactions

The taxation and other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Durham are not reflected in these financial statements.

iv. Accounting for phase-in/capping provisions

Increases/decreases in property taxes levied as a result of the application of phase-in/capping legislation are not reflected in the Consolidated Statement of Operations but are reported on the Consolidated Statement of Financial Position.

v. Trust funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the "Trust Funds Statement of Operations" and "Trust Funds Statement of Financial Position".

vi. Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, promissory notes receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant accounting policies (continued)

a. Significant accounting policies adopted are as follows: (continued)

vi. Financial Instruments (continued)

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

vii. Adoption of new accounting standards and guidelines

The Municipality adopted the following standards concurrently beginning January 1, 2024, prospectively: PS 3160 - Public Private Partnerships (P3), PS 3400 - Revenue, and Public Sector Guideline 8 - Purchased Intangibles.

PS 3160 - Public Private Partnerships (P3) - This accounting standard identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the P3 term. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The Municipality adopted the standard prospectively. The implementation of this new standard did not result in identification of transactions that would meet the definition of P3.

PS 3400 - Revenue - This standard establishes how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. Adoption of this standard has resulted in changes in the timing of revenue recognition for certain revenue streams such as licenses and permits. The Municipality will recognize revenue from these exchange transactions when it satisfies its performance obligations. The Municipality adopted the standard prospectively resulting in an immaterial adjustment to decrease user charges and increase deferred revenue for the year ended December 31, 2024.

Public Sector Guideline 8 - Purchased Intangibles - This new guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The Municipality adopted the standard prospectively. The implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles.

b. Basis of accounting

i. Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

i. Accrual basis of accounting (continued)

occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii. 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Changes in Net Financial Assets for the year.

(a) Tangible capital assets ("TCA")

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

Land improvements	20-75 years
Buildings	5-75 years
Vehicles	7-20 years
Equipment	3-25 years
Linear road and related	7-75 years
Linear storm sewers	40-75 years

Amortization

The Municipality uses the straight line method of amortization. For pooled assets and networks such as roads and storm sewers, one half of the annual amortization is charged in the year of acquisition or in-service date and in the year of disposal. For individual assets, if acquired (or in-service) in the first half of the year, the full year of the amortization is charged. If acquired (or in-service) in the second half of the year, one half of the annual amortization is charged. Similarly in the year of disposal, if the asset is disposed of in the first half of the year, one half of the amortization is charged but if disposed of in the second half of the year the full annual amortization is charged. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date received/assumed and that fair value is also recorded as revenue.

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

ii. Non-financial assets (continued)

Works of art and historic assets

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the Municipality. These items are not recognized as tangible capital assets in the consolidated financial statements as a reasonable estimate of the future benefits associated with such property cannot be made.

(b) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

iii. Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved. Reserves and reserve funds form part of the Municipality's accumulated surplus.

iv. Deferred revenues

Deferred Revenues, which include advance payments for tickets, building permits and program registration fees; contributions from developers according to Section 37 of the Planning Act; and revenues set aside for specific purposes (obligatory reserve funds), represent fees which have been collected, but for which the related services have not yet been provided. Revenue is recognized when the related activity occurs or the service is performed.

v. Employee future benefits

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

vi. Contaminated sites

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

vi. Contaminated sites (continued)

recognized when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the Municipality's statement of operations. As of December 31, 2024, there was no liability recorded on the statement.

vii. Revenue Recognition

Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Regional Municipality of Durham and the Province of Ontario in respect of education taxes.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be issued / billed as they are determined and the effect shared with the Region of Durham and school boards, as appropriate.

Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

vii. Revenue Recognition (continued)

Government transfers and developer contributions-in-kind related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the tangible capital assets are acquired.

User fees and service charges

User charges for licenses and permits are recognized when the services are performed, good are delivered, all performance obligations are satisfied and there is reasonable assurance of collection. All other user user fee are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Other

Other revenue is recorded when it is earned and collection is reasonably assured.

Investment income

Investment income earned on operating surplus funds and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

viii. Inventory for resale

Inventory for resale is valued at the lower of cost or net realizable value on an average cost basis.

ix. Use of estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates.

2. Financial Instruments

a. Classification

The carrying value of each class of the Municipality's financial instruments is provided in the following tables.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

2. Financial Instruments (continued)

a. Classification (continued)

	Fair Value	Cost / Amortized Cost	2024 Total
Cash and cash equivalents	\$105,646,870	\$ -	\$105,646,870
Investments	40,196,827	129,969,202	170,166,029
Accounts receivable	-	21,284,448	21,284,448
Taxes receivable	-	18,133,202	18,133,202
Promissory notes	-	8,321,000	8,321,000
Investment in Elexicon Corporation	-	19,586,381	19,586,381
Accounts payable and accrued liabilities	-	(16,354,255)	(16,354,255)
Debenture debt	-	(80,164,952)	(80,164,952)
Balance at the end of the year	\$145,843,697	\$100,775,026	\$246,618,723

	Fair Value	Cost / Amortized Cost	2023 Total
Cash and cash equivalents	\$ 69,266,929	\$ -	\$ 69,266,929
Investments	58,513,983	94,699,901	153,213,884
Accounts receivable	-	13,213,701	13,213,701
Taxes receivable	-	13,064,048	13,064,048
Promissory notes	-	8,321,000	8,321,000
Investment in Elexicon Corporation	-	19,579,036	19,579,036
Accounts payable and accrued liabilities	-	(13,531,048)	(13,531,048)
Debenture debt	-	(30,337,689)	(30,337,689)
Balance at the end of the year	\$127,780,912	\$105,008,949	\$232,789,861

The only financial instruments that are measured subsequent to initial recognition at fair value are cash and cash equivalents and investments. These are fair value measurements that are derived from quoted prices (unadjusted) in the active markets for identical assets or liabilities using the last bid price.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

2. Financial Instruments (continued)

b. Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	2024 Total
Cash and cash equivalents	\$105,646,870	\$ -	\$ -	\$105,646,870
Investments	40,196,827	-	-	40,196,827
Total	\$145,843,697	\$ -	\$ -	\$145,843,697

	Level 1	Level 2	Level 3	2023 Total
Cash and cash equivalents	\$ 69,266,929	\$ -	\$ -	\$ 69,266,929
Investments	58,513,983	-	-	58,513,983
Total	\$127,780,912	\$ -	\$ -	\$127,780,912

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2024. There were also no transfers in or out of Level 3.

c. Financial Instrument Risk Management

The Municipality is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Municipality's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

Credit Risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to make payments of interest and principal when due. The Municipality is exposed to this risk relating to its cash and cash equivalents, investments, and accounts receivable. The Municipality holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$100,000.

Accounts receivable are primarily due from the federal and provincial governments, as well as various developers and residents. Credit risk is mitigated by the financial solvency of the Provincial government and the highly diversified nature of the receivables.

The Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance of \$11,000 is set up based on the Municipality's historical experience regarding collections. It is management's opinion that the Municipality is not exposed to significant credit risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Municipality is not exposed to currency risk.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Municipality is exposed to this risk through its municipal debt and interest bearing investments.

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

The Municipality holds investments which consist of guaranteed investment certificates (GICs), fixed income securities and principal protected notes with varying maturities from January 2025 to August 2034 and bearing interest rates between 0.95% and 12.0%. Investments with a maturity of less than 90 days are reported within cash and cash equivalents, due to the highly liquid nature of these investments.

The Municipality holds municipal debt with variable interest rates which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The Municipality structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

There has been an increase in interest rate risk in the December 31, 2024 year end as the amount invested in the investment portfolio increased in the year.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Municipality is exposed to this risk for investments measured at fair value. Refer to note 5 for a breakdown of investments by type.

Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting its obligation associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Municipality will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Municipality is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year.

Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

	2024			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 16,008,759	\$ 345,496	\$ -	\$ -
Debenture debt	-	3,794,826	20,617,419	55,752,707
	\$ 16,008,759	\$ 4,140,322	\$ 20,617,419	\$ 55,752,707

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 13,038,502	\$ 492,546	\$ -	\$ -
Debenture debt	-	2,039,737	10,474,796	17,823,156
	\$ 13,038,502	\$ 2,532,283	\$ 10,474,796	\$ 17,823,156

3. Trust funds

Trust funds administered by the Municipality amounting to \$2,380,219 (2023 – \$2,218,755) have not been included in the “Consolidated Statement of Financial Position” nor have their financial activities been included in the “Consolidated Statement of Operations”.

4. Operations of school boards and The Regional Municipality of Durham

Further to Note 1(a)(iii), requisitions were made by the Regional Municipality of Durham and School Boards requiring the Municipality of Clarington to collect property taxes and payments in lieu of property taxes on their behalf. The amounts levied and remitted are summarized below:

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

4. Operations of school boards and The Regional Municipality of Durham (continued)

	School Boards	Regional Municipality of Durham
2024		
Property taxes	\$ 34,697,695	\$119,368,139
Taxation from other governments	107,011	3,446,298
Total	\$ 34,804,706	\$122,814,437
2023		
Property taxes	\$ 33,980,454	\$109,177,985
Taxation from other governments	114,886	3,199,901
Total	\$ 34,095,340	\$112,377,886

5. Investments

Total investments consist of investments pursuant to provisions of the Municipality's investment policy and comprise guaranteed investment certificates (GICs), principal protected notes, and government bonds issued by various financial institutions. It is the Municipality's intention to hold these investments until maturity.

	2024	2023
GICs	\$ 19,466,866	\$ 22,829,469
Principal Protected Notes	86,117,800	64,501,500
Bonds	52,416,570	58,979,183
Pooled Funds Equity	-	3,178,866
Pooled Funds Bonds	-	4,553,383
Subtotal	158,001,236	154,042,401
Adjustment to Fair Value	12,164,793	(828,517)
Total	\$170,166,029	\$153,213,884

The Municipality holds investments with a maturity of less than 90 days, in a High Interest Savings Account. This value is reported within cash and cash equivalents, due to the highly liquid

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

5. Investments (continued)

nature of these investments. Total investments, with a maturity of less than 90 days, have a value of \$18,138,354 (2023 - \$16,242,639) on the Consolidated Statement of Financial Position.

6. Taxes receivable

The balance in taxes receivable, including penalties and interest, is comprised of the following:

	2024	2023
Current year taxes	\$ 13,224,917	\$ 9,951,358
Previous year taxes	5,008,285	3,212,690
	18,233,202	13,164,048
Allowance for uncollectible taxes	(100,000)	(100,000)
	\$ 18,133,202	\$ 13,064,048

7. Promissory notes receivable

	2024	2023
Promissory note receivable from Elexicon Corporation due on demand and bearing interest at the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity (4.13% for the current year).	\$ 2,355,000	\$ 2,355,000
Promissory note receivable from Elexicon Energy Inc. maturing November 1, 2039 and bearing interest at the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity (4.13% for the current year).	5,966,000	5,966,000
	\$ 8,321,000	\$ 8,321,000

Interest revenue earned from these notes receivable totaled \$343,658 (2023 - \$343,658). The Municipality has waived its right to demand repayment of any portion of the principal of the promissory notes payable before the date of January 1, 2026.

8. Investment in Elexicon Corporation

a. Investment in Elexicon Corporation

The Municipality of Clarington, along with the City of Pickering, the Town of Ajax, and the City of Belleville own 68% of Elexicon Corporation. The Town of Whitby owns the remaining 32% of Elexicon Corporation. The Municipality of Clarington holds a 9.248% share of ownership. The Municipality is accounting for this investment using a modified equity basis in these financial statements. The financial impact to the Municipality of Clarington's

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

8. Investment in Elexicon Corporation (continued)

- a. Investment in Elexicon Corporation (continued)**
investment and equity are reported below.

The following table provides condensed supplementary financial information of Elexicon Corporation and its subsidiaries for the year ended December 31:

	2024	2023
Financial position		
Assets		
Current	\$ 124,314,000	\$ 116,654,000
Capital and intangibles	786,041,000	720,727,000
Other	701,000	708,000
Regulatory balances	53,757,000	56,310,000
Total assets and regulatory balances	964,813,000	894,399,000
Liabilities		
Current	193,653,000	175,942,000
Long-term debt	283,463,000	253,465,000
Other	218,555,000	196,842,000
Total liabilities	695,671,000	626,249,000
Shareholders' equity		
Share capital	97,692,000	97,692,000
Contributed capital	25,000	25,000
Retained earnings	156,746,000	159,051,000
Regulatory balances	14,679,000	11,382,000
Total shareholders' equity and regulatory balances	269,142,000	268,150,000
Total liabilities, equity and regulatory balances	964,813,000	894,399,000

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024**

8. Investment in Elexicon Corporation (continued)

a. Investment in Elexicon Corporation (continued)

	2024	2023
Financial activities		
Revenues	564,962,000	518,981,000
Other income	9,721,000	(2,428,000)
Expenses	(563,200,000)	(512,314,000)
Net movements in regulatory balances, net of tax	(5,941,000)	(4,234,000)
Net income for the year	\$ 5,542,000	\$ 5,000

b. Municipality's equity is represented by:

	2024	2023
Promissory notes receivable (Note 7)	\$ 8,321,000	\$ 8,321,000
Initial investment in shares of the Corporation	10,146,495	10,146,495
Accumulated net income	24,204,131	23,691,607
Net increase in value of investment	400,126	400,126
Accumulated dividends received	(15,164,371)	(14,659,192)
Total equity	27,907,381	27,900,036
Municipality of Clarington's investment represented by:		
Investment in Corporation	19,586,381	19,579,036
Promissory notes receivable	8,321,000	8,321,000
	\$ 27,907,381	\$ 27,900,036

c. Contingencies and guarantees of Elexicon Corporation (the "Corporation") as disclosed in their financial statements are as follows:

(i) Insurance claims

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. MEARIE also provides vehicle and property insurance to the Corporation.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

8. Investment in Elexicon Corporation (continued)

c. Contingencies and guarantees of Elexicon Corporation (the "Corporation") as disclosed in their financial statements are as follows: (continued)

Insurance premiums charged to each member electric utility consist of a levy per \$1,000 of service revenue subject to a credit or surcharge based on each electric utility's claims experience.

(ii) Contractual obligation - Hydro One Networks Inc.

The Corporation's subsidiary, Elexicon Energy Inc. (EEI), is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet EEI's anticipated electricity load growth. Construction of the project was completed during 2007 and EEI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenues, EEI is obliged to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to EEI. The construction costs allocated to EEI for the project are \$19,950,000.

Hydro One has performed a true-up based on actual load at the end of the tenth anniversary of the in-service date and is expected to perform a true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

d. Lease commitments - Elexicon Corporation

Future minimum non-cancellable lease payment obligations under finance leases are as follows:

2025	\$	95,000
2026		71,000
2027		44,000
	\$	210,000

9. Employee future benefits liabilities

a. Accumulated sick leave entitlement

(i) Firefighters

The Municipality provides two sick leave accumulation plans for firefighters. Plan A accumulates at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination or death, at the rate of 50% of the accumulated credit, to a maximum of one-half a year's salary. Plan B accumulates at the rate of one day per month once the employees complete five years of service. The estimated liability

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

9. Employee future benefits liabilities (continued)

a. Accumulated sick leave entitlement (continued)

at December 31, 2024 was \$1,405,844 (2023 - \$1,249,533).

(ii) Other

During the 1993 fiscal year, the Municipality negotiated an agreement with all employees (except firefighters) to terminate the sick leave benefit plan which had been in effect for many years. The Municipality agreed to pay to those employees covered by the plan and who had at least five-years' service with the Municipality a cash equivalent of 50% of sick leave days accumulated to July 1, 1993 to a maximum of 120 days of salary. Remuneration for the buying out of sick days identified will be available to the employee at any time up to the time that the employee either leaves the Corporation or retires, at the rate of remuneration in effect at July 31, 1993. The estimated liability at December 31, 2024 amounted to \$15,405 (2023 - \$17,758).

b. Post-employment benefits - other

The Municipality makes available to qualifying employees who retire before the age of 65 (firefighters - age 60) the opportunity of continuing their coverage for benefits such as medical (extended health), dental, and life insurance benefits. Coverage ceases at age 65.

Dependent upon the eligibility, the cost of this coverage may be a shared responsibility between the Municipality and the retired employees.

An actuarial valuation was performed as at December 31, 2024 based on data as at the valuation date and plan provisions. The accrued benefit obligation and net benefit costs (i.e. the expense) for the 2024 fiscal year end was determined by this valuation.

The significant actuarial assumptions employed for the valuation are as follows:

- (i) Discount rate will be 4.10% per annum, remaining stable in 2025.
- (ii) Future inflation rates will be 2.75%.
- (iii) Dental cost trend rates will be 5.00% in fiscal 2024 and remain stable at that level until 2027.
- (iv) Extended health care trend rates will be 5.60% in fiscal 2024; and remain stable at that level until 2027.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

9. Employee future benefits liabilities (continued)

c. Information about the Municipality's employee future benefits liabilities is as follows:

	2024	2023
Accrued benefit obligation		
Balance, beginning of year	\$ 8,314,232	\$ 8,105,014
Employer current service cost	511,874	471,461
Interest cost	345,967	360,717
Benefits paid	(533,140)	(685,340)
Actuarial (gain) loss	(161,485)	62,380
Balance, end of year	8,477,448	8,314,232
Unamortized net actuarial gains	1,635,993	1,618,926
Employee future benefits liabilities, end of year	\$ 10,113,441	\$ 9,933,158

10. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"). OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total going concern actuarial liabilities of \$142,489 million with respect to benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result the Municipality does not recognize any share of the Plan surplus or deficit.

The Municipality recognizes the expense related to this plan as contributions are made. The contribution rates and year's maximum pensionable earnings (YMPE) are outlined in the table below.

Year	YMPE	NRA 65 up to YMPE	NRA 65 up to YMPE	NRA 60 up to YMPE	NRA 60 over YMPE
2024	\$ 71,300	9.00 %	14.60 %	9.20 %	15.80 %
2023	\$ 66,600	9.00 %	14.60 %	9.20 %	15.80 %

The amount contributed to OMERS for 2024 was \$4,516,416 (2023 – \$4,063,068) for current services and is included as an expense on the statement of operations.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

11. Debenture Debt

The debenture debt consists of several debentures that mature in the years 2025 to 2042.

a. Debenture debt details

At the end of the year, the outstanding principal amount of this liability is \$80,164,952 (2023 - \$30,337,689).

Maturity Date	Interest Rate % ¹	Regional By-law #	2024	2023
July 2, 2024	1.95 to 3.35	38-2014	\$ -	\$ 158,000
July 2, 2029	1.25 to 2.80	38-2014	2,460,600	2,909,600
October 17, 2031	1.70 to 3.30	48-2016	496,000	561,000
April 13, 2032	1.70 to 3.30	56-2017	586,182	650,451
April 13, 2032	1.70 to 3.30	56-2017	752,170	834,638
July 5, 2042	3.35 to 4.30	32-2022	18,698,000	19,361,000
July 5, 2032	3.70 to 4.60	32-2022	5,305,000	5,863,000
October 25, 2044	3.70 to 4.60	2024-044	40,000,000	-
October 25, 2034	3.70 to 4.10	2024-044	650,000	-
October 25, 2044	3.70 to 4.60	2024-044	3,217,000	-
October 25, 2044	3.70 to 4.60	2024-044	8,000,000	-
			\$ 80,164,952	\$ 30,337,689

¹ Interest rates gradually increase to the upper limits noted in the table.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

11. Debenture Debt (continued)

b. Principal repayments

Of the municipal debt reported in (a) of this note, principal payments are payable from general municipal revenues follows:

2025	\$ 3,794,826
2026	3,949,915
2027	4,083,457
2028	4,224,000
2029	4,369,598
Thereafter	59,743,156
	<hr/>
	\$ 80,164,952

c. Principal and interest

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

d. Interest expense

Total interest expense related to the net long-term liabilities amounted to \$1,660,494 (2023 - \$1,332,539) and is reported on the Consolidated Statement of Operations.

12. Internal Loans

As a means of funding various capital acquisitions, funds are borrowed from the Municipal Capital Reserve Fund. These funds are secured by promissory notes with interest rates ranging from 2.20% to 3.30% and payment terms of 15 years. The financing arrangements and ultimate repayment are approved by Council through the budget process.

a. The following is a summary of the individual loans:

Major Parking Lot Rehabilitation	\$ 1,142,245
LED Street lighting Conversion	1,697,755
	<hr/>
	\$ 2,840,000

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

12. Internal Loans (continued)

b. Of the internal loans reported in (a) of this note, principal payments are as follows:

2025	\$ 279,000
2026	287,000
2027	296,000
2028	304,000
2029	314,000
Thereafter	1,360,000
	<hr/>
	\$ 2,840,000
	<hr/>

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

13. Deferred revenue - obligatory reserve funds

The continuity of “deferred revenue - obligatory reserve funds” of the Municipality is summarized as follows:

	2024	2023
Balance, beginning of year	\$ 83,818,835	\$ 82,188,877
Contributions:		
Contributions from developers	4,533,465	8,271,330
Investment Income	6,345,996	2,041,566
Canada community-building	3,234,339	3,045,085
Provincial infrastructure	3,353,372	3,286,821
	17,467,172	16,644,802
Utilization:		
Transfer to operating	3,554,483	4,992,558
Acquisition of TCA - construction	9,380,051	10,022,286
	12,934,534	15,014,844
Change in deferred revenue during the year	4,532,637	1,629,958
Balance, end of year	88,351,472	83,818,835
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	9,251,640	8,173,177
Canada community-building	3,821,009	4,165,905
Building code act	(2,448,667)	269,126
Provincial infrastructure	9,630,972	6,993,237
Development charges (Note 14)	68,096,518	64,217,390
Total deferred revenue – obligatory reserve funds	\$ 88,351,472	\$ 83,818,835

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

14. Continuity of development charges reserve funds

	2024	2023
Balance at the beginning of the year	\$ 64,217,390	\$ 63,977,558
Development charges collections	4,975,087	7,052,175
Investment income	5,623,697	1,695,019
Tangible capital assets acquisitions and construction	(4,620,206)	(6,155,076)
Operating expenses	(2,099,450)	(2,352,286)
Balance at the end of the year	\$ 68,096,518	\$ 64,217,390

15. Contingencies

Various legal actions and claims have been initiated by and against the Municipality, the outcomes of which cannot be determined at the time of reporting. Accordingly, no provision has been made in these consolidated financial statements for any liability which may result. Should any gain or loss occur as a result of the above legal actions the Municipality will account for the gain/loss when it is likely that such a gain/loss will occur and the amount is measurable.

16. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$23,669,084 (2023 - \$42,860,745). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2024, \$3,000,121 (2023 - \$5,569,216) relating to these contracts had not been expended.

17. Related party transactions and balances - Elexicon Corporation

The Municipality's investment in Elexicon Corporation is accounted for on a modified equity basis. Transactions of a non-investment nature are recorded at cost.

	2024	2023
Transactions		
Dividends received	\$ 505,179	\$ 680,361
Interest earned on promissory notes	343,658	343,658
Property taxes	36,607	35,241
Energy and services purchases	670,152	575,464
Balances		
Promissory notes receivable	8,321,000	8,321,000
Accounts payable and accrued liabilities	\$ 54,010	\$ 99,967

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

18. Guarantees

In the normal course of business, the Municipality enters into agreements which contain guarantees. The Municipality's primary guarantees are as follows:

- (i) The Municipality has provided indemnities under lease agreements for the use of various facilities or land. Under the terms of these agreements the Municipality agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (ii) The Municipality indemnifies employees and elected officials for various items including, but not limited to, all costs to settle suits or actions due to association with the Municipality, subject to certain restrictions. The Municipality has purchased liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as an employee or elected official of the Municipality. The maximum amount of any potential future payment cannot be reasonably estimated.
- (iii) The Municipality has entered into agreements that may include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Municipality to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Municipality from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Municipality has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in these consolidated financial statements with respect to these agreements.

19. Tangible capital assets

The continuity of the historical cost and accumulated amortization for various categories of tangible capital assets can be found in Schedule 1.

Further information relating to tangible capital assets is as follows:

a. Contributed tangible capital assets

The Municipality of Clarington records all tangible assets contributed by an external party at

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

19. Tangible capital assets (continued)

a. Contributed tangible capital assets (continued)

fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, parks, land, and storm sewer lines installed by a developer as part of a subdivision agreement. For subdivision assets, the recorded date is considered to be the date of acceptance with the exclusion of streetlights with the recorded date as the date of completion. In 2024, there were contributed assets of \$9,088,680 (2023 - \$2,886,036).

b. Works of Art and Historical Treasures

The Municipality has one historical collection. The Clarington Museums and Archives collection is currently insured for \$287,800. Also included in historical treasures are the cenotaphs located in Bowmanville, Newcastle, Orono and Newtonville. Due to the rural history, there are several abandoned cemeteries located throughout the Municipality. All associated physical items, including historical signs and cairns, or concrete structures build for old headstones, are considered a historical treasure.

20. Accumulated surplus

Accumulated surplus is comprised of the following:

	2024	2023
Investment in tangible capital assets	\$483,339,816	\$465,854,595
General surplus	3,521,818	5,070,701
Capital surplus	96,796,437	50,926,372
Inventory - surplus land	146,349	146,349
Debenture debt	(80,164,952)	(30,337,689)
Unfunded employee benefits and post-employment liabilities	(4,614)	(938,780)
Other long-term liabilities - ARO	(462,416)	(449,907)
Accumulated remeasurement losses	(12,164,793)	828,517
Reserves set aside for specific purposes by Council:		
Acquisition of capital assets reserves	10,060,101	8,555,498
Legal / consulting	3,240,304	3,035,289
Election expenses	391,965	266,965
Fire prevention	305,489	304,552
Burketon park improvements	7,569	7,569
Samuel Wilmot nature area	3,373	3,430
Secondary plans	24,093	65,494

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024

20. Accumulated surplus (continued)

	2024	2023
Clarington Heritage committee board	12,262	6,315
Library and Museum	1,580,406	1,388,674
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	7,459,135	8,594,305
Rate stabilization	13,750,978	13,598,413
Strategic capital	8,753,953	9,651,793
Recreation programs and facilities	836,751	1,027,506
Debenture repayment	940,489	898,243
Economic development	683,111	717,536
Other cultural	38,508	154,287
Acquisition of capital assets reserve funds	6,484,077	9,864,589
Newcastle waterfront	5,995	46,732
Municipal capital works	8,608,758	4,753,853
Roads contributions	2,898,375	2,609,599
Climate Action	184,104	-
Port Granby LLRW	336,016	326,637
Community improvement plan	2,204,883	1,228,604
Business improvement areas	129,680	136,096
Cemetery perpetual care	149,818	119,157
Community emergency management	880,661	758,979
Equity in Elexicon Corporation	27,835,212	27,900,036
Accumulated surplus	\$613,143,297	\$587,120,309

21. Segmented information

The Municipality provides a wide range of services to its residents. Distinguishable functional segments have been separately reported on Schedule 2. For each segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of general government.

The nature of the segments and the activities they encompass are as follows:

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2024

21. Segmented information (continued)

a. General government services

General government is comprised of all departments that support the corporate governance, management and program support for the Municipality.

b. Protection services

Protection services includes protection to persons and property and is comprised of Emergency and Fire Services, Municipal Law Enforcement, Animal Services and Building Inspection / Enforcement services. Emergency and Fire Services includes responsibility for emergency management, fire prevention and public education, fire suppression, communication, and training.

c. Transportation services

Transportation services includes services provided by the Public Works department. The primary responsibilities include the inspection, planning and maintenance of the roads, bridges, sidewalks, streetlights, roadsides, winter snow clearing, subdivision planning, traffic engineering, development, and municipal servicing reviews. Other services include fleet maintenance, parking and school crossing guards.

d. Environmental services

Environmental services includes storm-water management, erosion control and resale of waste diversion goods.

e. Health services

Health services includes the maintenance and operation of the Municipality's active and abandoned cemeteries and crematorium, cemetery records management and the sale of cemetery plots, permits and headstones.

f. Recreation and cultural services

Recreation and cultural services includes the administration, operation and maintenance of all recreational, aquatic, arena, community recreational facilities, parks and trails. Clarington Libraries, Museums and other external cultural agencies are also included in this segment.

g. Planning and development services

Planning and development services includes the development of planning policies, urban design, development approvals, heritage preservation, real estate services and geomatics. This segment further includes business improvement areas and tourism activities.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2024**

22. Budget amounts

The budget figures reflected in these consolidated statements are those approved by Council on December 5, 2023. Budget figures have been translated to reflect Public Sector Accounting Board standards (PSAS).

23. Comparative figures

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

The Corporation of the Municipality of Clarington
Consolidated Schedule of Tangible Capital Assets - Schedule 1
For the Year Ended December 31, 2024

2024													
General							Infrastructure						
	Land Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	Total	
Cost													
Balance, beginning of year	\$ 72,823,374	\$ 47,987,193	\$113,436,785	\$ 9,796,389	\$ 16,200,670	\$ 9,448,254	\$437,788,911	\$102,632,133	\$ 2,510,405	\$ 17,881,727	\$ 358,577	\$ 16,436,245	\$847,300,663
Add: additions during the year	-	5,502,891	5,766,435	943,710	1,668,524	5,626,000	9,067,297	1,419,461	-	1,121,491	122,071	19,777,533	51,015,413
Less: disposals during the year	-	(168,331)	(822,436)	(486,731)	(933,284)	-	(1,752,783)	-	-	(1,897,713)	-	(9,230,417)	(15,291,695)
Balance, end of year	72,823,374	53,321,753	118,380,784	10,253,368	16,935,910	15,074,254	445,103,425	104,051,594	2,510,405	17,105,505	480,648	26,983,361	883,024,381
Accumulated amortization													
Balance, beginning of year	-	18,920,560	61,620,810	7,397,468	10,273,847	-	244,881,085	25,688,128	1,776,797	10,795,019	92,354	-	381,446,068
Add: amortization during the year	-	1,620,964	3,430,305	635,775	1,364,713	-	14,376,551	1,381,435	84,624	1,136,498	48,069	-	24,078,934
Less: accumulated amortization on disposals	-	(168,331)	(785,105)	(486,731)	(933,284)	-	(1,575,995)	-	-	(1,890,990)	-	-	(5,840,436)
Balance, end of year	-	20,373,193	64,266,010	7,546,512	10,705,276	-	257,681,641	27,069,563	1,861,421	10,040,527	140,423	-	399,684,566
Net book value of tangible capital assets													
	\$ 72,823,374	\$ 32,948,560	\$ 54,114,774	\$ 2,706,856	\$ 6,230,634	\$ 15,074,254	\$187,421,784	\$ 76,982,031	\$ 648,984	\$ 7,064,978	\$ 340,225	\$ 26,983,361	\$483,339,815

The Corporation of the Municipality of Clarington
Consolidated Schedule of Tangible Capital Assets - Schedule 1
For the Year Ended December 31, 2024

2023													
General						Infrastructure							
	Land Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	Total	
Cost													
Balance, beginning of year	\$ 72,823,374	\$ 44,203,339	\$109,648,965	\$ 8,623,259	\$ 15,225,737	\$ 8,490,554	\$431,909,562	\$100,722,179	\$ 2,260,968	\$ 16,783,340	\$ 333,146	\$ 13,077,151	\$824,101,574
Add: additions during the year	-	4,001,819	4,730,734	1,215,305	1,788,456	957,700	7,818,724	1,909,954	249,437	1,689,984	25,431	11,529,685	35,917,229
Less: disposals during the year	-	(217,965)	(942,914)	(42,175)	(813,523)	-	(1,939,375)	-	-	(591,597)	-	(8,170,591)	(12,718,140)
Balance, end of year	72,823,374	47,987,193	113,436,785	9,796,389	16,200,670	9,448,254	437,788,911	102,632,133	2,510,405	17,881,727	358,577	16,436,245	847,300,663
Accumulated amortization													
Balance, beginning of year	-	17,692,264	59,261,377	6,933,083	9,751,224	-	232,467,076	24,320,411	1,697,275	10,321,812	50,320	-	362,494,842
Add: amortization during the year	-	1,428,273	3,255,679	506,560	1,336,146	-	14,151,570	1,367,717	79,522	1,050,791	42,034	-	23,218,292
Less: accumulated amortization on disposals	-	(199,977)	(896,246)	(42,175)	(813,523)	-	(1,737,561)	-	-	(577,584)	-	-	(4,267,066)
Balance, end of year	-	18,920,560	61,620,810	7,397,468	10,273,847	-	244,881,085	25,688,128	1,776,797	10,795,019	92,354	-	381,446,068
Net book value of tangible capital assets													
	\$ 72,823,374	\$ 29,066,633	\$ 51,815,975	\$ 2,398,921	\$ 5,926,823	\$ 9,448,254	\$192,907,826	\$ 76,944,005	\$ 733,608	\$ 7,086,708	\$ 266,223	\$ 16,436,245	\$465,854,595

The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 2
For the Year Ended December 31, 2024

									2024
	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated	
Operating revenue									
Taxation and user charges	\$ 83,671,952	\$ 1,244,922	\$ 5,660,407	\$ 139,328	\$ 474,117	\$ 6,906,084	\$ 3,071,838	\$	101,168,648
Grants	41,906	-	344,909	-	-	318,133	(12,500)		692,448
Other	11,342,195	3,353,874	9,989,127	2,679	133,374	3,912,260	291,017		29,024,526
Elexicon Corporation	512,524	-	-	-	-	-	-		512,524
Contributed tangible capital assets	-	-	2,355,332	1,107,348	-	5,626,000	-		9,088,680
Other income	994	-	9,905	-	-	-	628,500		639,399
Loss on disposal of tangible capital assets	7,516	-	3,924	-	-	(37,252)	-		(25,812)
Total operating revenue	95,577,087	4,598,796	18,363,604	1,249,355	607,491	16,725,225	3,978,855		141,100,413
Operating expenses									
Salaries and wages	7,084,749	20,849,909	10,399,607	726,205	491,999	19,619,843	6,394,917		65,567,229
Operating materials and supplies	791,886	1,245,087	7,497,743	1,419,864	588,071	7,616,138	461,497		19,620,286
Contract services	1,276,466	1,243,363	7,071,595	775,674	-	3,754,665	1,574,294		15,696,057
Rent and financial expenses	192,269	-	13,615	-	-	147,523	-		353,407
External transfers to others	-	-	-	-	-	1,036,941	-		1,036,941
Amortization expense	1,187,802	1,053,899	15,566,055	1,779,685	52,348	4,388,088	51,057		24,078,934
Interest on long-term liabilities	25,091	-	192,799	-	-	1,499,991	-		1,717,881
Total operating expenses	10,558,263	24,392,258	40,741,414	4,701,428	1,132,418	38,063,189	8,481,765		128,070,735
Annual surplus (deficit)	\$ 85,018,824	\$ (19,793,462)	\$ (22,377,810)	\$ (3,452,073)	\$ (524,927)	\$ (21,337,964)	\$ (4,502,910)	\$	13,029,678

The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 2
For the Year Ended December 31, 2024

									2023
	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated	
Operating revenue									
Taxation and user charges	\$ 79,332,601	\$ 2,599,265	\$ 2,258,696	\$ 82,324	\$ 411,943	\$ 5,894,104	\$ 1,817,977	\$ 92,396,910	
Grants	95,284	10,000	182,696	-	-	472,434	500,000	1,260,414	
Other	7,590,411	2,334,642	6,404,655	13,825	775,158	6,435,961	310,826	23,865,478	
Elexicon Corporation	462	-	-	-	-	-	-	462	
Contributed tangible capital assets	-	-	656,673	1,271,663	-	957,700	-	2,886,036	
Other income	3,595	-	-	-	-	-	1,283	4,878	
Loss on disposal of tangible capital assets	7,333	-	(125,328)	-	-	(62,525)	-	(180,520)	
Total operating revenue	87,029,686	4,943,907	9,377,392	1,367,812	1,187,101	13,697,674	2,630,086	120,233,658	
Operating expenses									
Salaries and wages	6,101,948	19,302,596	9,146,810	592,092	429,607	16,584,651	5,518,641	57,676,345	
Operating materials and supplies	1,325,877	1,172,910	6,768,049	613,988	557,982	7,698,697	621,926	18,759,429	
Contract services	521,338	1,146,267	2,397,442	841,685	-	3,318,391	2,060,591	10,285,714	
Rent and financial expenses	326,011	-	11,496	-	-	86,626	-	424,133	
External transfers to others	-	1,750	-	-	-	2,315,547	-	2,317,297	
Amortization expense	1,050,585	1,087,540	15,160,219	1,757,961	19,317	4,098,018	44,652	23,218,292	
Interest on long-term liabilities	27,180	-	214,877	-	-	1,152,415	-	1,394,472	
Total operating expenses	9,352,939	22,711,063	33,698,893	3,805,726	1,006,906	35,254,345	8,245,810	114,075,682	
Annual surplus (deficit)	\$ 77,676,747	\$ (17,767,156)	\$ (24,321,501)	\$ (2,437,914)	\$ 180,195	\$ (21,556,671)	\$ (5,615,724)	\$ 6,157,976	

The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 3
For the Year Ended December 31, 2024

	2024 - Budget							
	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
Operating revenue								
Taxation and user charges	\$ 83,537,052	\$ 2,503,200	\$ 781,500	\$ 154,300	\$ 382,600	\$ 6,198,270	\$ 2,470,970	\$ 96,027,892
Grants	-	-	-	-	-	113,981	-	113,981
Other	4,102,800	807,911	7,683,550	-	-	1,643,214	63,000	14,300,475
Contributed tangible capital assets	-	-	2,355,332	1,107,348	-	5,626,000	-	9,088,680
Other income	-	-	5,054,750	-	-	-	-	5,054,750
Total operating revenue	87,639,852	3,311,111	15,875,132	1,261,648	382,600	13,581,465	2,533,970	124,585,778
Operating expenses								
Salaries and wages	7,261,958	20,129,219	11,162,589	545,632	481,289	19,138,698	7,826,129	66,545,514
Operating materials and supplies	909,123	1,178,300	7,193,418	1,148,234	508,341	8,107,937	618,613	19,663,966
Contract services	792,975	1,458,087	7,633,035	1,048,267	-	3,713,361	1,067,061	15,712,786
Rent and financial expenses	162,300	-	11,374	-	-	127,726	-	301,400
External transfers to others	-	-	-	-	-	1,044,519	-	1,044,519
Amortization expense	1,189,644	1,095,896	16,279,222	1,772,508	19,317	4,578,549	44,652	24,979,788
Interest on long-term liabilities	25,574	-	200,240	-	-	1,127,472	-	1,353,286
Total operating expense	10,341,574	23,861,502	42,479,878	4,514,641	1,008,947	37,838,262	9,556,455	129,601,259
Annual surplus (deficit)	\$ 77,298,278	\$ (20,550,391)	\$ (26,604,746)	\$ (3,252,993)	\$ (626,347)	\$ (24,256,797)	\$ (7,022,485)	\$ (5,015,481)

The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 3
For the Year Ended December 31, 2024

	2023 - Budget							
	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
Operating revenue								
Taxation and user charges	\$ 79,142,063	\$ 2,109,800	\$ 727,500	\$ 144,300	\$ 365,900	\$ 5,210,736	\$ 2,356,970	\$ 90,057,269
Grants	-	22,000	-	-	-	112,481	-	134,481
Other	3,811,500	3,606,934	8,803,600	-	-	2,594,979	-	18,817,013
Contributed tangible capital assets	-	-	656,673	1,271,663	-	957,700	-	2,886,036
Total operating revenue	82,953,563	5,738,734	10,187,773	1,415,963	365,900	8,875,896	2,356,970	111,894,799
Operating expenses								
Salaries and wages	6,295,854	19,089,190	9,811,014	516,054	423,149	16,735,750	6,715,204	59,586,215
Operating materials and supplies	899,795	1,053,201	5,483,817	461,800	478,167	7,948,581	808,718	17,134,079
Contracted services	876,975	1,415,629	3,230,167	991,396	-	3,686,850	1,818,751	12,019,768
Rent amd financial expenses	225,000	-	11,468	-	-	76,311	-	312,779
Enternal transfers to others	-	10,000	-	-	-	797,065	-	807,065
Amortization expense	1,089,585	1,095,202	14,365,593	1,713,676	4,494	3,986,526	64,749	22,319,825
Interest on long-term liabilities	27,625	-	180,093	-	-	1,198,395	-	1,406,113
Total operating expense	9,414,834	22,663,222	33,082,152	3,682,926	905,810	34,429,478	9,407,422	113,585,844
Annual surplus (deficit)	\$ 73,538,729	\$ (16,924,488)	\$ (22,894,379)	\$ (2,266,963)	\$ (539,910)	\$ (25,553,582)	\$ (7,050,452)	\$ (1,691,045)

Statement of Operations - Library

Supplementary Schedule

for the year ended December 31, 2024

	2024	2023
	Actual	Actual
	\$	\$
Revenues		
Municipality of Clarington – operating grant	3,989,337	3,529,104
Municipality of Clarington – capital grant	-	382,575
Province of Ontario grant	125,911	94,368
Government of Canada grant	-	8,454
Fines, fees, sales, discards, programming, events, sponsorships	44,142	43,324
Donations and bequests	8,008	4,379
Interest	184,678	174,953
Miscellaneous	10,011	2,440
Contributions from reserves	78,511	-
Total revenues	4,440,598	4,239,597
Expenses		
Personnel costs	3,379,237	3,301,578
Collections, operating and materials	191,103	7,316
Facility support	190,322	161,480
Products & supplies	74,109	85,045
Public programs, exhibits, collections, events, gift shop	41,826	60,078
Contracted services	74,059	291,724
Computer expenses	188,810	123,996
Staff development	44,396	44,956
Amortization expense	542,941	556,079
Transfer to reserves	256,916	-
Total expenses	4,983,719	4,632,252
Annual surplus (deficit)	(543,121)	(392,655)

Statement of Operations - Museum

Supplementary Schedule

for the year ended December 31, 2024

	2024	2023
	Actual	Actual
	\$	\$
Revenues		
Municipality of Clarington – operating grant	328,114	340,524
Province of Ontario grant	39,353	50,322
Government of Canada grant	8,394	-
Grants from others	-	6,546
Fines, fees, sales, discards, programming, events, sponsorships	2,801	6,055
Donations and bequests	441	343
Interest	35,750	33,703
Miscellaneous	-	(50)
Contributions from reserves	65,185	
Total revenues	480,038	437,443
Expenses		
Personnel costs	319,021	261,371
Collections, operating and materials	1,707	
Facility support	54,910	28,890
Products & supplies	2,484	8,601
Public programs, exhibits, collections, events, gift shop	5,686	18,132
Contracted services	93,198	38,748
Computer expenses	1,954	4,444
Staff development	1,078	344
Amortization expense	1,132	1,176
Total expenses	481,170	361,706
Annual surplus (deficit)	(1,132)	75,737

If this information is required in an alternate format, please contact the Accessibility Coordinator at (905) 623-3379 ext. 2131.

Financial statements of

**The Corporation of the
Municipality of Clarington
Board of Management for
Historic Downtown Bowmanville
Business Improvement Area**

December 31, 2024

The Corporation of the Municipality of Clarington Board of Management for the Historic Downtown Bowmanville Business District Improvement Area

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Independent Auditor's Report

To the Members of the Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Clarington:

Qualified Opinion

We have audited the accompanying financial statements of the Historic Downtown Bowmanville Business Improvement Area of the Corporation of the Municipality of Clarington (the Entity), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2024 and 2023, net financial assets as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those statements on August 6, 2024 for the reasons described in the Basis for Qualified opinion paragraph.

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 private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MNP LLP

Lindsay, Ontario

Chartered Professional Accountants

July 14, 2025

Licensed Public Accountants

The Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area

Statement of Financial Position

as at December 31, 2024

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	103,997	64,641
HST receivable	4,473	3,958
Total financial assets	108,470	68,599
Liabilities		
Accounts payable	4,903	-
Total liabilities	4,903	-
Net financial assets	103,567	68,599
Accumulated surplus (deficit)	103,567	68,599

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

The Corporation of the Municipality of Clarington
Board of Management for Historic Downtown
Bowmanville Business Improvement Area
Statement of Operations
as at December 31, 2024

	Budget	2024	2023
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	180,314	180,314	175,916
Grant - Municipality of Clarington			
Interest			
Fundraising	53,500	80,578	65,247
Total revenues	233,814	260,892	241,163
Expenses			
Administration	14,950	5,853	15,341
Events and promotion	86,000	106,133	104,636
Salaries and wages	87,700	73,700	65,200
Streetscape	44,700	40,238	55,894
Capital works	11,604	-	-
Total expenses	244,954	225,924	241,071
Annual surplus (deficit)	(11,140)	34,968	92
Accumulated surplus, beginning of year	68,599	68,599	68,507
Accumulated surplus (deficit), end of year	57,459	103,567	68,599

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

The Corporation of the Municipality of Clarington

Board of Management for Historic Downtown

Bowmanville Business Improvement Area

Statement of Change in Net Financial Assets

as at December 31, 2024

	Budget	2024	2023
	\$	\$	\$
Annual surplus (deficit)	(11,140)	34,968	92
Change in prepaid expenses	-	-	-
Change in net financial assets	(11,140)	34,968	92
Net financial assets, beginning of year	68,599	68,599	68,507
Net financial assets (liabilities), end of year	57,459	103,567	68,599

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

The Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area

Statement of Cash Flows

for the year ended December 31, 2024

	2024	2023
	\$	\$
Operating activities		
Annual surplus	34,968	92
Changes in non-cash operating items		
Decrease (increase) due from Government of Canada	(515)	2,523
Increase (decrease) in accounts payable and accrued liabilities	4,903	(8)
	39,356	2,607
Net increase in cash	39,356	2,607
Cash, beginning of year	64,641	62,034
Cash, end of year	103,997	64,641

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

The Corporation of the Municipality of Clarington Board of Management for the Historic Downtown Bowmanville Business District Improvement Area

Notes to the financial statements

December 31, 2024

The Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area is a Municipal Local Board (the "Board") in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

The focus of the financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

a) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Other revenues are recorded in the period in which transactions or events occurred that gave rise to the revenues.

b) Use of estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

c) Cash and cash equivalents

Cash and cash equivalents are made up of cash held in financial institutions as well as temporary investments with maturities of 90 days or less.

If this information is required in an alternate format, please contact the Accessibility Coordinator at (905) 623-3379 ext. 2131

Financial statements of

**The Corporation of the
Municipality of Clarington
Board of Management for the
Newcastle Central Business
District Improvement Area**

December 31, 2024

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

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Independent Auditor's Report

To the Members of the Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area, Members of Council, Inhabitants and Ratepayers of the Municipality of Clarington:

Qualified Opinion

We have audited the accompanying financial statements of the Newcastle Central Business District Improvement Area of the Corporation of the Municipality of Clarington (the Entity), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2024 and 2023, net financial assets as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those statements on August 6, 2024 for the reasons described in the Basis for Qualified opinion paragraph.

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 private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MNP LLP

Lindsay, Ontario

Chartered Professional Accountants

July 14, 2025

Licensed Public Accountants

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

Statement of financial position

as at December 31, 2024

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	82,021	81,846
Total financial assets	82,021	81,846
Liabilities		
Accounts payable	1,723	876
Total liabilities	1,723	876
Net financial assets (liabilities)	80,298	80,970
Accumulated surplus (deficit)	80,298	80,970

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

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

Statement of operations

for the year ended December 31, 2024

		2024	2023
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	40,000	40,000	40,000
Fundraising		50,231	43,259
Total revenues	40,000	90,231	83,259
Expenses			
Administration	2,000	5,296	4,419
Advertising	10,000	9,764	10,006
Events	5,000	53,695	43,705
Downtown safety and décor	23,000	22,148	20,360
Total expenses	40,000	90,903	78,490
Annual surplus (deficit)	-	(672)	4,769
Accumulated surplus, beginning of year	80,970	80,970	76,201
Accumulated surplus, end of year	80,970	80,298	80,970

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

The Corporation of the Municipality of Clarington

Board of Management for Newcastle Central

Business District Improvement Area

Statement of change in net financial assets

as at December 31, 2024

	Budget	2024	2023
	\$	\$	\$
Annual surplus (deficit)	-	(672)	4,769
Change in net financial assets	-	(672)	4,769
Net financial assets, beginning of year	80,970	80,970	76,201
Net financial assets (liabilities), end of year	80,970	80,298	80,970

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

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

Statement of cash flows

for the year ended December 31, 2024

	2024	2023
	\$	\$
Operating activities		
Annual surplus	(672)	4,769
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	-	100
Increase (decrease) in accounts payable and accrued liabilities	847	261
	175	5,130
Net increase in cash	175	5,130
Cash, beginning of year	81,846	76,716
Cash, end of year	82,021	81,846

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

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

Notes to the financial statements

December 31, 2024

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area is a Municipal Local Board in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

The focus of the financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

a) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Other revenues are recorded in the period in which transactions or events occurred that gave rise to the revenues.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 amounts of revenue and expenses during the year. Actual results could differ from those estimates.

c) Cash and cash equivalents

Cash and cash equivalents are made up of cash held in financial institutions as well as temporary investments with maturities of 90 days or less.

If this information is required in an alternate format, please contact the Accessibility Coordinator at (905) 623-3379 ext. 2131.

Financial statements of

**The Corporation of the
Municipality of Clarington
Board of Management for the
Orono Central Business
District Improvement Area**

December 31, 2024

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

December 31, 2024

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Independent Auditor's Report

To the Members of the Corporation of the Municipality of Clarington Board of Management for Orono Central Business District Improvement Area, Members of Council, Inhabitants and Ratepayers of the Municipality of Clarington:

Qualified Opinion

We have audited the accompanying financial statements of the Orono Central Business District Improvement Area of the Corporation of the Municipality of Clarington (the Entity), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2024 and 2023, net financial assets as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those statements on August 6, 2024 for the reasons described in the Basis for Qualified opinion paragraph.

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 private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MNP LLP

Lindsay, Ontario

Chartered Professional Accountants

July 14, 2025

Licensed Public Accountants

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

Statement of Financial Position as at December 31, 2024

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	14,362	11,629
Accounts receivable	-	-
Total financial assets	14,362	11,629
Liabilities		
Accounts payable	-	1,480
Total liabilities	-	1,480
Net financial assets	14,362	10,149
Accumulated surplus (deficit)	14,362	10,149

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

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

Statement of Operations

for the year ended December 31, 2024

	Budget	2024	2023
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington (Note 1)	6,000	6,000	6,000
Donations/fundraising/miscellaneous	9,500	9,891	12,913
Contr fr reserve funds	-	10,000	6,500
Total revenues	15,500	25,891	25,413
Expenses			
Advertising and promotion	13,900	14,692	16,261
Landscaping	18,000	3,464	6,133
Miscellaneous	1,020	3,522	522
Total expenses	32,920	21,678	22,916
Annual surplus (deficit)	(17,420)	4,213	2,497
Accumulated surplus, beginning of year	10,149	10,149	7,652
Accumulated surplus, end of year	(7,271)	14,362	10,149

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

The Corporation of the Municipality of Clarington

Board of Management for Orono Central

Business District Improvement Area

Statement of Change in Net Financial Assets **as at December 31, 2024**

	Budget	2024	2023
	\$	\$	\$
Annual surplus (deficit)	(17,420)	4,213	2,497
Net financial assets, beginning of year	10,149	10,149	7,652
Net financial assets (liabilities), end of year	(7,271)	14,362	10,149

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

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

Statement of Cash Flows

for the year ended December 31, 2024

	2024	2023
	\$	\$
Operating activities		
Annual surplus	4,213	2,497
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	-	260
Increase (decrease) in accounts payable and accrued liabilities	(1,480)	(2,094)
	2,733	663
Net increase in cash	2,733	663
Cash, beginning of year	11,629	10,966
Cash, end of year	14,362	11,629

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

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

Notes to the financial statements

December 31, 2024

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area is a Municipal Local Board in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

The focus of the financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

a) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Other revenues are recorded in the period in which transactions or events occurred that gave rise to the revenues.

b) Use of estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

c) Cash and cash equivalents

Cash and cash equivalents are made up of cash held in financial institutions as well as temporary investments with maturities of 90 days or less.

If this information is required in an alternate format, please contact the Accessibility Co-Ordinator at (905) 623-3379 ext. 2131

Financial statements of

**The Corporation of the
Municipality of Clarington
Trust Funds**

December 31, 2024

The Corporation of the Municipality of Clarington Trust Funds

December 31, 2024

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Independent Auditor's Report

To the Council Members of the Corporation of the Municipality of Clarington

Opinion

We have audited the financial statements of the Corporation of the Municipality of Clarington Trust Funds (the Entity), which comprise the statement of financial position as at December 31, 2024, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its operations and accumulated surplus for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on September 16, 2024.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MNP LLP

Lindsay, Ontario

Chartered Professional Accountants,

July 15, 2025

Licensed Public Accountants

The Corporation of the Municipality of Clarington
Trust Funds
Statement of financial position
as at December 31, 2024

	Cash	Investments (Note 3)	Interest revenue receivable	Due (to) from Municipality of Clarington	Net Financial Assets and Accumulated Surplus
Advent Cemetery	-	918	3	-	921
Bondhead Cemetery	-	283,834	780	1,519	286,133
Bowmanville Cemetery	-	1,406,440	3,868	2,492	1,412,800
Hampton Cemetery	-	52,389	144	-	52,533
Lakeview Cemetery	-	69,666	191	-	69,857
Lovekin Cemetery	-	10,000	28	-	10,028
Orono Cemetery	-	316,811	871	1,062	318,744
St. George's Cemetery	-	50,390	139	-	50,529
Trulls Cemetery	-	1,774	5	-	1,779
Vanderveer Legacy Trust	-	1,000	3	-	1,003
	-	2,193,222	6,032	5,073	2,204,327
Montague Trust	-	11,752	190	-	11,942
Estate of Irene Rinch/Newcastle Community Hall	-	161,332	2,618	-	163,950
Total - 2024	-	2,366,306	8,840	5,073	2,380,219
Total - 2023	-	2,196,265	12,175	10,315	2,218,755

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

The Corporation of the Municipality of Clarington
Trust Funds
Statement of operations and accumulated surplus
for the year ended December 31, 2024

	Balance beginning of year	Revenues				Less: Contribution to cemeteries	Investments in Capital	Excess (shortfall) of revenues over expenses	Accumulated surplus, end of year
		Care and maintenance receipts (Note 4)	Interest earned	Other Contributions	Total				
Advent Cemetery	922	-	43	-	43	44	-	(1)	921
Bondhead Cemetery	267,819	18,651	13,062	-	31,713	13,399	-	18,314	286,133
Bowmanville Cemetery	1,352,970	61,715	65,205	-	126,920	67,090	-	59,830	1,412,800
Hampton Cemetery	51,741	869	2,504	-	3,373	2,581	-	792	52,533
Lakeview Cemetery	-	200	2,307	69,466	71,973	2,116	-	69,857	69,857
Lovekin Cemetery	10,043	-	476	-	476	491	-	(15)	10,028
Orono Cemetery	314,090	5,123	14,959	-	20,082	15,428	-	4,654	318,744
St. George's Cemetery	50,405	200	2,390	-	2,590	2,466	-	124	50,529
Trulls Cemetery	1,782	-	84	-	84	87	-	(3)	1,779
Vanderveer Legacy Trust	1,004	-	48	-	48	49	-	(1)	1,003
	2,050,776	86,758	101,078	69,466	257,302	103,751	-	153,551	2,204,327
Montague Trust	11,405	-	537	-	537	-	-	537	11,942
Estate of Irene Rinch	156,575	-	7,375	-	7,375	-	-	7,375	163,950
Total - 2024	2,218,756	86,758	108,990	69,466	265,214	103,751	-	161,463	2,380,219
Total - 2023	2,132,080	87,840	99,115	-	186,955	100,280	-	86,675	2,218,755

The accompanying notes are an integral part of these financial statements

The Corporation of the Municipality of Clarington Trust Funds

Notes to the financial statements

December 31, 2024

The Corporation of the Municipality of Clarington Trust Funds consist of various trust funds administered by the Municipality of Clarington. The funds include holdings related to the care and maintenance of cemeteries and funds bequest to the Newcastle Community Hall.

1. Significant accounting policies

The financial statements of the Corporation of Municipality of Clarington Trust Funds are the representations of management prepared in accordance with Canadian public sector accounting standards and reflect the following policies:

Basis of accounting

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

Expenditures are recorded in the period the goods and services are acquired and a liability is incurred. Refunds are reported in the period issued.

Investments

Investments are recorded at a cost which approximates fair value.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards, 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 expenditures during the year. Actual results could differ from these estimates.

Reporting Entity

As of January 1, 2024, the Municipality assumed operations of the Lakeview Cemetery. The Bereavement Authority of Ontario has approved the transfer of the license to the Municipality. The 2024 financial statements include a transfer to the Municipality of \$69,466 in care and maintenance funds previously collected by the Lakeview Cemetery Board. These funds have been invested in line with the regulations for cemetery care and maintenance funds.

2. Statement of cash flows

A statement of cash flow has not been included in these financial statements as the information is readily determinable from the financial statements presented.

The Corporation of the Municipality of Clarington Trust Funds

Notes to the financial statements

December 31, 2024

3. Investments

The total investments held by the trust funds of \$2,366,306 (2023 – \$2,196,265) reported on the Statement of Financial Position at cost have a fair value of \$2,372,583 (2023 - \$2,205,535) at the end of the year. The investments consist of holdings pursuant to the provisions of the Municipality's investment policy and comprise guaranteed investment certificates (GICs) issued by a financial institution. It is the Municipality's intention to hold these investments until maturity.

4. Care and maintenance funds

The Care and Maintenance Funds administered by the Municipality are funded by the sale of cemetery plots. These funds are invested, and the interest earned is used to perform care and maintenance to the Municipality's cemeteries. The operations and investments of the Funds are undertaken by the Municipality in accordance with the regulations of the Cemeteries Act.