

2023

Annual Financial Review



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.

Clarington 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 107,000 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 Willie 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. In 2023, the Public Services department was created, this department is responsible for Public Works, Emergency and Fire Services and Community Services. 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, 2023.

The 2023 Fiscal Year saw a return to operations on a consistent basis following the COVID-19 Pandemic. The Municipality continues to invest in the infrastructure required to maintain and grow our community. Investment income supports this continued investment without impacting taxpayers, and the Municipality has taken steps to continue to diversify its investments to provide an additional source of revenue to the Corporation.

These statements include several changes to accounting standards that are intended to provide clearer and more understandable information to users. We continue to take steps to improve our transparency and communication with residents.

A handwritten signature in black ink that reads "Trevor Pinn". The signature is written in a cursive, flowing style.

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 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, 2023.

There are five required financial statements:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Remeasurement Gains and Losses (new in 2023)
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, 2023.

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 Public Library Board and Clarington 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 percent share of ownership of Elexicon Corporation. 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.

The Municipality collects taxes and other revenues on behalf of the Region of Durham (the upper-tier municipal government) and 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 Department. 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 Department 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. The Public Works Department maintains outdoor facilities and amenities. Clarington Libraries and Museums, 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.

BDO Canada 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, 2023. The report also outlines the auditor's responsibilities and the scope of their examination.

An audit is conducted following Canadian generally accepted auditing standards. 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. Section 290 of the *Municipal Act, 2001* requires a municipality to adopt a budget including estimates of all sums required during the year for the Municipality. The Municipality's management prepared a proposed budget that was submitted to Council for review and approval in February. Citizens are involved in the budget process through surveys and public meetings.

Risk Management and Financial Management Plans

The financial management and control of the Municipality are largely governed through by-laws and Council resolutions that prescribe purchasing, accounting, investment, 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 to 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. 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

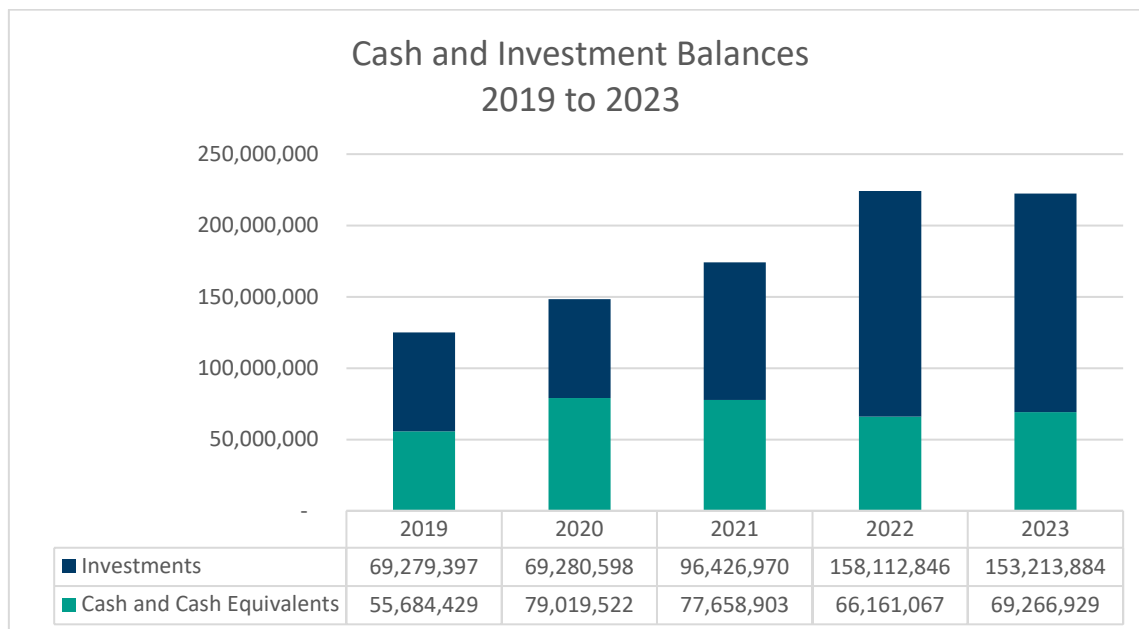
The Consolidated Statement of Financial Position is the public sector accounting equivalent of a balance sheet. The Statement of Financial Position provides a snapshot of the assets, liabilities and accumulated surplus (an indicator of service capacity) as at December 31, 2023.

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 \$3.1 million. The Statement of Cash Flows highlights how the change in cash occurred. A significant reason for the increase of cash is related to the decrease in investments between 2022 and 2023. The Municipality decreased investments by approximately \$4.9 million; mostly transferring this decrease to the cash and cash equivalents category for short term cash outflow needs.

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).

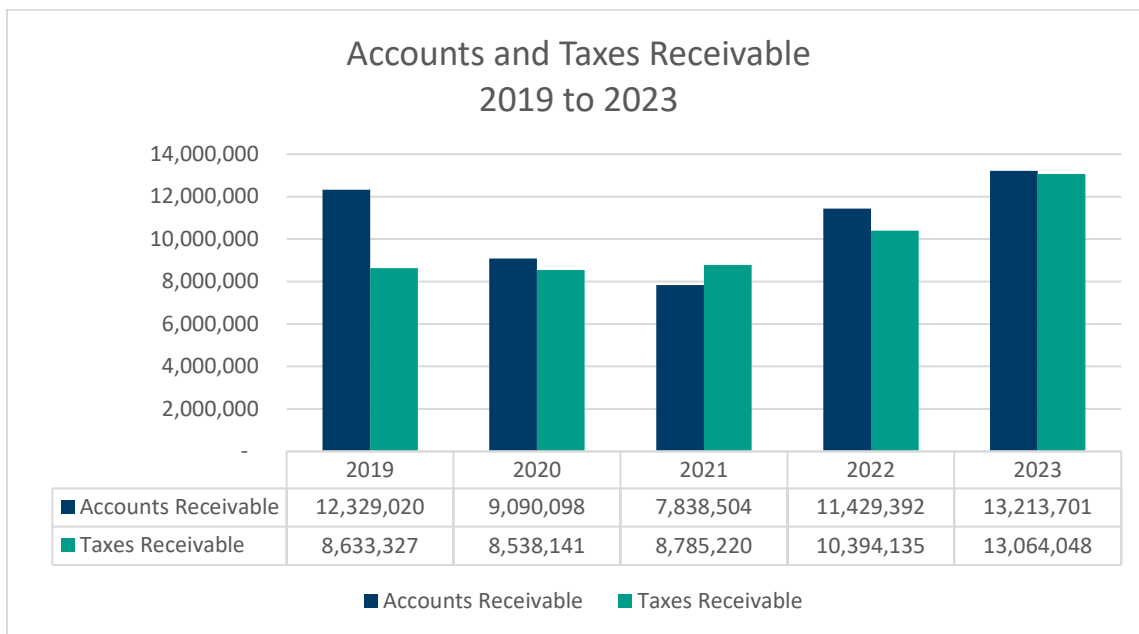
The following chart shows the balance of cash and cash equivalents as well as the Municipality's investments for the period 2019 to 2023.



Accounts receivable represent funds owed to the Municipality. An increase of \$1.8 million in accounts receivable stems primarily from an increase in interest receivable on investments of \$1.4 million and receivables from other levels of government.

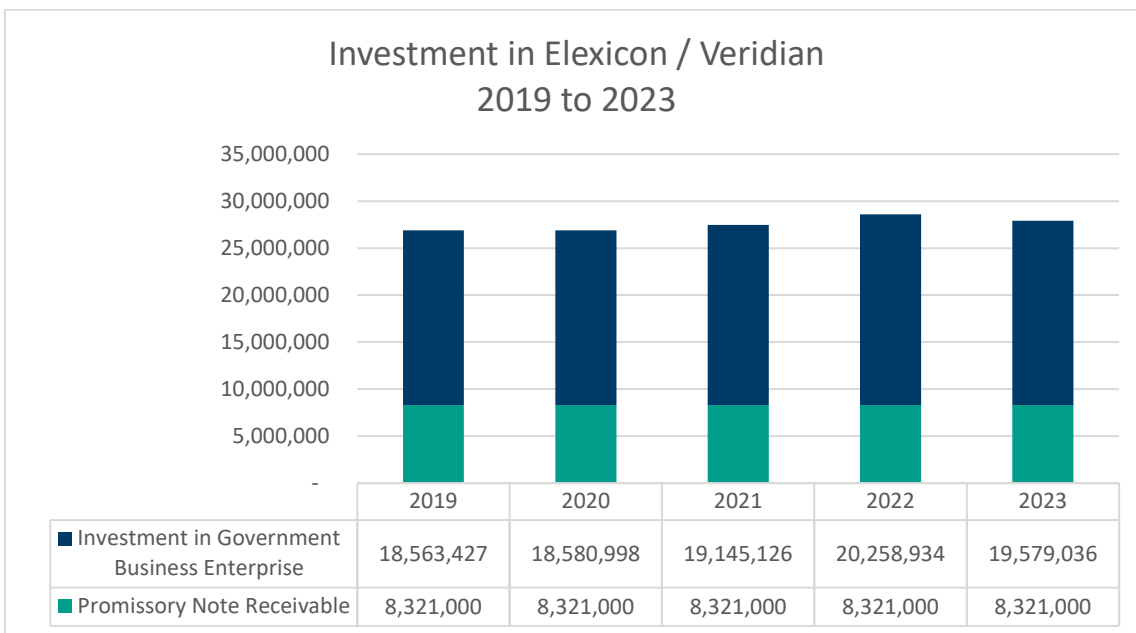
Taxes receivable represent unpaid property taxes, net of any allowance for uncollectible taxes or anticipated appeals. The bulk of the year-over-year increase of \$2.7 million is tied to current year taxes and interest receivables of \$2.4 million.

The following chart shows the balances for accounts receivable and taxes receivable at December 31 of each year from 2019 to 2023.

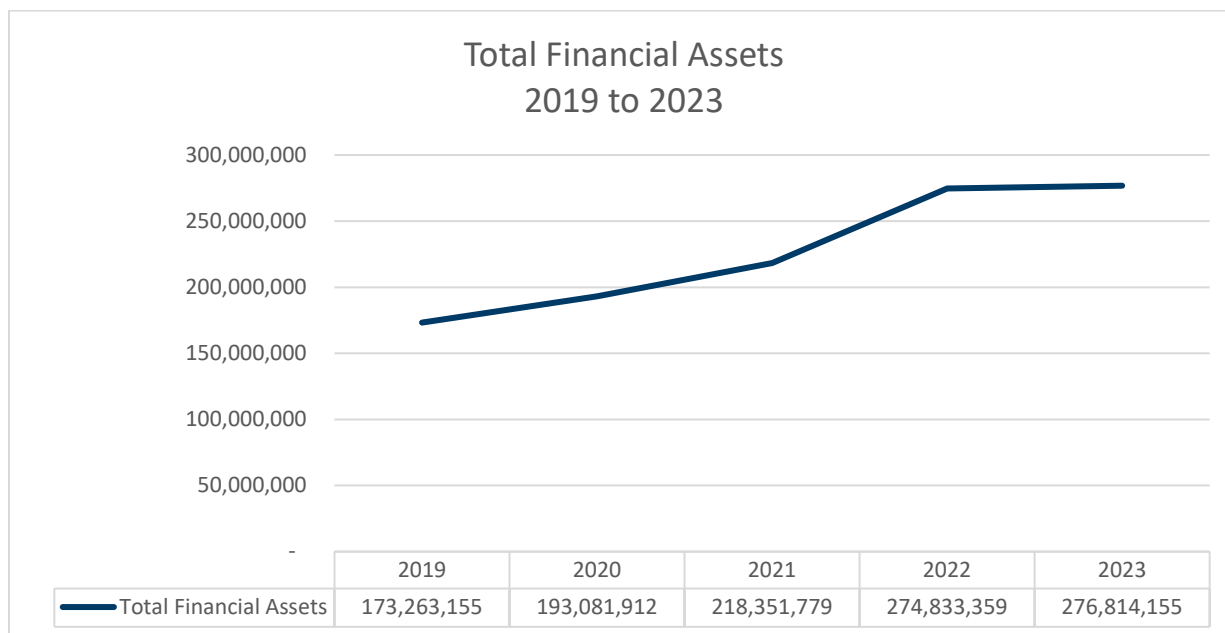


Land for resale consists of the historical cost of property that the Municipality has declared surplus and is actively marketing; it is not representative of the fair market value of that land. At December 31, 2023, land for resale consisted of property on Baseline Road at Spry Avenue.

Promissory note receivable and the investment in Elexicon Corporation relates to the Municipality’s investment in the local electric company. The promissory note receivable is unchanged from 2022 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 Enterprise (Elexicon and Veridian) 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 \$2.0 million; this compares to an increase of \$1.2 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, 2023.

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 2023, accruals for unbilled amounts and other liabilities. Accounts payable and accrued liabilities increased by \$2.4 million in 2023, primarily due to the timing of payments due for significant construction projects and the payment to the Region for development charges. This year's increase follows an increase in 2022 of \$1.8 million; the balance for any given year will fluctuate based on timing.

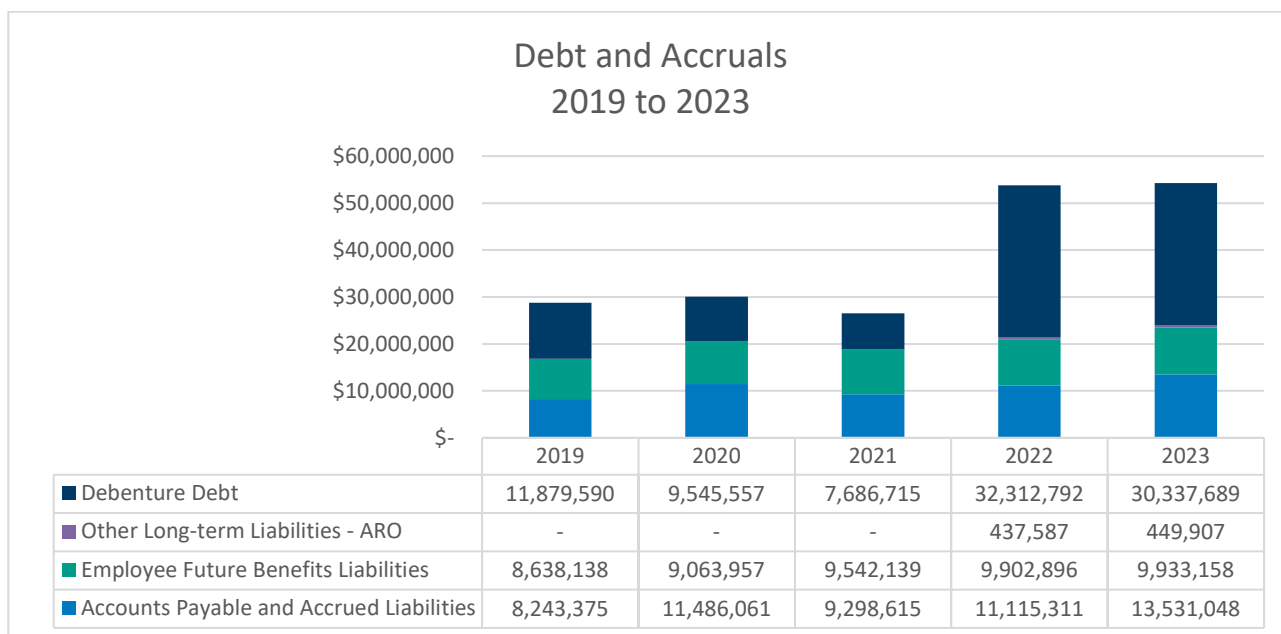
Employee future benefits include the present value of the cost of providing employees with future benefit programs. These benefits are expensed as they are earned through the employee's service. The employee future benefits include sick leave accumulation plans for firefighters \$1,249,533 (2022 - \$1,156,136), other employees \$17,758 (2022 - \$20,372), 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 seven (2022 – seven) outstanding debts with maturities between 2024 and 2042, ranging in interest rates from 1.25 percent to 4.75 percent. During the 2023 fiscal year, the Municipality did not acquire new long-term debts. The 2023 repayment in debt principal was \$2.0 million (2022 - \$1.8 million).

Guidelines established through the *Municipal Act, 2001* allow for a maximum debt payment ratio of 25 percent of own-source revenues, which in 2023 equaled \$19.9 million, leaving approximately \$17.9 million in the debt servicing room. The Municipality does not expect to utilize the maximum debt capacity in the near future.

In 2023, the Municipality adopted the new accounting standard PS 3280 Asset Retirement Obligations. This standard requires the reporting of a liability when legal obligations exist in relation to the retirement of tangible capital assets. Refer to Note 1 a. vii - Adoption of new accounting standards within the consolidated financial statements for the full impact of this standard.

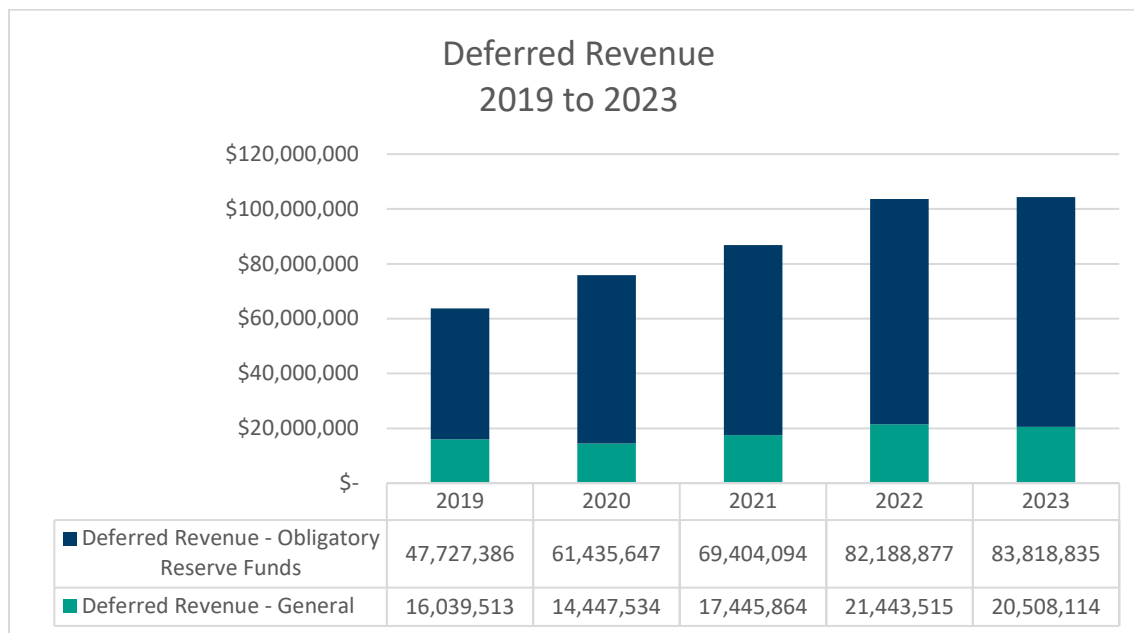
The following chart shows the accounts payable, employee future benefit liability, asset retirement obligations (ARO) liability and debenture debt balances for the period 2019 to 2023:



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 \$7.9 million (2022 - \$7.9 million), subdivision deposits held \$10.3 million (2022 - \$10.8 million), deposits held for other construction-related projects \$0.5 million (2022 - \$1.1 million) and Community Services related deposits \$1.8 million (2022 - \$1.5 million).

Deferred revenue – obligatory funds of \$83.8 million (2022 - \$82.2 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 \$64.2 million (2022 - \$64.0 million), consists of development charges paid by developers towards the future capital cost of growth-related infrastructure costs and certain studies. In 2023, the Municipality collected \$8.3 million (2022 - \$12.6 million) from developers, earned investment income of \$2.0 million (2022 - \$2.1 million) and utilized \$15.0 million (2022 - \$8.7 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 2019 to 2023; note the majority of the increase relates to the collection of development charges.

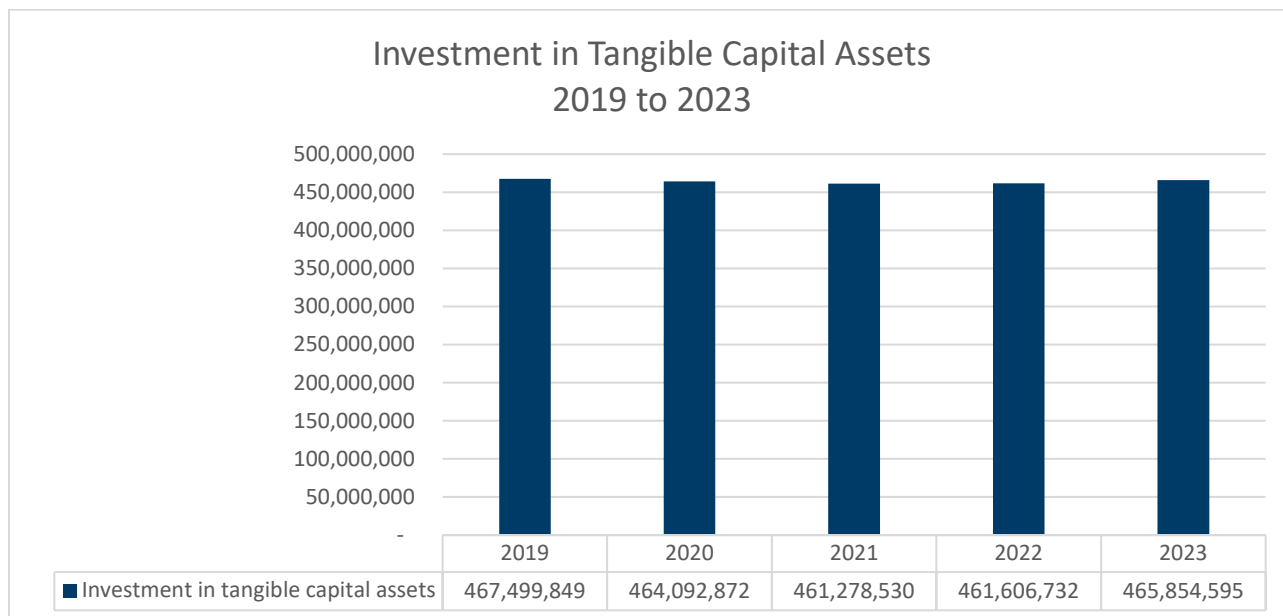


The increase in total liabilities is primarily the result of the timing of accounts payable and accrued liabilities and deferred revenue, and obligatory reserve funds.

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 \$4.2 million (2022 - \$0.3 million), which is reflective of the \$23.2 million (2022 - \$22.8 million) in amortization, representing the utilization of assets, being lower than the investment in tangible assets of \$24.4 million (2022 - \$25.7 million). The increase is also reflective of the fact that in 2023 the Municipality benefited from the contribution of \$2.9 million (2022 - \$7.5 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. The following chart shows the five-year balance for tangible capital assets.

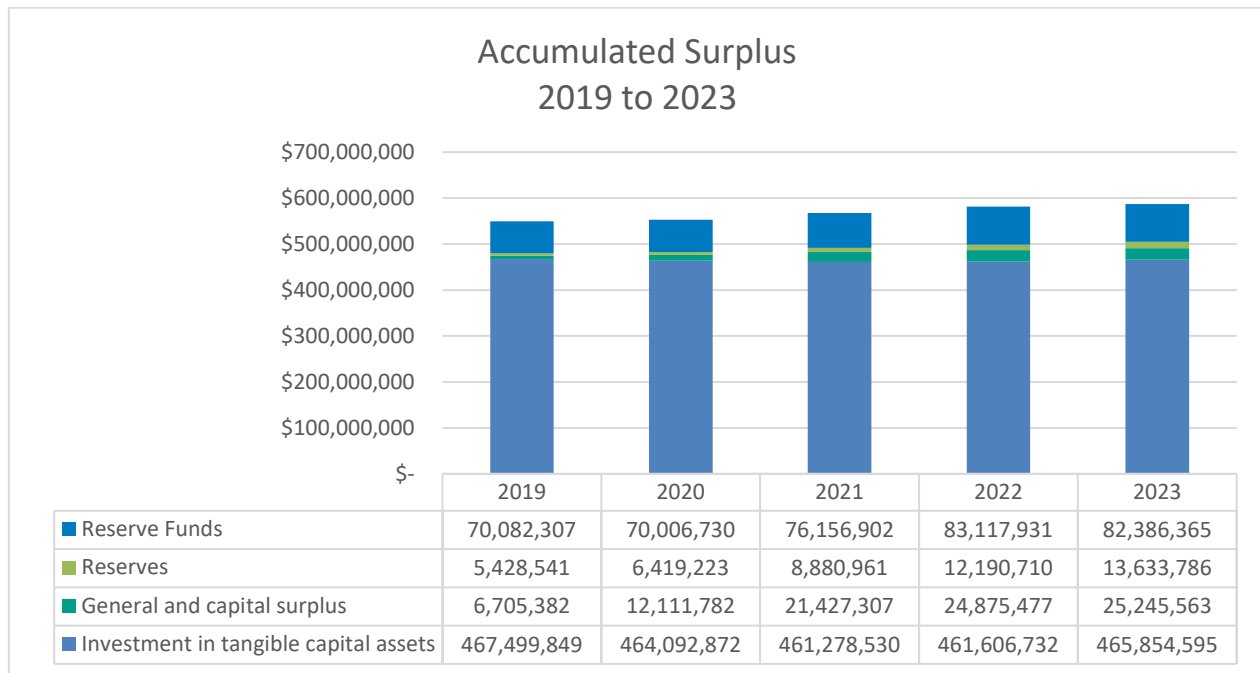


Prepaid expenses and inventory supplies, which are items already paid for but will be utilized in future years, have remained relatively stable, and variations are mainly a result of timing differences.

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 \$5.3 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, 79.3 percent, 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:



In 2023, the Municipality adopted new accounting standards as follows:

- PS 1201 Financial Statement Presentation,
- PS 2601 Foreign Currency Translation,
- PS 3041 Portfolio Investments,
- PS 3450 Financial Instruments (FI), and
- PS 3280 Asset Retirement Obligations (ARO).

The details related to these standards are outlined in notes 1 and 2 of the consolidated financial statements. The implementation of the FI and ARO standards had an impact on the Accumulated Surplus balances.

Overall, the Municipality has a solid financial position with a positive financial asset to financial liability ratio of 1.8:1.0 (2022 - 1.7:1.0), representing a stable level in financial position. The Municipality's reserves and reserve funds of \$68.1 million is over two times the long-term liabilities of \$30.3 million, indicating that there are sufficient funds available to meet the Municipality's long-term and short-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.

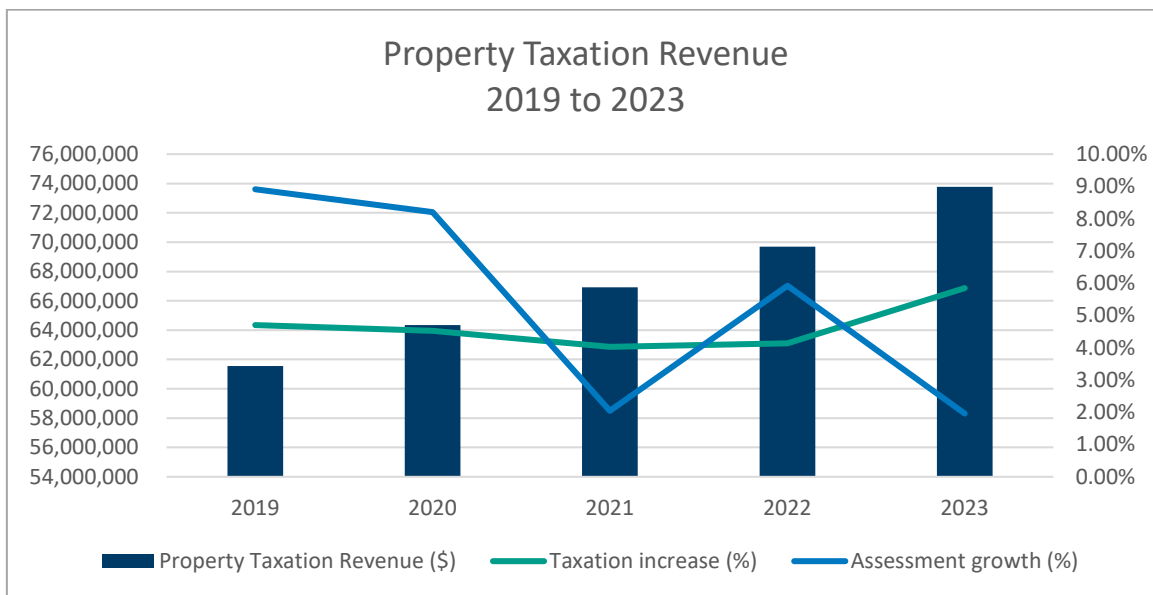
The Statement of Operations groups expenses by functional segment, as required by the Public Sector Accounting Standards. Expenses are broken down in Schedule 2, showing each segment and the expenses by accounting object (e.g., salaries, materials, contracted services).

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.

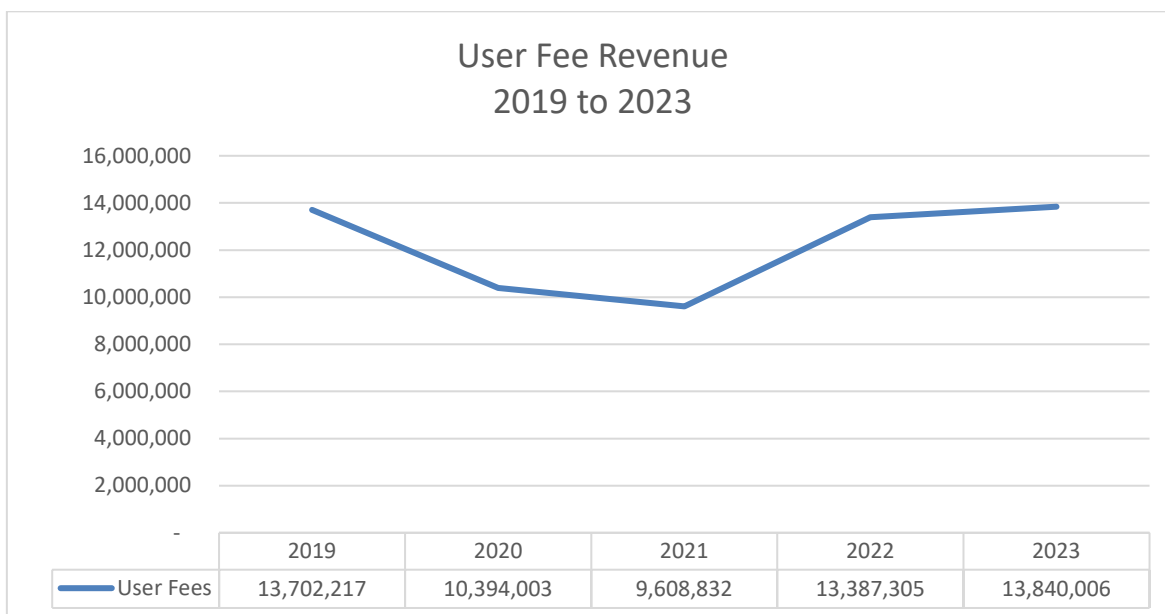
Revenues

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 2023 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 2023 remained the same, except if the property was altered, as in 2022 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 2024 will follow the 2020 assessments; therefore, assessment growth will be purely growth-related until at least 2025.



User fee revenues in 2023 are approximately \$0.5 million higher than in 2022. These fees are primarily in the Community Services Department and relate to lessons, programs, ice rentals and fitness centre services. The following chart shows the return of user fee revenues to a level comparable to pre-pandemic levels.

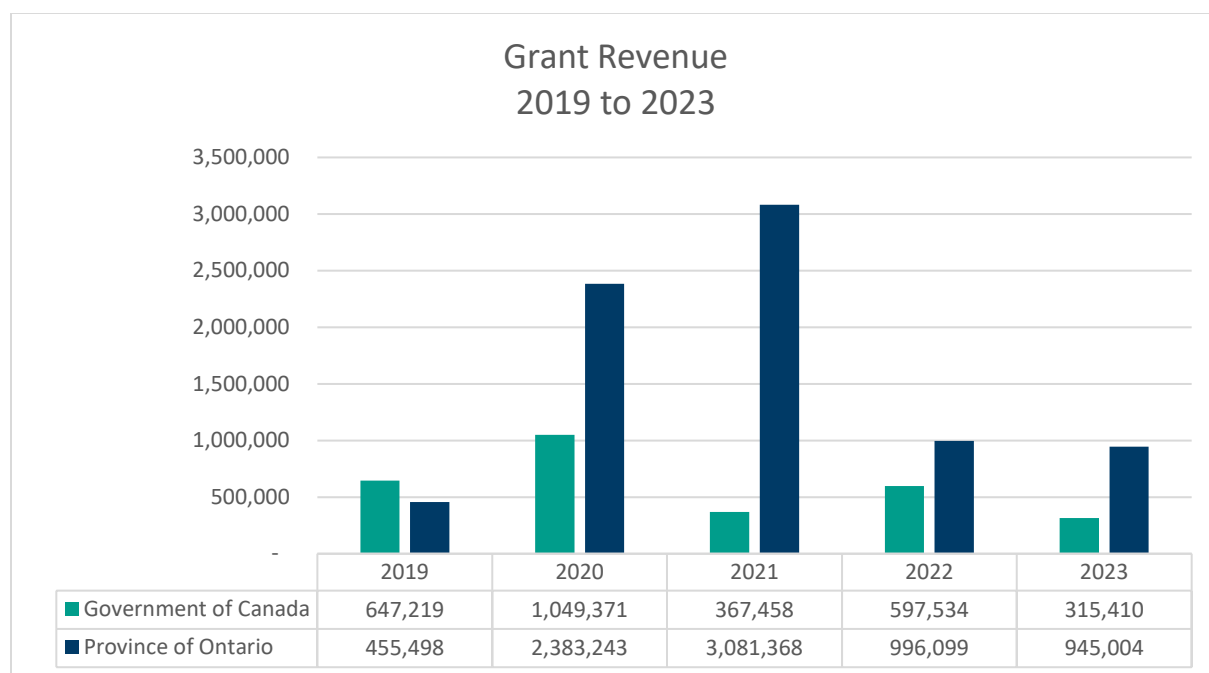


Grant revenue is comprised of funding received from the Federal Government and the Province of Ontario.

Government of Canada grants include funds related to specific capital projects earned in 2023 and operating grants to support summer student programs.

Grants from the Province included funds received through the Streamline Development Fund, the Audit and Accountability Fund and funds related to specific capital projects earned in the year. In the years 2020 and 2021, funding from the Province of Ontario included the Safe Restart Fund and the COVID-19 Recovery Fund which were grants to support municipalities through the COVID-19 pandemic. These revenues are not anticipated to be recurring. In 2022 and 2023, the Province provided funding for the Streamline Development Fund which was a one-time fund to support municipalities improve their development readiness, it is not expected that this funding will be recurring.

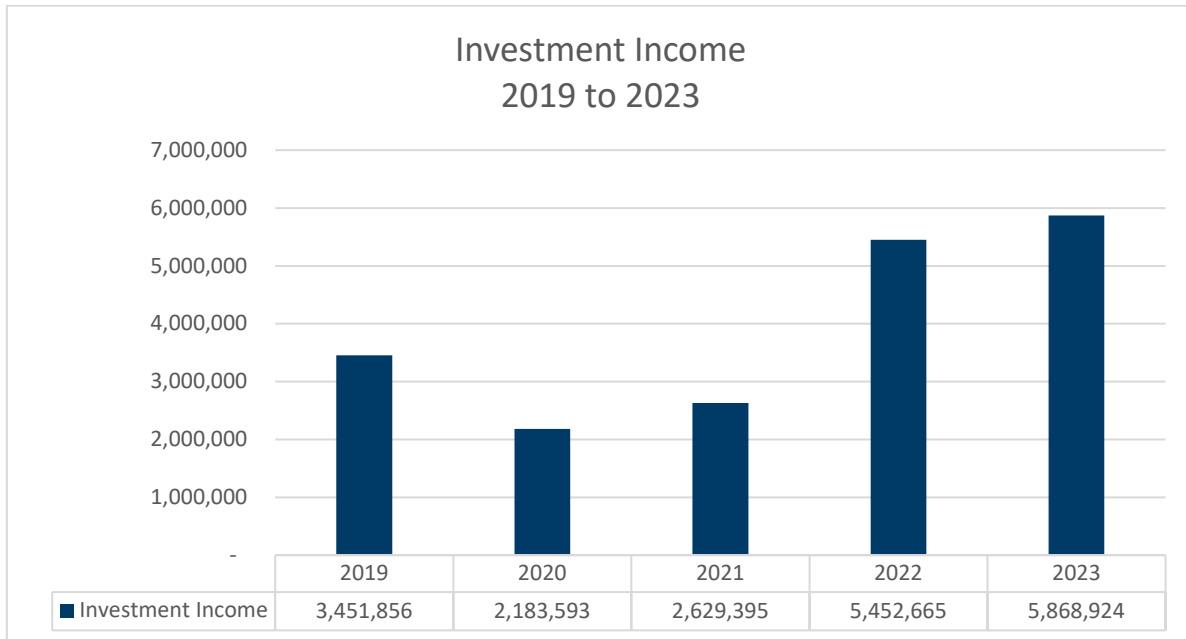
Grant revenue is not a consistent form of revenue for the Municipality and is volatile from year to year, as summarized in the chart below.



Deferred revenue earned increased yearly by more than \$6.3 million, primarily due to increased capital infrastructure project activities supported by obligatory reserve funds.

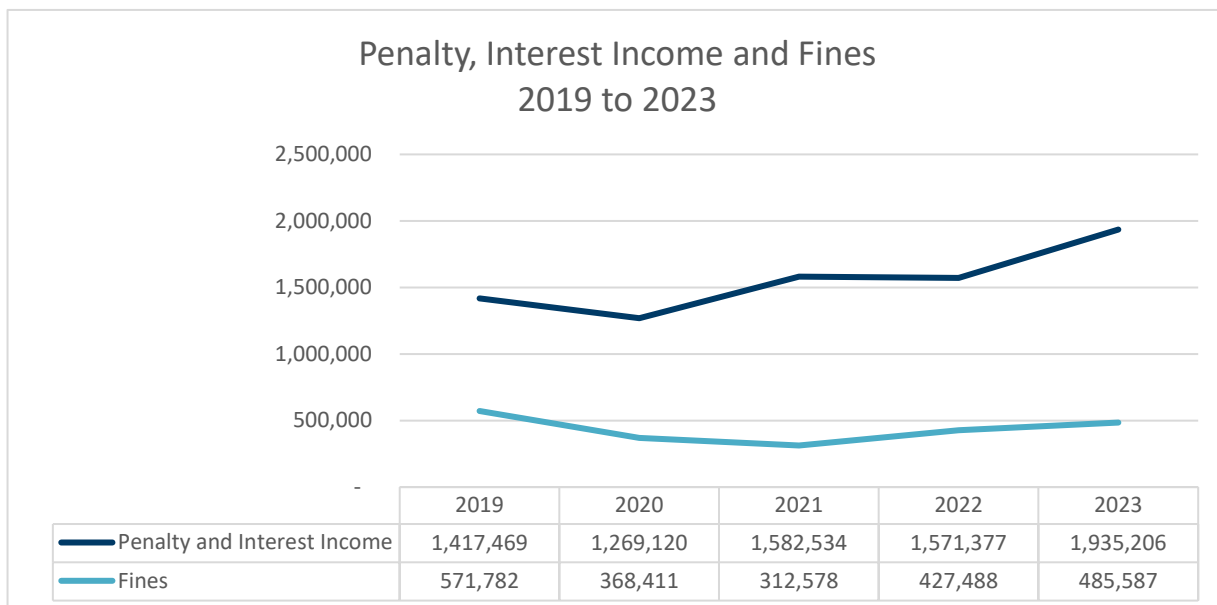
Investment income includes dividends from Elexicon, which are not budgeted for as they are discretionary, and there is no guarantee of receipt. The investment income is above budget due to the Elexicon dividend and is higher than 2022 values. The increase is driven by an increase in the funds invested in 2023 over 2022 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 2023, the interest rates earned on investments and the Municipality's bank accounts increased from 2022 as a result of the Bank of Canada raising interest rates throughout the year from 4.50 to 5.25

percent. The increase in rates as well as 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 2023.



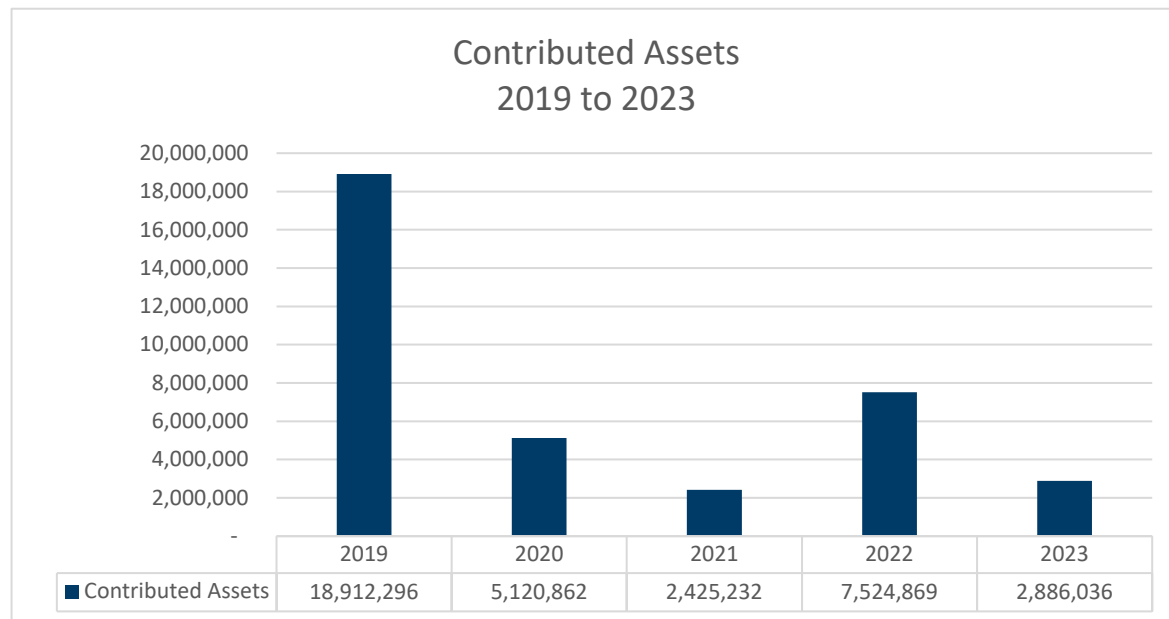
Penalties and interest on property tax in 2023 are in line with budgeted figures but higher than those from 2022.

Fines were approximately \$0.1 million higher in 2023 versus 2022.



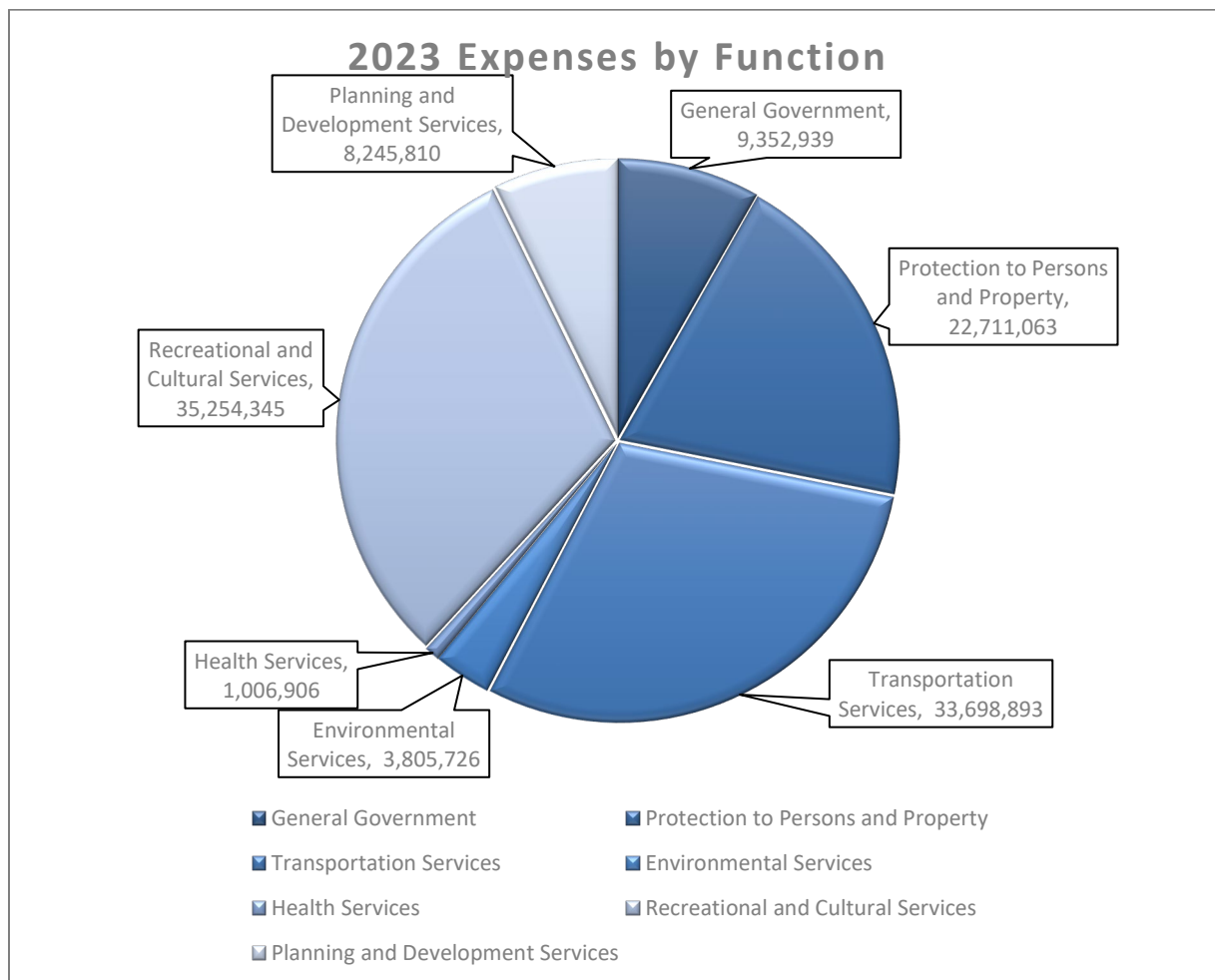
During the year, the Municipality received tangible capital assets with a fair market

value of \$2.9 million (2022 - \$7.5 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

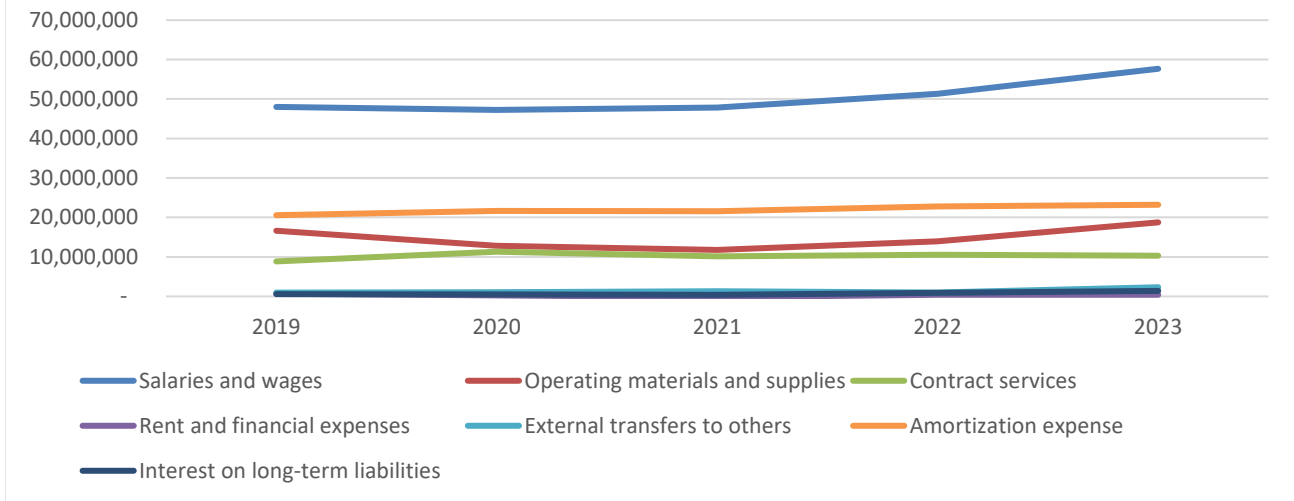
Expenses are presented by service function and are in line with the Financial Information Report mandated by the Province of Ontario. The Municipality’s 2023 expenses by service function are summarized below.



Overall, the expenses for the Municipality were higher in 2023 than the prior year and slightly above budgeted figures. It should be noted that the surplus and budget shown on the statements are in accordance with PSAB and are 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.

Expenses by Object 2019 to 2023



Consolidated Statement of Remeasurement Gains (Losses)

The Statement of Remeasurement Gains (Losses) is a new financial statement requirement driven by the adoption of the new Financial Instruments standard (PS 3450). The statement 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 the financial impact of these fluctuations on the Municipality's financial position. Refer to 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 \$0.8 million (2022 - \$12.7 million).

The 2023 annual surplus was lower than that of 2022. 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 \$4.2 million (2022 - \$0.3 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 2023. The impact of the new financial instruments standard is reflected in the net change in remeasurement gains (losses) for the year of (\$0.8) 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 \$66.1 million in 2022 to \$69.2 million in 2023.

Operating activities in 2023 were \$25.1 million (2022 - \$40.4 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 \$24.8 million (2022 - \$15.7 million) in cash outflows was due to the acquisition of tangible capital assets during the year.

Investing activities that were contributors to the increase in cash in 2023 included the dividends from Elexicon Group of \$0.7 million (2022 - \$0.8 million). The Municipality also experienced a net decrease of \$4.1 million (2022 - \$61.7 million increase) to investments during the year. The decrease in investments related to a transfer to the cash and cash equivalents category to satisfy short-term cash outflow needs.

The Municipality repaid \$2.0 million (2022 - \$1.8 million) of its long-term debt, which is considered a financing activity. The Municipality did not enter into any additional debenture financing in 2023.

Conclusion

The Municipality of Clarington remains committed to maintaining a solid financial position, as indicated by the favourable net financial asset position, and growth in accumulated surplus. The Municipality continues to monitor current economic factors and adjusts accordingly.

All financial information contained within the 2023 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, 2023

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The Corporation of the Municipality of Clarington

December 31, 2023

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 BDO Canada 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, 2024



Michelle Pick, CPA, CGA
Accounting Services Manager / Deputy Treasurer
June 13, 2024

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Clarington and its entities (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of operations, the consolidated statement of remeasurement gains (losses), the consolidated statement of change in net financial assets and the consolidated statement of 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 Group as at December 31, 2023, and its consolidated results of operations, its consolidated remeasurement gains (losses), its consolidated change in 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 Group 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 Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Financial Review.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario
September 18, 2024

**The Corporation of the Municipality of Clarington
Consolidated Statement of Financial Position
As at December 31, 2023**

	2023	2022 Restated Note 1
Financial assets		
Cash and cash equivalents	\$ 69,266,929	\$ 66,161,067
Investments (Note 5)	153,213,884	158,112,846
Accounts receivable	13,213,701	11,429,392
Taxes receivable (Note 6)	13,064,048	10,394,135
Inventories for resale	9,208	9,636
Inventory - surplus land	146,349	146,349
Promissory notes receivable (Note 7)	8,321,000	8,321,000
Investment in Elexicon Corporation (Note 8)	19,579,036	20,258,934
Total financial assets	276,814,155	274,833,359
Liabilities		
Accounts payable and accrued liabilities	13,531,048	11,115,311
Employee future benefits liabilities (Note 9)	9,933,158	9,902,896
Debenture debt (Note 11)	30,337,689	32,312,792
Other long-term liabilities - ARO	449,907	437,587
Deferred revenue - general	20,508,114	21,443,515
Deferred revenue - obligatory reserve funds (Note 13)	83,818,835	82,188,877
Total liabilities	158,578,751	157,400,978
Net financial assets	118,235,404	117,432,381
Non-financial assets		
Investment in tangible capital assets (Note 19) (Schedule 1)	465,854,595	461,606,732
Prepaid expenses	2,205,443	2,077,729
Inventory supplies	824,867	674,008
Total non-financial assets	468,884,905	464,358,469
Accumulated surplus (Note 20)	587,120,309	581,790,850
Accumulated surplus comprised of:		
Accumulated operating surplus:	587,948,826	-
Accumulated remeasurement losses	(828,517)	-
Accumulated surplus	\$587,120,309	\$581,790,850
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, 2023**

	2023 Budget (Note 22)	2023 Actual	2022 Actual Restated Note 1
Revenues			
Taxation and user charges			
Property taxation	\$ 73,774,198	\$ 73,770,910	\$ 69,694,792
Taxation from other governments	4,771,065	4,785,994	4,766,210
User charges	11,512,006	13,840,006	13,387,305
Grants			
Government of Canada	-	315,410	597,534
Province of Ontario	134,481	945,004	996,099
Other			
Deferred revenue earned	14,911,363	15,014,844	8,660,096
Investment income	2,078,900	5,868,924	5,452,665
Penalty and interest on taxes	1,500,000	1,935,206	1,571,377
Fines	297,250	485,587	427,488
Donations and contribution from others	29,500	560,917	471,647
Elexicon Corporation			
Equity share of net income	-	462	1,959,096
Contributed tangible capital assets	2,886,036	2,886,036	7,524,869
Other income	-	4,878	6,299
Loss on disposal of tangible capital assets	-	(180,520)	(271,569)
Total revenue	111,894,799	120,233,658	115,243,908
Expenses			
General government services	9,414,834	9,352,939	8,094,774
Protection services	22,663,222	22,711,063	20,758,814
Transportation services	33,082,152	33,698,893	32,271,115
Environmental services	3,682,926	3,805,726	3,734,759
Health services	905,810	1,006,906	672,259
Recreation and cultural services	34,429,478	35,254,345	28,963,003
Planning and development services	9,407,422	8,245,810	6,445,186
Total expenses	113,585,844	114,075,682	100,939,910
Annual surplus	(1,691,045)	6,157,976	14,303,998
Accumulated surplus, beginning of year	581,790,850	581,790,850	567,743,700
Adoption of new accounting policy - ARO	-	-	(256,848)
Accumulated surplus, end of year	\$580,099,805	\$587,948,826	\$581,790,850

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, 2023**

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Foreign exchange	-	-
Derivatives	-	-
Portfolio investments	(828,517)	-
Remeasurement gains (losses)	(828,517)	-
Amounts reclassified to the statement of operations:		
Foreign exchange	-	-
Derivatives	-	-
Portfolio investments	-	-
Proportion of other comprehensive income from investment in government enterprise	-	-
Accumulated remeasurement gains (losses), end of year	\$(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, 2023**

	2023	2023	2022 Restated Note 1
	Budget	Actual	Actual
Annual surplus	\$ (1,691,045)	\$ 6,157,976	\$ 14,303,998
Amortization of tangible capital assets	21,762,570	23,218,292	22,816,538
Acquisition of tangible capital assets	(28,285,205)	(24,387,547)	(25,733,309)
Investment in assets under construction	-	(11,529,685)	(8,986,977)
Assets under construction transferred to tangible capital assets	-	8,170,591	11,201,368
Net book value of tangible capital assets disposals / adjustments	-	280,484	374,178
Decrease in prepaid expenses	-	(127,712)	(1,169,125)
Decrease in inventory supplies	-	(150,859)	(91,794)
Net change in remeasurement gains (losses) for the year	-	(828,517)	-
Increase(decrease) in net financial assets	(8,213,680)	803,023	12,714,877
Net financial assets, beginning of year	117,432,381	117,432,381	104,974,352
Adoption of new accounting policy - ARO	-	-	(256,848)
Net financial assets, end of year	\$ 109,218,701	\$118,235,404	\$117,432,381

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, 2023**

2022
Restated
Note 1

	2023	
Operating activities		
Annual surplus	\$ 6,157,976	\$ 14,303,998
Non cash items		
Amortization of tangible capital assets	23,218,292	22,816,537
Loss on disposal of tangible capital assets	180,520	271,569
Equity share of Elexicon Corporation net income	(462)	(1,959,096)
Contributed tangible capital assets recorded in revenue	(2,886,036)	(7,524,869)
Accretion expense	12,320	12,320
Change in non-cash operating items		
Accounts receivable	(1,784,309)	(3,590,888)
Taxes receivable	(2,669,913)	(1,608,915)
Inventories for resale	428	20,071
Accounts payable and accrued liabilities	2,415,737	1,816,696
Employee future benefits liabilities	30,262	360,757
Deferred revenue - general	(935,401)	3,997,651
Deferred revenue - obligatory reserve funds	1,629,958	12,784,783
Prepaid expenses	(127,715)	(1,169,122)
Inventory supplies	(150,859)	(91,794)
	25,090,798	40,439,698
Capital activities		
Acquisition of tangible capital assets (net of contributed)	(24,860,605)	(15,994,053)
Proceeds on disposal of tangible capital assets	99,964	271,028
	(24,760,641)	(15,723,025)
Investing activities		
Decrease (Increase) in investments	4,070,447	(61,685,876)
Dividends received from Elexicon Corporation	680,361	845,288
	4,750,808	(60,840,588)
Financing activities		
Repayment of long term liabilities	(1,975,103)	(1,775,921)
Proceeds of debenture issue	-	26,402,000
	(1,975,103)	24,626,079
Net increase (decrease), of cash and cash equivalents	3,105,862	(11,497,836)
Cash and cash equivalents, beginning of year	66,161,067	77,658,903
Cash and cash equivalents, end of year	\$ 69,266,929	\$ 66,161,067

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, 2023

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, 2023**

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, 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, 2023**

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

The Municipality adopted the following standards concurrently beginning January 1, 2023, prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation.

The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Consolidated Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Consolidated Statement of Remeasurement Gains and Losses.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

1. Significant accounting policies (continued)

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

vii. Adoption of new accounting standards (continued)

PS 3280 Asset Retirement Obligations (ARO)

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted beginning with the 2023 fiscal year. The Municipality has adopted PS 3280 on a modified retrospective basis.

In the past, the Municipality has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded and replaces Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such an obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated remaining useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from buildings. The Municipality reports liabilities related to the legal obligations where the Municipality is obligated to incur costs to retire a tangible capital asset.

The Municipality's ongoing efforts to assess the extent to which designated substances exist in Municipality assets, and new information obtained through regular maintenance and renewal of Municipality assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in an increase to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

1. Significant accounting policies (continued)

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

vii. Adoption of new accounting standards (continued)

recorded as an in-year expense (if applicable). As of December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting. The adoption of this standard has impacted the Municipality's consolidated financial statements as follows:

Increase in asset retirement obligations - as at Dec 31, 2022	\$ 437,587
Net increase in capital assets - as at Dec 31, 2022	155,779
Decrease in annual surplus - as at Dec 31, 2022	24,960
Decrease in Accumulated Surplus - as at Dec 31, 2022	281,808

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 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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

ii. Non-financial assets (continued)

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.

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.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

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 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, 2023, 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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

vii. Revenue Recognition (continued)

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 recognized in the fiscal year 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.

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 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.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

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, 2023**

2. Financial Instruments (continued)

a. Classification (continued)

	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

	Fair Value	Cost / Amortized Cost	2022 Total
Cash and cash equivalents	\$ -	\$ 66,161,067	\$ 66,161,067
Investments	-	158,112,846	158,112,846
Accounts receivable	-	11,429,392	11,429,392
Taxes receivable	-	10,394,135	10,394,135
Promissory notes	-	8,321,000	8,321,000
Investment in Elexicon Corporation	-	20,258,934	20,258,934
Accounts payable and accrued liabilities	-	(11,115,311)	(11,115,311)
Debenture debt	-	(32,312,792)	(32,312,792)
Balance at the end of the year	\$ -	\$231,249,271	\$231,249,271

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, 2023**

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	2023 Total
Cash and cash equivalents	\$ 69,266,929	\$ -	\$ -	\$ 69,266,929
Investments	153,213,884	-	-	153,213,884
Total	\$222,480,813	\$ -	\$ -	\$222,480,813

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. 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.

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.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

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 \$10,000 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 Municipality holds investments which consist of guaranteed investment certificates (GICs), fixed income securities and principal protected notes with varying maturities from August 2024 to July 2029 and bearing interest rates between 1.67% and 5.9%. 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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

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 decrease in interest rate risk in the December 31, 2023 year end as the amount invested in the investment portfolio decreased 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:

	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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 10,437,450	\$ 677,861	\$ -	\$ -
Debenture debt	-	1,975,103	10,260,935	20,076,754
	\$ 10,437,450	\$ 2,652,964	\$ 10,260,935	\$ 20,076,754

3. Trust funds

Trust funds administered by the Municipality amounting to \$2,218,755 (2022 – \$2,132,080) 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, 2023**

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

	School Boards	Regional Municipality of Durham
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
2022		
Property taxes	\$ 33,318,506	\$101,516,824
Taxation from other governments	184,430	3,108,946
Total	\$ 33,502,936	\$104,625,770

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.

	2023	2022
GICs	\$ 22,829,469	\$ 32,649,802
Principal Protected Notes	64,501,500	29,130,000
Bonds	58,979,183	88,890,283
Pooled Funds Equity	3,178,866	2,983,725
Pooled Funds Bonds	4,553,383	4,459,036
Subtotal	154,042,401	158,112,846
Adjustment to Fair Value	(828,517)	-
Total	\$153,213,884	\$158,112,846

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 nature of these investments. Total investments, with a maturity of less than 90 days, have a value

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

5. Investments (continued)

of \$16,242,639 (2022 - \$31,084,106) on the Consolidated Statement of Financial Position.

6. Taxes receivable

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

	2023	2022
Current year taxes	\$ 9,951,358	\$ 7,936,311
Previous year taxes	3,212,690	2,507,824
	13,164,048	10,444,135
Allowance for uncollectible taxes	(100,000)	(50,000)
	\$ 13,064,048	\$ 10,394,135

7. Promissory notes receivable

	2023	2022
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 (2022 - \$343,657). 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, 2025.

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 investment and equity are reported below.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

8. Investment in Elexicon Corporation (continued)

a. Investment in Elexicon Corporation (continued)

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

	2023	2022
Financial position		
Assets		
Current	\$ 116,654,000	\$ 103,438,000
Capital and intangibles	720,727,000	661,146,000
Other	708,000	4,340,000
Regulatory balances	56,310,000	58,573,000
Total assets and regulatory balances	894,399,000	827,497,000
Liabilities		
Current	175,942,000	283,588,000
Long-term debt	253,465,000	122,513,000
Other	196,842,000	148,489,000
Total liabilities	626,249,000	554,590,000
Shareholders' equity		
Share capital	97,692,000	97,692,000
Contributed capital	25,000	25,000
Retained earnings	159,051,000	165,161,000
Regulatory balances	11,382,000	10,029,000
Total shareholders' equity and regulatory balances	268,150,000	272,907,000
Total liabilities, equity and regulatory balances	894,399,000	827,497,000

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

8. Investment in Elexicon Corporation (continued)

a. Investment in Elexicon Corporation (continued)

	2023	2022
Financial activities		
Revenues	518,981,000	514,713,000
Other income	(2,428,000)	15,458,000
Expenses	(512,314,000)	(524,157,000)
Net movements in regulatory balances, net of tax	(4,234,000)	15,170,000
Net income for the year	\$ 5,000	\$ 21,184,000

b. Municipality's equity is represented by:

	2023	2022
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	23,691,607	23,691,145
Net increase in value of investment	400,126	400,126
Accumulated dividends received	(14,659,192)	(13,978,832)
Total equity	27,900,036	28,579,934
Municipality of Clarington's investment represented by:		
Investment in Corporation	19,579,036	20,258,934
Promissory notes receivable	8,321,000	8,321,000
	\$ 27,900,036	\$ 28,579,934

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, 2023**

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:

2024	\$	124,000
2025		95,000
2026		71,000
2027		44,000
	\$	334,000

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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

9. Employee future benefits liabilities (continued)

a. Accumulated sick leave entitlement (continued)

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 at December 31, 2023 was \$1,249,533 (2022 - \$1,156,136).

(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, 2023 amounted to \$17,758 (2022 - \$20,372).

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, 2023 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 2023 fiscal year end was determined by this valuation.

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

- (i) Discount rate will be 4.40% per annum, decreasing to 4.10% in 2024.
- (ii) Future inflation rates will be 2.75%.
- (iii) Dental cost trend rates will be 5.00% in fiscal 2023 and remain stable at that level until 2027.
- (iv) Extended health care trend rates will be 5.60% in fiscal 2023; and remain stable at that level until 2027.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

9. Employee future benefits liabilities (continued)

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

	2023	2022
Accrued benefit obligation		
Balance, beginning of year	\$ 8,105,014	\$ 10,200,559
Employer current service cost	471,461	568,651
Interest cost	360,717	261,114
Benefits paid	(685,340)	(574,032)
Actuarial (gain) loss	62,380	(2,351,278)
Balance, end of year	8,314,232	8,105,014
Unamortized net actuarial gains	1,618,926	1,797,882
Employee future benefits liabilities, end of year	\$ 9,933,158	\$ 9,902,896

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, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,185 million with respect to benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 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
2023	\$ 66,600	9.00 %	14.60 %	9.20 %	15.80 %
2022	\$ 64,900	9.00 %	14.60 %	9.20 %	15.80 %

The amount contributed to OMERS for 2023 was \$4,063,068 (2022 – \$3,396,079) 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, 2023**

11. Debenture Debt

The debenture debt consists of several debentures that mature in the years 2024 to 2042.

a. Debenture debt details

At the end of the year, the outstanding principal amount of this liability is \$30,337,689 (2022 - \$32,312,792).

Maturity Date	Interest Rate % ¹	Regional By-law #	2023	2022
July 2, 2024	1.95 to 3.35	38-2014	\$ 158,000	\$ 313,000
July 2, 2029	1.95 to 3.80	38-2014	2,909,600	3,344,600
October 17, 2031	1.25 to 2.80	48-2016	561,000	625,000
April 13, 2032	1.70 to 3.30	56-2017	650,451	713,128
April 13, 2032	1.70 to 3.30	56-2017	834,638	915,064
July 5, 2042	3.35 to 4.75	32-2022	19,361,000	20,000,000
July 5, 2032	3.35 to 4.30	32-2022	5,863,000	6,402,000
			\$ 30,337,689	\$ 32,312,792

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

b. Principal repayments

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

2024	\$ 2,039,737
2025	1,946,826
2026	2,014,915
2027	2,089,457
2028	2,170,000
Thereafter	20,076,754
\$ 30,337,689	

c. Principal and interest

The annual principal and interest payments required to service these liabilities are within the

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

11. Debenture Debt (continued)

c. Principal and interest (continued)

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 \$1,332,539 (2022 - \$759,772) 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	\$ 1,251,240
LED Street lighting Conversion	1,859,760
	<hr/> \$ 3,111,000

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

2024	\$ 271,000
2025	279,000
2026	287,000
2027	296,000
2028	304,000
Thereafter	1,674,000
	<hr/> \$ 3,111,000

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

13. Deferred revenue - obligatory reserve funds

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

	2023	2022
Balance, beginning of year	\$ 82,188,877	\$ 69,404,094
Contributions:		
Contributions from developers	8,271,330	12,553,477
Investment Income	2,041,566	2,106,347
Canada community-building	3,045,085	2,918,206
Provincial infrastructure	3,286,821	3,866,848
	16,644,802	21,444,878
Utilization:		
Transfer to operating	4,992,558	4,083,503
Acquisition of TCA - construction	10,022,286	4,576,592
	15,014,844	8,660,095
Change in deferred revenue during the year	1,629,958	12,784,783
Balance, end of year	83,818,835	82,188,877
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	8,173,177	6,874,492
Canada community-building	4,165,905	4,525,798
Building code act	269,126	2,462,343
Provincial infrastructure	6,993,237	4,348,686
Development charges (Note 14)	64,217,390	63,977,558
Total deferred revenue – obligatory reserve funds	\$ 83,818,835	\$ 82,188,877

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

14. Continuity of development charges reserve funds

	2023	2022
Balance at the beginning of the year	\$ 63,977,558	\$ 55,986,474
Development charges collections	7,052,175	11,290,994
Investment income	1,695,019	1,694,340
Tangible capital assets acquisitions and construction	(6,155,076)	(1,957,747)
Operating expenses	(2,352,286)	(3,036,503)
Balance at the end of the year	\$ 64,217,390	\$ 63,977,558

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 \$42,860,745 (2022 - \$38,354,707). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2023, \$5,569,216 (2022 - \$8,613,197) 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.

	2023	2022
Transactions		
Dividends received	\$ 680,361	\$ 845,288
Interest earned on promissory notes	343,658	343,657
Property taxes	35,241	34,413
Energy and services purchases	575,464	492,128
Balances		
Promissory notes receivable	8,321,000	8,321,000
Accounts payable and accrued liabilities	99,967	83,078

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2023

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, 2023**

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 2023, there were contributed assets of \$2,886,036 (2022 - \$7,524,869).

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:

	2023	2022 Restated Note 1
Investment in tangible capital assets	\$465,854,595	\$461,606,732
General surplus	5,070,701	6,842,796
Capital surplus	50,926,372	52,543,426
Inventory - surplus land	146,349	146,349
Debenture debt	(30,337,689)	(32,312,792)
Unfunded employee benefits and post-employment liabilities	(938,780)	(1,906,715)
Other long-term liabilities - ARO	(449,907)	(437,587)
Accumulated remeasurement losses	828,517	-
Reserves set aside for specific purposes by Council:		
Acquisition of capital assets reserves	8,555,498	7,852,477
Legal / consulting	3,035,289	2,169,447
Election expenses	266,965	143,419
Fire prevention	304,552	304,552
Burketon park improvements	7,569	7,569
Samuel Wilmot nature area	3,430	1,301
Secondary plans	65,494	109,769

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2023**

20. Accumulated surplus (continued)	2023	2022 Restated Note 1
Clarington Heritage committee board	6,315	5,151
Library and Museum	1,388,674	1,597,025
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	8,594,305	8,285,492
Rate stabilization	13,598,413	10,111,424
Strategic capital	9,651,793	10,283,908
Recreation programs and facilities	1,027,506	814,070
Debenture repayment	898,243	867,433
Economic development	717,536	676,947
Other cultural	154,287	159,706
Acquisition of capital assets reserve funds	9,864,589	11,090,560
Newcastle waterfront	46,732	45,913
Municipal capital works	4,753,853	6,414,306
Roads contributions	2,609,599	3,391,756
Port Granby LLRW	326,637	320,918
Community improvement plan	1,228,604	1,194,442
Business improvement areas	136,096	140,320
Cemetery perpetual care	119,157	117,069
Community emergency management	758,979	623,733
Equity in Elexicon Corporation	27,900,036	28,579,934
Accumulated surplus	\$587,120,309	\$581,790,850

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, 2023**

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, 2023**

22. Budget amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 13, 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, 2023**

	General					Infrastructure					2023		
	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 Tangible Capital Assets - Schedule 1
For the Year Ended December 31, 2023

2022
Restated
Note 1

	General					Infrastructure					Assets under construction	Total	
	Land Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment			
Cost													
Balance, beginning of year	\$ 72,538,814	\$ 43,139,415	\$ 108,998,027	\$ 9,148,357	\$ 15,023,754	\$ 7,999,830	\$ 416,276,929	\$ 99,853,088	\$ 2,260,968	\$ 15,534,566	\$ 144,802	\$ 15,291,542	\$ 806,210,092
Adoption of new accounting policy - ARO	-	-	642,275	-	-	-	-	-	-	-	-	-	642,275
Add: additions during the year	384,000	1,152,082	504,518	-	1,106,661	495,900	19,247,959	869,699	-	1,784,146	188,344	8,986,977	34,720,286
Less: disposals during the year	(99,440)	(88,158)	(495,855)	(525,098)	(904,678)	(5,176)	(3,615,326)	(608)	-	(535,372)	-	(11,201,368)	(17,471,079)
Balance, end 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
Accumulated amortization													
Balance, beginning of year	-	16,431,328	56,049,464	6,982,536	9,320,006	-	221,878,134	22,974,350	1,619,684	9,654,413	21,647	-	344,931,562
Adoption of new accounting policy - ARO	-	-	473,856	-	-	-	-	-	-	-	-	-	473,856
Add: amortization during the year	-	1,349,094	3,187,913	475,645	1,323,651	-	13,960,219	1,346,637	77,591	1,067,115	28,673	-	22,816,538
Less: accumulated amortization on disposals	-	(88,158)	(449,856)	(525,098)	(892,433)	-	(3,371,277)	(576)	-	(399,716)	-	-	(5,727,114)
Balance, end 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
Net book value of tangible capital assets	\$ 72,823,374	\$ 26,511,075	\$ 50,387,588	\$ 1,690,176	\$ 5,474,513	\$ 8,490,554	\$ 199,442,486	\$ 76,401,768	\$ 563,693	\$ 6,461,528	\$ 282,826	\$ 13,077,151	\$ 461,606,732

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 2
For the Year Ended December 31, 2023**

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 2
For the Year Ended December 31, 2023**

2022
Restated
Note 1

	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	\$ 75,768,278	\$ 2,516,807	\$ 1,444,763	\$ 156,763	\$ 458,371	\$ 4,444,877	\$ 3,058,448	87,848,307
Grants	162,337	110,244	71,049	-	-	628,742	621,261	1,593,633
Other	7,037,427	464,976	5,537,338	60,676	317,870	2,877,584	287,402	16,583,273
Elexicon Corporation	1,959,096	-	-	-	-	-	-	1,959,096
Contributed tangible capital assets	-	-	5,427,384	1,217,585	-	879,900	-	7,524,869
Other income	5,911	-	-	-	-	388	-	6,299
Loss on disposal of tangible capital assets	-	55,000	(270,946)	(32)	-	(55,591)	-	(271,569)
Total operating revenue	84,933,049	3,147,027	12,209,588	1,434,992	776,241	8,775,900	3,967,111	115,243,908
Operating expenses								
Salaries and wages	5,054,606	17,492,153	9,312,864	485,267	326,256	14,585,697	4,079,141	51,335,984
Operating materials and supplies	887,457	973,891	4,954,014	669,866	341,559	5,790,416	309,576	13,926,779
Contract services	743,553	1,178,984	2,854,600	849,269	-	2,911,963	2,017,984	10,556,353
Rent and financial expenses	347,408	-	15,320	-	-	87,229	-	449,957
External transfers to others	-	750	-	-	-	982,981	-	983,731
Amortization expense	1,032,647	1,113,036	14,898,962	1,730,357	4,444	3,998,607	38,485	22,816,538
Interest on long-term liabilities	29,103	-	235,355	-	-	606,110	-	870,568
Total operating expenses	8,094,774	20,758,814	32,271,115	3,734,759	672,259	28,963,003	6,445,186	100,939,910
Annual surplus (deficit)	\$ 76,838,275	\$ (17,611,787)	\$ (20,061,527)	\$ (2,299,767)	\$ 103,982	\$ (20,187,103)	\$ (2,478,075)	14,303,998

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 3
For the Year Ended December 31, 2023**

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
Contract services	876,975	1,415,629	3,230,167	991,396	-	3,686,850	1,818,751	12,019,768
Rent and financial expenses	225,000	-	11,468	-	-	76,311	-	312,779
External 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)

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 3
For the Year Ended December 31, 2023**

2022 - 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	\$ 74,897,981	\$ 2,059,800	\$ 1,136,500	\$ 168,300	\$ 354,400	\$ 4,688,831	\$ 1,257,970	84,563,782
Grants	-	22,000	-	-	-	112,481	-	134,481
Other	2,003,000	275,216	16,970,309	-	-	1,805,851	6,000	21,060,376
Contributed tangible capital assets	-	-	5,427,384	1,217,585	-	879,900	-	7,524,869
Total operating revenue	76,900,981	2,357,016	23,534,193	1,385,885	354,400	7,487,063	1,263,970	113,283,508
Operating expenses								
Salaries and wages	5,120,130	18,247,720	10,369,140	482,454	417,182	15,012,635	4,893,908	54,543,169
Operating materials and supplies	908,991	1,038,974	5,959,468	783,722	209,153	5,897,269	593,677	15,391,254
Contracted services	630,675	1,366,586	3,617,072	826,232	-	2,970,715	796,282	10,207,562
Rent and financial expenses	218,250	-	11,653	-	-	69,048	-	298,951
External transfers to others	-	10,000	-	-	-	782,845	-	792,845
Amortization expense	1,078,017	1,560,448	14,173,454	1,685,084	3,418	3,988,744	2,863	22,492,028
Interest on long-term liabilities	29,512	-	201,040	-	-	77,235	-	307,787
Total operating expense	7,985,575	22,223,728	34,331,827	3,777,492	629,753	28,798,491	6,286,730	104,033,596
Annual surplus (deficit)	\$ 68,915,406	\$ (19,866,712)	\$ (10,797,634)	\$ (2,391,607)	\$ (275,353)	\$ (21,311,428)	\$ (5,022,760)	9,249,912

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Financial statements of

**The Corporation of the
Municipality of Clarington
Public Library Board and the
Clarington Museums and
Archives**

December 31, 2023

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

December 31, 2023

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Independent Auditor's Report

To the Members of the Board of Directors of the Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives (the Entity), which comprise the statement of financial position as at December 31, 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
July 8, 2024

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Statement of Financial Position
as at December 31, 2023

	2023	2022
	\$	\$
Financial assets		
Cash	2,191,864	2,498,968
Accounts receivable	12,731	12,133
Inventory	4,410	5,951
Due from Government of Canada	118,138	49,535
Total financial assets	2,327,143	2,566,587
Liabilities		
Accounts payable and accrued liabilities	230,715	201,057
Payable to Municipality of Clarington	362,473	220,686
Employee future benefits liabilities (Note 4)	200,663	202,872
Deferred revenue	2,500	26,161
Total liabilities	796,351	650,776
Net financial assets	1,530,792	1,915,811
Non-financial assets		
Tangible capital assets – net (Note 6)	1,877,309	1,852,602
Prepaid expenses	121,433	78,039
Total non-financial assets	1,998,742	1,930,641
Accumulated surplus (Note 7)	3,529,534	3,846,452

See accompanying notes to financial statements

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Statement of Operations
for the year ended December 31, 2023

	(Note 8)	2023	2022
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Municipality of Clarington – operating grant	3,855,628	3,855,628	3,583,083
Municipality of Clarington – capital grant	333,075	396,575	323,075
Contribution from reserves funds	307,910	-	-
Province of Ontario grant	112,481	144,690	166,525
Government of Canada grant	-	8,454	125,950
Grants from others	1,500	6,546	
Fines, fees, sales, discards	22,750	49,379	34,900
Donations & bequests	13,000	4,722	3,087
Interest	18,000	208,656	81,112
Miscellaneous	-	2,390	4,014
Total revenues	4,664,344	4,677,040	4,321,746
Expenses			
Personnel costs	3,420,506	3,562,949	2,713,159
Operating and materials	327,114	7,316	7,111
Facility support	170,686	190,370	197,314
Products & supplies	40,193	93,646	71,793
Public programs	39,710	78,210	58,487
Contracted services	237,100	330,472	182,226
Computer expenses	63,840	128,440	62,529
Staff development	32,120	45,300	25,794
Amortization expense	557,255	557,255	547,996
Transfer to Reserve Fund - Municipality of Clarington	-	-	-
Total expenses	4,888,524	4,993,958	3,866,409
Annual surplus (deficit)	(224,180)	(316,918)	455,337
Accumulated surplus, beginning of year	3,846,452	3,846,452	3,391,115
Accumulated surplus, end of year	3,622,272	3,529,534	3,846,452

See accompanying notes to financial statements

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Statement of Change in Net Financial Assets
for the year ended December 31, 2023

	2023		2022
	Budget	Actual	Actual
	\$	\$	\$
Annual (deficit) surplus	(224,180)	(316,918)	455,337
Acquisition of tangible capital assets	(581,962)	(581,962)	(561,790)
Amortization of tangible capital assets	557,255	557,255	547,996
Decrease (increase) in prepaid expenses	-	(43,394)	(1,421)
Increase (decrease) in net financial assets	(248,887)	(385,019)	440,122
Net financial assets, beginning of year	1,915,811	1,915,811	1,475,689
Net financial assets, end of year	1,666,924	1,530,792	1,915,811

See accompanying notes to financial statements

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Statement of Cash Flows
for the year ended December 31, 2023

	2023	2022
	\$	\$
Operating activities		
Annual surplus	(316,918)	455,337
Non-cash items		
Amortization of tangible capital assets	557,255	547,996
Change in non-cash operating items		
Accounts receivable	(598)	(11,204)
Due from Government of Canada	(68,603)	30,738
Inventory for resale	1,541	3,772
Deferred revenue	(23,661)	(128,288)
Accounts payable and accrued liabilities	29,658	31,288
Payable to Municipality of Clarington	141,787	(36,968)
Employee future benefits liability	(2,209)	13,111
Prepaid expenses	(43,394)	(1,421)
	274,858	904,361
Capital activities		
Acquisition of tangible capital assets	(581,962)	(561,790)
Net increase in cash	(307,104)	342,571
Cash, beginning of year	2,498,968	2,156,397
Cash, end of year	2,191,864	2,498,968

See accompanying notes to financial statements

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements
December 31, 2023

The Corporation of the Municipality of Clarington Public Library Board and Clarington Museums and Archives (the “Board”) 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, the Public Library Act, the Ontario Heritage 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”).

Significant accounting policies adopted by the Board are as follows:

(i) *Accrual basis of accounting*

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

(ii) *Government transfers*

Government transfers are recognized in the financial statements as revenue in the financial period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

(iii) *Revenue Recognition*

Revenues attributable to grants and contributions received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.

(iv) *Financial Instruments*

Financial instruments are classified into three categories: cost, amortized cost or fair value.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt. Financial instruments in this category include term deposits.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

(iv) *Financial Instruments (continued)*

financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost. Financial instruments in this category include bonds, treasury bills and guaranteed investment certificates (GICs).

Fair Value category: The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability. Financial instruments in this category include derivatives and portfolio investments.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from 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); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(v) *Adoption of new accounting standards*

The Board adopted the following standards concurrently beginning January 1, 2023, prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

(v) *Adoption of new accounting standards (continued)*

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation.

The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Consolidated Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Consolidated Statement of Remeasurement Gains and Losses. The Board did not measure any assets or liabilities at fair-value,

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

(v) *Adoption of new accounting standards (continued)*

beginning with the 2023 fiscal year. The Board has adopted PS 3280 on a modified retrospective basis.

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded and replaces Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such an obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated remaining useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from buildings. The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

The Board's ongoing efforts to assess the extent to which designated substances exist in the Board's assets, and new information obtained through regular maintenance and renewal of Board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in an increase to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable). As of December 31, 2023, there are no asset retirement obligations identified or reported.

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

(vi) Revenue Recognition

Revenues from donations, fundraising events, fines, and fees are recognized when the cash is collected.

(vii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(viii) Tangible capital assets

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

Collections	–	7 years
Computer hardware	–	4 years
Computer software	–	5 to 10 years
Furniture and Fixtures (major projects)	–	15 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

(ix) Employee future benefits liabilities

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.

(x) 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 financial assets, tangible capital assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Accounts involving significant estimates include the recording of accrued liabilities and estimates relating to the useful life of tangible capital assets. Actual results could differ from these estimates.

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

2. Financial Instruments

(i) Classification

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

	Fair Value	Cost / Amortized Cost	2023 Total
Cash and cash equivalents	2,191,864		2,191,864
Accounts receivable		12,731	12,731
Due from Government of Canada		118,138	118,138
Accounts payable and accrued liabilities		230,715	230,715
Payable to Municipality of Clarington		362,473	362,473
Balance at the end of the year	2,191,864	724,057	2,915,921

	Fair Value	Cost / Amortized Cost	2022 Total
Cash and cash equivalents	2,498,968		2,498,968
Accounts receivable		12,133	12,133
Due from Government of Canada		49,535	49,535
Accounts payable and accrued liabilities		201,057	201,057
Payable to Municipality of Clarington		220,686	220,686
Balance at the end of the year	2,498,968	483,411	2,982,379

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 Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

2. Financial Instruments (continued)

(ii) 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	2023 Total
Cash and cash equivalents	2,191,864	-	-	2,191,864
Total	2,191,864	-	-	2,191,864

	Level 1	Level 2	Level 3	2022 Total
Cash and cash equivalents	2,498,968	-	-	2,498,968
Total	2,498,968	-	-	2,498,968

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

(iii) Financial Instrument Risk Management

The Board is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Board'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.

Credit Risk

Credit risk is the risk of financial loss to the Board if a debtor fails to make payments of interest and principal when due. The Board is exposed to this risk relating to its cash and cash equivalents, and accounts receivable. The Board holds its cash accounts with federally regulated chartered banks who are insured

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

2. Financial Instruments (continued)

(iii) *Financial Instrument Risk Management (continued)*

by the Canadian Deposit Insurance Corporation. In the event of default, the Board's cash accounts are insured up to \$100,000.

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

The Board measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Board's historical experience regarding collections. It is management's opinion that the Board 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

Current 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 Board is not exposed to currency risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Board is not exposed to this risk.

Liquidity Risk

Liquidity risk is the risk that the Board 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 Board will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

2. Financial Instruments (continued)

(iii) *Financial Instrument Risk Management (continued)*

at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Board is exposed to this risk mainly in respect of

accounts payable and accrued liabilities. The Board'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:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	230,715	-	-	-
Payable to Municipality of Clarington	362,473	-	-	-
Total	593,188	-	-	-

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	201,057	-	-	-
Payable to Municipality of Clarington	220,686	-	-	-
Total	421,743	-	-	-

3. Pension agreements

The Board makes contributions to the Ontario Municipal Employee 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, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,185 million in respect of benefits accrued for service

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

3. Pension agreements (continued)

(comprising \$134,574 million with respect to the defined benefit component and \$1,611 million with respect to the AVC component). The actuarial value of net

assets at that date of \$131,983 million (comprising \$130,372 million with respect to the defined benefit component and \$1,611 million with respect to the AVC component), indicating a going concern actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the Plan surplus or deficit.

The Board recognizes the expense related to this plan as contributions are made. The contribution rate was 9% for wages up to \$66,600 (2022 - 9%, \$64,900) and 14.6% for wages in excess of CPP earning limit \$66,600 (2022 - 14.6%, \$64,900). The amount contributed to OMERS for 2023 was \$244,403 (2022 - \$164,618) for current services and is included as an expense on the statement of operations.

4. Transfers to Municipality of Clarington

During the year, the Board transferred \$0 (2022 - \$0) to the Municipality of Clarington for Library Reserve Funds and Museum Reserve Funds.

5. Employee future benefits liabilities

The Board makes available to Library employees who retire before the age of 65, the opportunity of continuing their coverage for such benefits as medical (extended health), dental and life insurance benefits. Coverage ceases at age 65. Dependent upon eligibility, the cost of this coverage may be a shared financial responsibility between the Municipality and the retired employees. Currently these benefits are not extended to Museum employees.

An actuarial valuation was performed as at December 31, 2023 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 2023 fiscal year end was determined by the valuation.

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

- (i) Discount rate will be 4.4% per annum for net benefit cost, decreasing to 4.1% in 2024.
- (ii) Future inflation rates will be 2.75%.
- (iii) Dental cost trend rates are 5.00% in fiscal 2024 and remain stable at that level until 2027.
- (iv) Extended health care trend rates are 5.60% in fiscal 2024 and remain stable at that level until 2027.

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

5. Employee future benefits liabilities (continued)

Information about the Library Board's employee future benefits liabilities is as follows:

	2023	2022
Accrued benefit obligation	\$	\$
Balance, beginning of year	120,878	222,415
Employer current service cost	8,453	14,702
Interest cost	5,338	5,740
Benefits paid	(13,604)	(10,912)
Actuarial (gain) loss	2,516	(111,067)
Balance, end of year	123,581	120,878
Unamortized net actuarial gains (losses)	77,082	81,994
Employee future benefits liabilities, end of year	200,663	202,872

6. Related party transactions

The Municipality of Clarington provides contributions to the operations and capital projects of the Board through municipal contributions as noted on the Statement of Operations.

The Statement of Operations reflects the fair value of the contribution from the Municipality for maintenance, utility and supply charges which are provided for nil consideration.

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements

December 31, 2023

7. Tangible capital assets (TCA)

The continuity of the historical cost and accumulated amortization for various categories of tangible capital assets are outlined in the below table.

2023					
	Collections	Computer Software	Computer Hardware	Furniture and Fixtures	Total
Cost:	\$	\$	\$	\$	\$
Balance, beginning of year	3,732,058	285,610	285,849	16,660	4,320,177
Add: additions during the year	499,846	-	81,901	215	581,962
Less: disposals during the year	(423,538)	-	(9,116)	-	(432,654)
Balance, end of year	3,808,366	285,610	358,634	16,875	4,469,485
Accumulated amortization:					
Balance, beginning of year	2,024,242	278,486	157,072	7,775	2,467,575
Add: amortization during the year	477,928	7,124	71,027	1,176	557,255
Less: accumulated amortization on disposals	(423,538)	-	(9,116)	-	(432,654)
Balance, end of year	2,078,632	285,610	218,983	8,951	2,592,176
Net book value of TCA	1,729,734	-	139,651	7,924	1,877,309
2022					
	Collections	Computer Software	Computer Hardware	Furniture and Fixtures	Total
Cost:	\$	\$	\$	\$	\$
Balance, beginning of year	3,654,113	285,610	318,893	16,660	4,275,276
Add: additions during the year	504,668	-	57,122	-	561,790
Less: disposals during the year	(426,723)	-	(90,166)	-	(516,889)
Balance, end of year	3,732,058	285,610	285,849	16,660	4,320,177
Accumulated amortization:					
Balance, beginning of year	1,984,114	262,773	182,916	6,665	2,436,468
Add: amortization during the year	466,851	15,713	64,322	1,110	547,996
Less: accumulated amortization on disposals	(426,723)	-	(90,166)	-	(516,889)
Balance, end of year	2,024,242	278,486	157,072	7,775	2,467,575
Net book value of TCA	1,707,816	7,124	128,777	8,885	1,852,602

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements
December 31, 2023

7. Tangible capital assets (TCA) (continued)

(i) Works of Art and Historical Treasures

The Municipality has one historical collection. The collection is not recorded as tangible capital assets and is not amortized. The collection is currently insured for \$287,800.

8. Accumulated surplus and reserves

On September 22, 2022, the Board approved transfers of the prior year and current year operating surpluses to establish operating reserves for the Library and Museum. The transfers are reflected in the Accumulated surplus table outlined below.

	2023	2022
Invested in tangible capital assets	1,877,309	1,852,602
General revenue fund	-	-
Reserve - Library	847,911	1,132,960
Reserve - Museum	540,763	464,065
Capital fund – internal	263,551	396,825
Accumulated surplus	3,529,534	3,846,452

The Reserves and future commitments are as follows:

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements
December 31, 2023

8. Accumulated surplus and reserves (continued)

Library Reserve

Allocation of Reserve	Opening Balance	Contributions (from) to Operating	Balance December 31, 2023	Committed and Unspent	Available Balance December 31, 2023
PY unallocated	(530,857)		(530,857)	-	(530,857)
OMERS & IDEL Retroactive	(27,593)	27,593	-	-	-
CUPE Retroactive	(102,400)	102,400	-	-	-
Courtice & Bowmanville Reconfigurations	(50,000)	25,567	(24,433)	24,433	-
Website upgrades	(30,000)	27,267	(2,733)	2,733	-
Orono Branch Reconfiguration	(101,200)	101,200	-	-	-
2023 deficit transfer to Operating	(290,910)	1,022	(289,888)	-	(289,888)
Total Reserve	(1,132,960)	285,049	(847,911)	27,166	(820,745)

Museum Reserve

Allocation of Reserve	Opening Balance	Contributions (from) to Operating	Balance December 31, 2023	Committed and Unspent	Available Balance December 31, 2023
PY unallocated	(307,833)		(307,833)		(307,833)
OMERS & IDEL Retroactive	(4,032)		(4,032)		(4,032)
CUPE Retroactive	(27,200)		(27,200)		(27,200)
Mould Remediation	(50,000)		(50,000)	50,000	-
Museum Legacy Fund	(75,000)		(75,000)	75,000	-
2023 surplus transfer to reserve	-	(76,698)	(76,698)		(76,698)
Total Reserve	(464,065)	(76,698)	(540,763)	125,000	(415,763)

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the Financial Statements
December 31, 2023

9. Budget figures

The 2023 budget figures were approved by the Board on October 27, 2022, and approved by Council during 2023 budget deliberations. The budget was prepared on a modified accrual basis in accordance with the Municipal Act. Canadian Public Sector Accounting Standards (PSAS) require the budget to be prepared on a fully accrual basis. As a result, the budget figures presented in the Statements of Operations and Changes in Net Financial Assets represent the budget approved by the Board with the following adjustments:

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Board approved budget.

Amounts included in the original Board approved capital budget which are not recognized as tangible capital assets are included in the Statement of Operations, whereas those recognized as tangible capital assets are included in the Statement of Change in Net Financial Assets.

Approved operating budget revenues	(4,331,269)
Operating budget expenses	4,331,269
Transfers to Reserve Funds – Municipality of Clarington	-
Approved operating budget expenses	4,331,269
PSAB reporting adjustments:	
Amortization of tangible capital assets	557,255
Net operating budget expenses	4,888,524
Net deficit before capital investment	557,255

10. Subsequent events

Subsequent to year end, the financial reporting processes of the Clarington Public Library Board and the Clarington Museums and Archives were assumed by the Municipality of Clarington's, Finance and Technology Division.

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Supplementary Schedule – Statement of Operations - Library
for the year ended December 31, 2023

	2023	2022
	Actual	Actual
	\$	\$
Revenues		
Municipality of Clarington – operating grant	3,529,104	3,265,384
Municipality of Clarington – capital grant	382,575	323,075
Province of Ontario grant	94,368	86,586
Government of Canada grant	8,454	7,960
Fines, fees, sales, discards, programming, events, sponsorships	43,324	33,554
Donations and bequests	4,379	2,964
Interest	174,953	68,108
Miscellaneous	2,440	265
Total revenues	4,239,597	3,787,896
Expenses		
Personnel costs	3,301,578	2,539,491
Operating and materials	7,316	7,111
Facility support	161,480	171,067
Products & supplies	85,045	53,864
Public programs, exhibits, collections, events, gift shop purchases	60,078	22,425
Contracted services	291,724	149,589
Computer expenses	123,996	58,041
Staff development	44,956	24,992
Amortization expense	556,079	546,886
Transfer to reserve fund - Municipality of Clarington	-	-
Total expenses	4,632,252	3,573,466
Annual surplus (deficit)	(392,655)	214,430
Accumulated surplus (deficit), beginning of year	3,373,502	3,159,072
Accumulated surplus (deficit), end of year	2,980,847	3,373,502

The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Supplementary Schedule – Statement of Operations - Museum
for the year ended December 31, 2023

	2023	2022
	Actual	Actual
	\$	\$
Revenues		
Municipality of Clarington – operating grant	340,524	317,699
Province of Ontario grant	50,322	79,939
Government of Canada grant	-	117,990
Grants from others	6,546	-
Fines, fees, sales, discards, programming, events, sponsorships	6,055	1,346
Donations and bequests	343	123
Interest	33,703	13,004
Miscellaneous	(50)	3,749
Total revenues	437,443	533,850
Expenses		
Personnel costs	261,371	173,668
Facility support	28,890	26,247
Products & supplies	8,601	17,929
Public programs, exhibits, collections, events, gift shop purchases	18,132	36,062
Contracted services	38,748	32,637
Computer expenses	4,444	4,488
Staff development	344	802
Amortization expense	1,176	1,110
Total expenses	361,706	292,943
Annual surplus (deficit)	75,737	240,907
Accumulated surplus (deficit), beginning of year	472,950	232,043
Accumulated surplus (deficit), end of year	548,687	472,950

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, 2023

**The Corporation of the Municipality of Clarington
Board of Management for the Historic Downtown
Bowmanville Business District Improvement Area**
December 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, net financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario
August 6, 2024

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, 2023

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	64,641	62,034
HST receivable	3,958	6,481
Total financial assets	68,599	68,515
Liabilities		
Accounts payable	-	8
Total liabilities	-	8
Net financial assets	68,599	68,507
Accumulated surplus (deficit)	68,599	68,507

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

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

**Statement of Operations
as at December 31, 2023**

	Budget	2023	2022
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	175,916	175,916	171,625
Fundraising	-	65,247	51,090
Total revenues	175,916	241,163	222,715
Expenses			
Administration	10,500	15,341	5,176
Events and promotion	91,000	104,636	104,143
Salaries and wages	82,200	65,200	60,150
Streetscape	32,750	55,894	35,145
Capital works	21,500	-	-
Total expenses	237,950	241,071	204,614
Annual surplus (deficit)	(62,034)	92	18,101
Accumulated surplus, beginning of year	68,507	68,507	50,406
Accumulated surplus (deficit), end of year	6,473	68,599	68,507

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, 2023**

	Budget	2023	2022
	\$	\$	\$
Annual surplus (deficit)	(62,034)	92	18,101
Change in prepaid expenses	-	-	-
Change in net financial assets	(62,034)	92	18,101
Net financial assets, beginning of year	68,507	68,507	50,406
Net financial assets (liabilities), end of year	6,473	68,599	68,507

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, 2023

	2023	2022
	\$	\$
Operating activities		
Annual surplus	92	18,101
Changes in non-cash operating items		
Decrease (increase) due from Government of Canada	2,523	(1,340)
Increase (decrease) in accounts payable and accrued liabilities	(8)	(5,989)
	2,607	10,772
Net increase in cash	2,607	10,772
Cash, beginning of year	62,034	51,262
Cash, end of year	64,641	62,034

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, 2023

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, 2023

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

December 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, net financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario

August 6, 2024

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, 2023

	2023	2022
	\$	\$
Financial assets		
Cash	81,846	76,716
Accounts receivable	-	100
Total financial assets	81,846	76,816
Liabilities		
Accounts payable	876	615
Total liabilities	876	615
Net financial assets (liabilities)	80,970	76,201
Accumulated surplus (deficit)	80,970	76,201

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, 2023

		2023	2022
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	40,000	40,000	40,000
Fundraising		43,259	32,977
Total revenues	40,000	83,259	72,977
Expenses			
Administration	2,000	4,419	4,086
Advertising	10,000	10,006	9,309
Events	5,000	43,705	28,903
Downtown safety and décor	23,000	20,360	16,644
Total expenses	40,000	78,490	58,942
Annual surplus (deficit)	-	4,769	14,035
Accumulated surplus, beginning of year	76,201	76,201	62,166
Accumulated surplus, end of year	76,201	80,970	76,201

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, 2023

	Budget	2023	2022
	\$	\$	\$
Annual surplus (deficit)	-	4,769	14,035
Change in net financial assets	-	4,769	14,035
Net financial assets, beginning of year	76,201	76,201	62,166
Net financial assets (liabilities), end of year	76,201	80,970	76,201

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, 2023

	2023	2022
	\$	\$
Operating activities		
Annual surplus	4,769	14,035
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	100	(30)
Increase (decrease) in accounts payable and accrued liabilities	261	(515)
Net increase in cash	5,130	13,490
Cash, beginning of year	76,716	63,226
Cash, end of year	81,846	76,716

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, 2023

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, 2023

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

December 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, net financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
August 6, 2024

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, 2023

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	64,641	62,034
HST receivable	3,958	6,481
Total financial assets	68,599	68,515
Liabilities		
Accounts payable	-	8
Total liabilities	-	8
 Net financial assets	 68,599	 68,507
 Accumulated surplus (deficit)	 68,599	 68,507

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, 2023

	Budget	2023	2022
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	175,916	175,916	171,625
Fundraising	-	65,247	51,090
Total revenues	175,916	241,163	222,715
Expenses			
Administration	10,500	15,341	5,176
Events and promotion	91,000	104,636	104,143
Salaries and wages	82,200	65,200	60,150
Streetscape	32,750	55,894	35,145
Capital works	21,500	-	-
Total expenses	237,950	241,071	204,614
Annual surplus (deficit)	(62,034)	92	18,101
Accumulated surplus, beginning of year	68,507	68,507	50,406
Accumulated surplus (deficit), end of year	6,473	68,599	68,507

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, 2023**

	Budget	2023	2022
	\$	\$	\$
Annual surplus (deficit)	(62,034)	92	18,101
Change in prepaid expenses	-	-	-
Change in net financial assets	(62,034)	92	18,101
Net financial assets, beginning of year	68,507	68,507	50,406
Net financial assets (liabilities), end of year	6,473	68,599	68,507

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, 2023

	2023	2022
	\$	\$
Operating activities		
Annual surplus	92	18,101
Changes in non-cash operating items		
Decrease (increase) due from Government of Canada	2,523	(1,340)
Increase (decrease) in accounts payable and accrued liabilities	(8)	(5,989)
	2,607	10,772
Net increase in cash	2,607	10,772
Cash, beginning of year	62,034	51,262
Cash, end of year	64,641	62,034

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, 2023

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.

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Financial statements of

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

December 31, 2023

The Corporation of the Municipality of Clarington Trust Funds

December 31, 2023

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Independent Auditor's Report

To the Members of Council 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, 2023, 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, 2023, and its operations 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 Consolidated 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
September 18, 2024

The Corporation of the Municipality of Clarington
Trust Funds
Statement of financial position
as at December 31, 2023

	Cash	Investments (Note 3)	Interest revenue receivable	Due (to) from Municipality of Clarington	Net Financial Assets and Accumulated Surplus
Advent Cemetery	-	918	4	-	922
Bondhead Cemetery	-	260,685	1,116	6,017	267,818
Bowmanville Cemetery	-	1,342,920	5,751	4,298	1,352,969
Hampton Cemetery	-	51,520	221	-	51,741
Lovekin Cemetery	-	10,000	44	-	10,044
Orono Cemetery	-	312,750	1,340	-	314,090
St. George's Cemetery	-	50,190	215	-	50,405
Trulls Cemetery	-	1,774	7	-	1,781
Vanderveer Legacy Trust	-	1,000	4	-	1,004
	-	2,031,757	8,702	10,315	2,050,774
Montague Trust	-	11,169	237	-	11,406
Estate of Irene Rinch/Newcastle Community Hall	-	153,339	3,236	-	156,575
Total - 2023	-	2,196,265	12,175	10,315	2,218,755
Total - 2022	-	2,108,808	19,147	4,125	2,132,080

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
as at December 31, 2023**

	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	Total				
Advent Cemetery	921	-	44	44	43	-	1	922
Bondhead Cemetery	238,997	28,523	11,641	40,164	11,343	-	28,821	267,818
Bowmanville Cemetery	1,307,195	44,525	61,896	106,421	60,647	-	45,774	1,352,969
Hampton Cemetery	50,221	1,472	2,354	3,826	2,306	-	1,520	51,741
Lovekin Cemetery	10,035	-	466	466	457	-	9	10,044
Orono Cemetery	309,593	12,260	15,326	27,586	23,089	-	4,497	314,090
St. George's Cemetery	49,300	1,060	2,312	3,372	2,267	-	1,105	50,405
Trulls Cemetery	1,780	-	83	83	82	-	1	1,781
Vanderveer Legacy Trust	1,003	-	47	47	46	-	1	1,004
	1,969,045	87,840	94,169	182,009	100,280	-	81,729	2,050,774
Montague Trust	11,070	-	336	336	-	-	336	11,406
Estate of Irene Rinch	151,965	-	4,610	4,610	-	-	4,610	156,575
Total - 2023	2,132,080	87,840	99,115	186,955	100,280	-	86,675	2,218,755
Total - 2022	2,006,827	122,572	33,212	155,784	30,531	-	125,253	2,132,080

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, 2023

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.

2. Statement of cash flows

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

3. Investments

The total investments held by the trust funds of \$2,196,265 (2022 – \$2,108,808) reported on the Statement of Financial Position at cost have a fair value of \$2,205,535 (2022 - \$2,123,103) 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.

The Corporation of the Municipality of Clarington Trust Funds

Notes to the financial statements
December 31, 2023

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.