

2022

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.

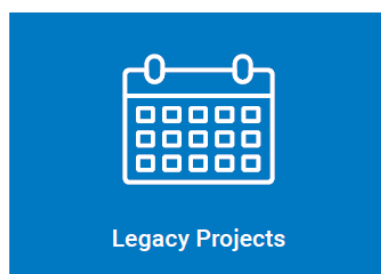
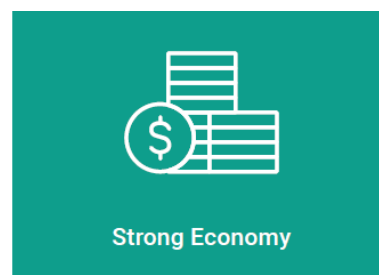
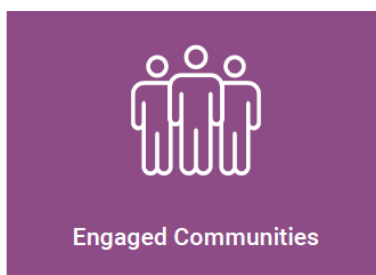
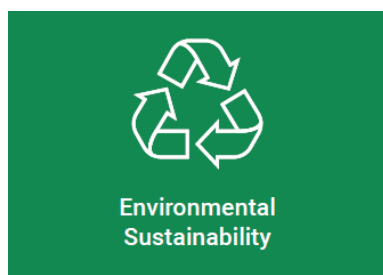
The Municipality of Clarington is a beautiful community that forms the eastern boundary of the Greater Toronto Area. Residents enjoy waterfront trails alongside Lake Ontario, farmlands, and the natural beauty of the Oak Ridges Moraine.

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 101,000 and growing, Clarington offers residents a blend of city living and rural charm.

The Municipality's Strategic Plan 2019 to 2022

For each term, Council for the Municipality of Clarington adopts a new Strategic Plan. Council passed the following Strategic Priorities and Goals for the 2019 to 2022 term:



Environmental Sustainability

- Advance waste reduction initiatives by promoting the four Rs: Refuse, Reduce, Reuse and Recycle.

Engaged Communities

- Enhance two-way communication with the community.
- Establish and develop a unique Clarington brand for promoting our community.

Strong Economy

- Complete the implementation of the Downtown Plans.
- Create partnerships in broadband expansion, working toward 100 percent connectivity.
- Create partnerships to promote investment in infrastructure to make natural gas more accessible.
- Expand our transportation network into commercial and industrial areas.
- Explore an economic development strategy/framework in collaboration with the business community and other stakeholders.

Sustainable Infrastructure Growth

- Develop an affordable housing policy.
- Develop strategies for infrastructure investments, including employment lands.

Legacy Projects

- Clearly articulate our plans for Courtice and Port Darlington waterfronts.
- Pursue a final decision from Atomic Energy of Canada Limited (AECL) and Canadian Nuclear Laboratories (CNL) respecting the disposition of lands for the Port Granby Nature Reserve.
- Develop the concept, financing, project plan and potential construction schedule for the South Bowmanville Recreation Centre for Council in 2019 for consideration in the 2020 budget, with a design to follow.
- Articulate a vision of a performing arts space.
- Make a decision on Camp 30.

Governance

Mayor and Council

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

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

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

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

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



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

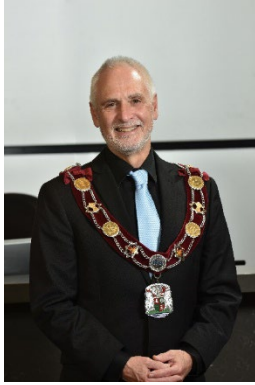
Front row: Granville Anderson, Adrian Foster, Willie Woo

Senior Leadership Team

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



Message from the Mayor



Dear Clarington residents,

As we reflect on the past year, it becomes evident that it was a period of recovery from the unprecedented challenges posed by the COVID-19 pandemic. Despite the hurdles, our community has displayed remarkable strength and unity in navigating these difficult times.

I am pleased to inform you that as Municipal operations continued, our facilities and programs reopened their doors to welcome back the vibrant energy of Clarington residents. Whether it was the laughter of children echoing through our summer camps, or the renewed sense of connection among neighbours at our community events, Clarington proved once again that we are a community built on resilience and mutual support.

I am delighted to share the 2022 financial report, showcasing Clarington's positive financial position and our commitment to investing in our community. Through careful fiscal management and strategic decision-making, we have been able to allocate resources effectively, ensuring that our municipality remains financially stable and sustainable. This stability provides us with a strong foundation to continue fulfilling the needs and goals of our residents.

Looking ahead, our focus is on managing our fast growth responsibly. Clarington's allure as a place to live, work, and play has attracted many individuals and families seeking a high quality of life. We are, in fact, one of the fastest-growing communities in Canada. Our fiscal responsibility will guide us in making informed decisions that prioritize the well-being of our growing number of residents, protect our natural environment, and maintain the charm and character that make Clarington a special place.

I encourage all of you to actively engage with your local government, join in community events and initiatives, and share your valuable insights and ideas. Your input will play a crucial role in shaping our path forward and continuing to ensure that Clarington keeps its reputation as one of the happiest places to live in Canada.

Sincerely,



Adrian Foster,

Mayor of Clarington

Message from the CAO



This report provides an opportunity to inform and connect with our residents, stakeholders, and the business community. As the CAO, it is critically important for me to ensure that the public is well-informed.

Like many large communities across Ontario, we are facing significant growth and associated pressures, making prudent financial management more critical than ever. With our strong financial base, it provides us the necessary flexibility to navigate the oncoming growth both now and into the future.

Over the course of the next year, we will continue to modernize our service offerings and delivery, driven by the principles of continuous improvement. This work is underpinned by a focus to ensure a consistent service experience across the corporation. The public expects and deserves modern and high-quality services and programs, and my team remains committed to delivering.

Mary-Anne Dempster, MBA, CPA, CGA
Chief Administrative Officer

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, 2022.

The 2022 Fiscal Year saw recreational facilities and programming return gradually. Continued growth in our community saw the assumption of additional neighbourhoods in 2022 resulting contributed roads, parks, and other infrastructure that the Municipality will maintain into the future. While we invested to ensure that our infrastructure remains capable of supporting our community's needs.

It continues to be essential that the Municipality plan for the future to ensure that our financial position remains stable and sustainable throughout the future growth that is coming to Clarington.

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, 2022.

There are four required financial statements:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Changes in Net Financial Assets
4. 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, 2022.

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. The taxation, other revenues, expenses, assets and liabilities for the operations of the Region of Durham and the school boards are not reflected in these statements.

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, 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 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.
- **Environmental Services** – includes storm-water management, erosion control and resale of waste diversion goods. 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 crematorium, 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 also 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. Tourism, 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 for the preparation of the consolidated financial statements.

Council meets with management and the 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, 2022. 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 costs of services where it is appropriate to do so. There is also an annual update to ensure that the user fees are increasing 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

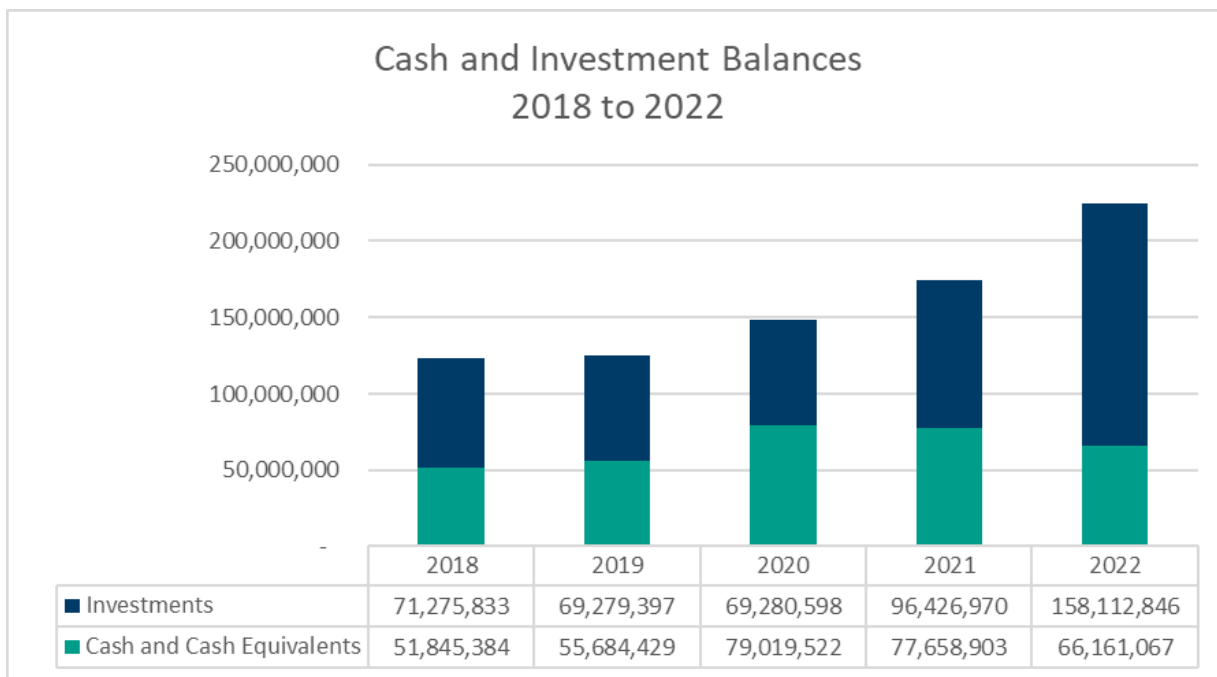
The Consolidated Statement of Financial Position is the public sector accounting equivalent of a balance sheet. The Statement of Financial Position provides a snapshot of the assets, liabilities and accumulated surplus (an indicator of service capacity) as at December 31, 2022.

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 a decrease in cash of approximately \$11.5 million. The Statement of Cash Flows highlights how the change in cash occurred. A significant reason for the reduction of cash is related to the increase in investments between 2021 and 2022. The Municipality increased investments by approximately \$61.7 million; this includes cash increases due to deferred revenue (including obligatory funds), and the proceeds of debenture debt issued. In 2022, the funds received were converted into investments for future needs and increased investment income potential.

Investments are made according to the Municipality's adopted investment policy and the legislated standards. Most investments are guaranteed investment certificates and government bonds. 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 \$2.6 million and Quebec Hydro \$1.6 million).

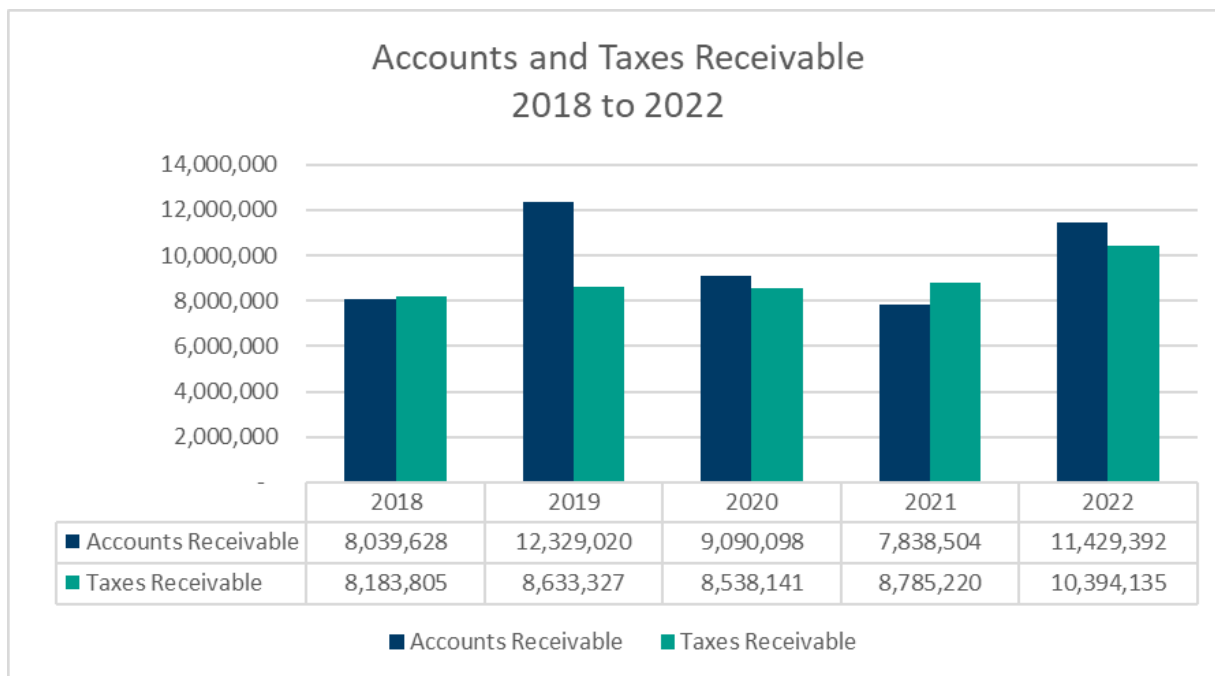
The following chart shows the balance of cash and cash equivalents as well as the Municipality's investments for the period 2018 to 2022.



Accounts receivable represent funds owed to the Municipality. An increase of \$3.6 million in accounts receivable stems primarily from an increase in interest receivable on investments of \$2.5 million and receivables from other levels of government and secondary plan activities receivable from third parties.

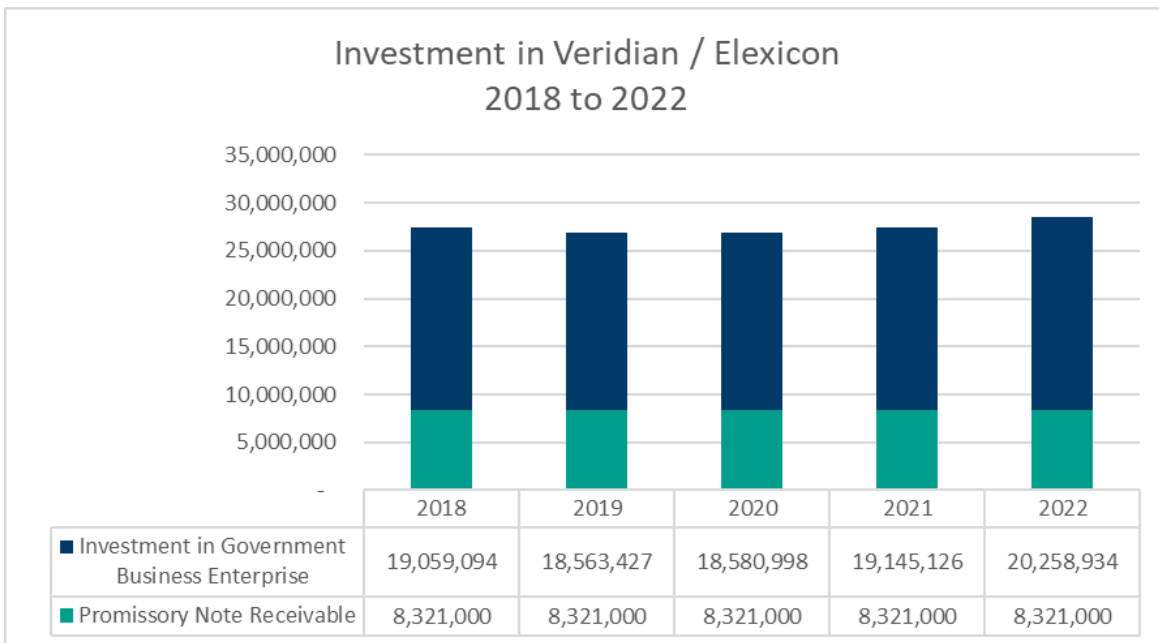
Taxes receivable represent unpaid property taxes, net of any allowance for uncollectible taxes or anticipated appeals. The bulk of the year-over-year increase of \$1.6 million is tied to current year taxes and interest receivables of \$1.3 million.

The following chart shows the balances for accounts receivable and taxes receivable at December 31 of each year from 2018 to 2022.

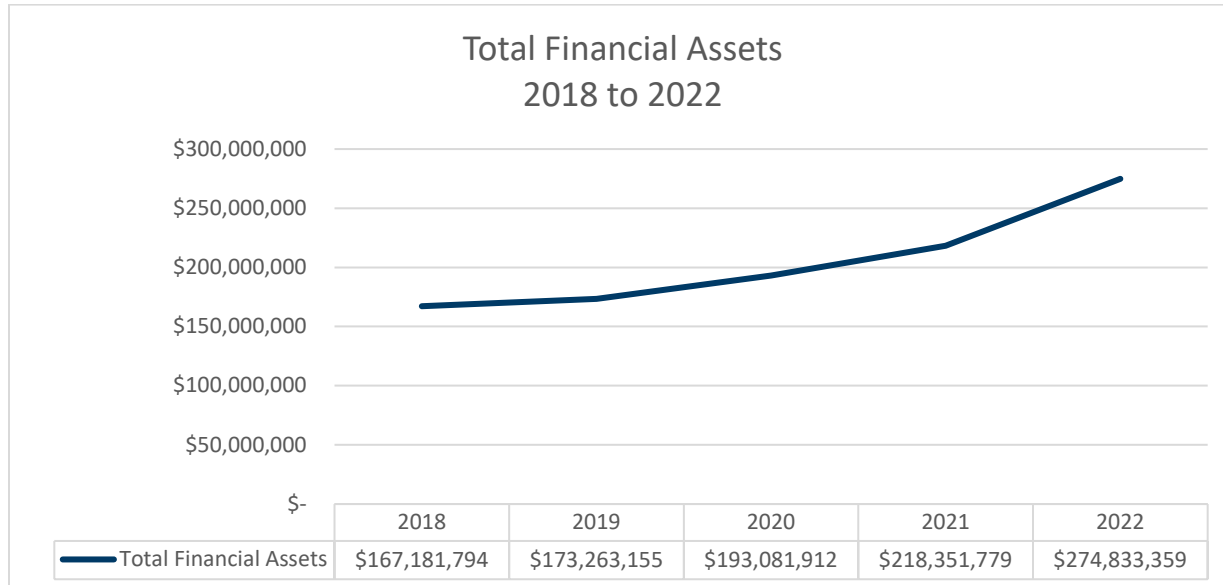


Land for resale consists of the historical cost of property that the Municipality has declared surplus and is actively marketing; it is not representative of the fair market value of that land. At December 31, 2022, land for resale consisted of property on Baseline Road at Spry Avenue.

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 2021 and is an on-demand note. The investment in Elexicon Corporation is relatively consistent with the prior year, indicating no impairment in the investment. Clarrington 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 7 of the financial statements are the financial results of Elexicon. The investment in the Government Business Enterprise (Veridian and Elexicon) 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 \$56.5 million; this compares to an increase of \$43.6 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, 2022.

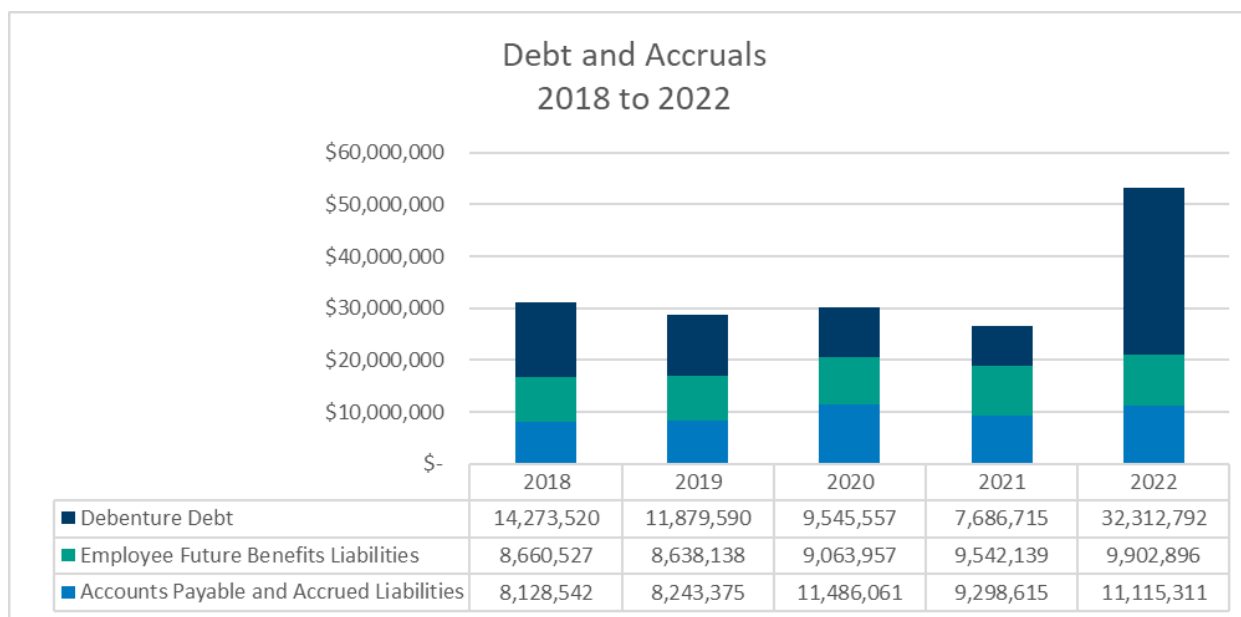
Accounts payable and accrued liabilities are short-term liabilities expected to be paid in the following fiscal year. They would consist of amounts owing to vendors for services rendered during 2022, accruals for unbilled amounts and other liabilities. Accounts payable and accrued liabilities increased by \$1.8 million in 2022, 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 a decrease in 2021 of \$2.2 million; the balance at 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 \$1,156,136 (2021 - \$1,096,690), other employees \$20,372 (2021 - \$17,154), 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 (2021 – six) outstanding debts with maturities between 2023 and 2042, ranging in interest rates from 1.70 percent to 4.75 percent. During the 2022 fiscal year, the Municipality acquired new long-term debts with principal costs of \$26.4 million. The 2022 repayment in debt principal was \$1.8 million (2021 - \$1.9 million).

Guidelines established through the *Municipal Act, 2001* allow for a maximum debt payment ratio of 25 percent of own-source revenues, which in 2022 equaled \$21.5 million, leaving approximately \$18.8 million in the debt servicing room. The Municipality does not expect to utilize the maximum debt capacity in the near future.

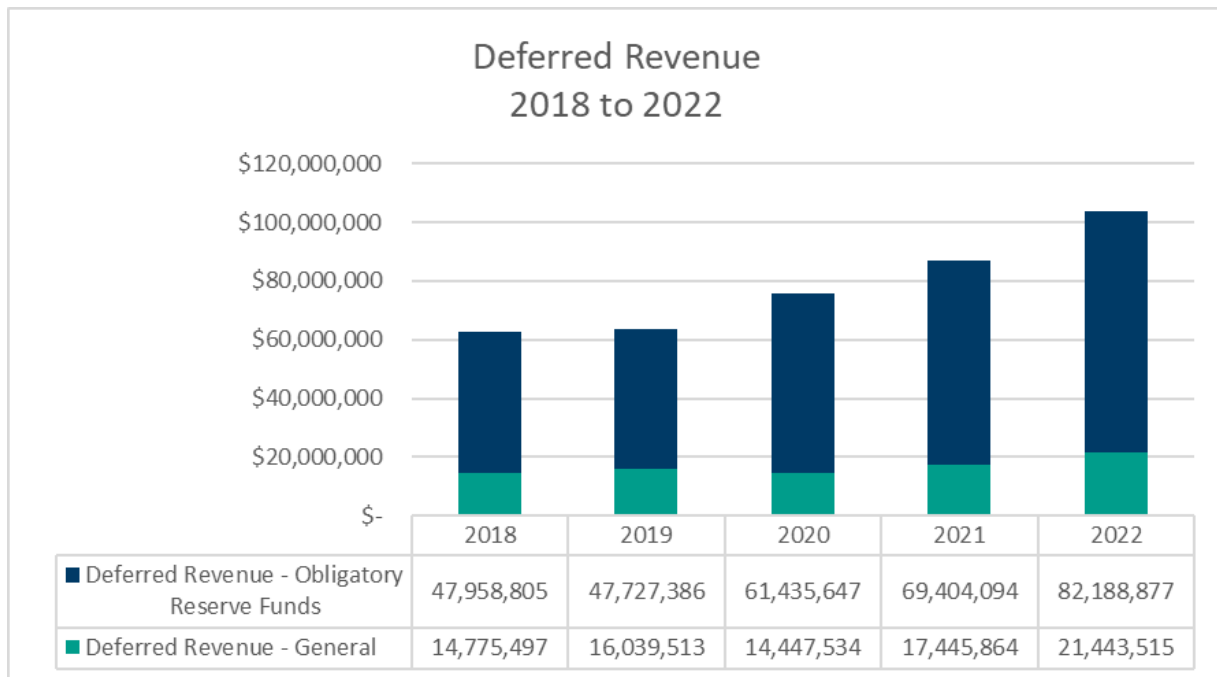
The following chart shows the accounts payable, employee future benefit liability and debenture debt balances for the period 2018 to 2022:



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 (2021 - \$6.8 million), subdivision deposits held \$10.8 million (2021 - \$8.4 million), deposits held for other construction-related projects \$1.1 million (2021 - \$0.6 million) and Community Services related deposits \$1.5 million (2021 - \$1.4 million).

Deferred revenue – obligatory funds 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 \$64.0 million (2021 - \$56.0 million), consists of development charges paid by developers towards the future capital cost of growth-related infrastructure costs and certain studies. In 2022, the Municipality collected \$12.6 million (2021 - \$11.9 million) from developers, earned investment income of \$2.1 million (2021 - \$0.8 million) and utilized \$8.7 million (2021 - \$12.3 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 2018 to 2022; note the majority of the increase relates to the collection of development charges.

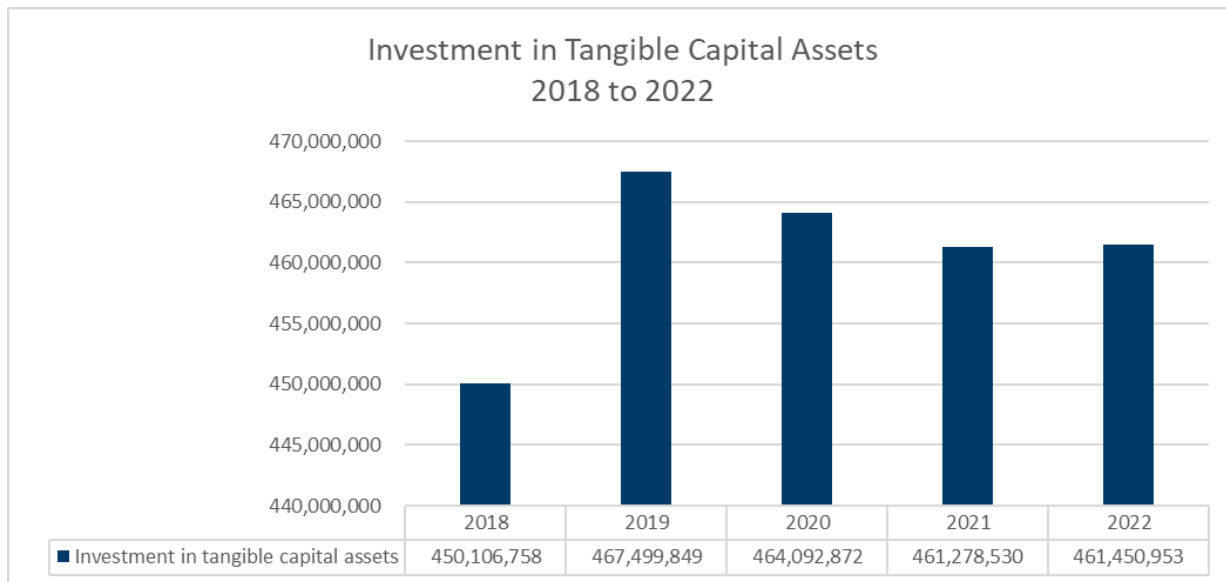


The increase in total liabilities is primarily the result of the increase in debenture debt and deferred revenue, both general and obligatory reserve funds. The increase in liabilities is related to the increase in investments, as shown in the financial statements.

Non-Financial Assets

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

Tangible capital assets (TCA) increased \$0.2 million (2021 -\$2.8 million), which is reflective of the \$22.8 million (2021 - \$21.6 million) in amortization, representing the utilization of assets, being lower than the investment in tangible assets of \$25.7 million (2021 - \$16.2 million). The increase is also reflective of the fact that in 2022 the Municipality benefited from the contribution of \$7.5 million in tangible assets, compared to \$2.4 million in 2021. 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.

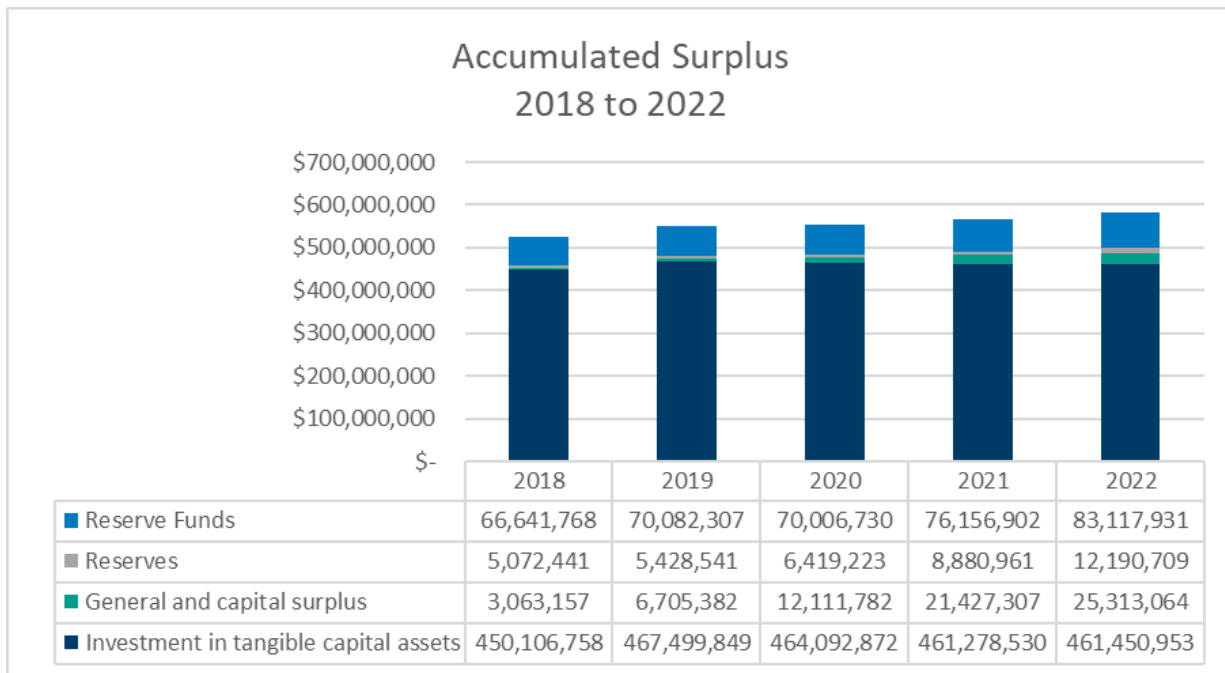


Prepaid expenses and inventory supplies, which are items already paid for but will be utilized in future years, have remained relatively stable, and variations are mainly a result of timing differences.

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 \$14.3 million, which represents an increase in the future serviceability of the Municipality.

Note 19 “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:



Overall, the Municipality has a solid financial position with a positive financial asset to financial liability ratio of 1.8:1.0 (2021 - 1.9:1.0), representing a slight decrease in financial position. The Municipality's reserves and reserve funds of \$66.7 million is over two times the long-term liabilities of \$32.3 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.

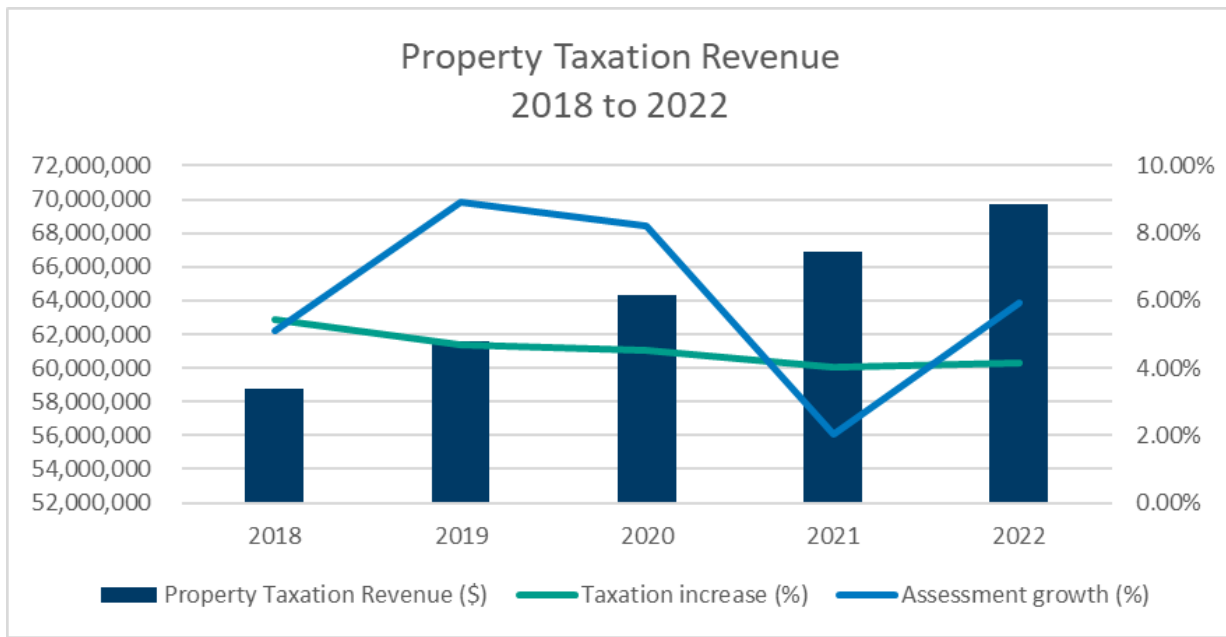
The Statement of Operations groups expenses by functional segment, as required by the Public Sector Accounting Standards. Expenses are broken down in Schedule 2, showing each segment and the expenses by accounting object (e.g., salaries, materials, contracted services).

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.

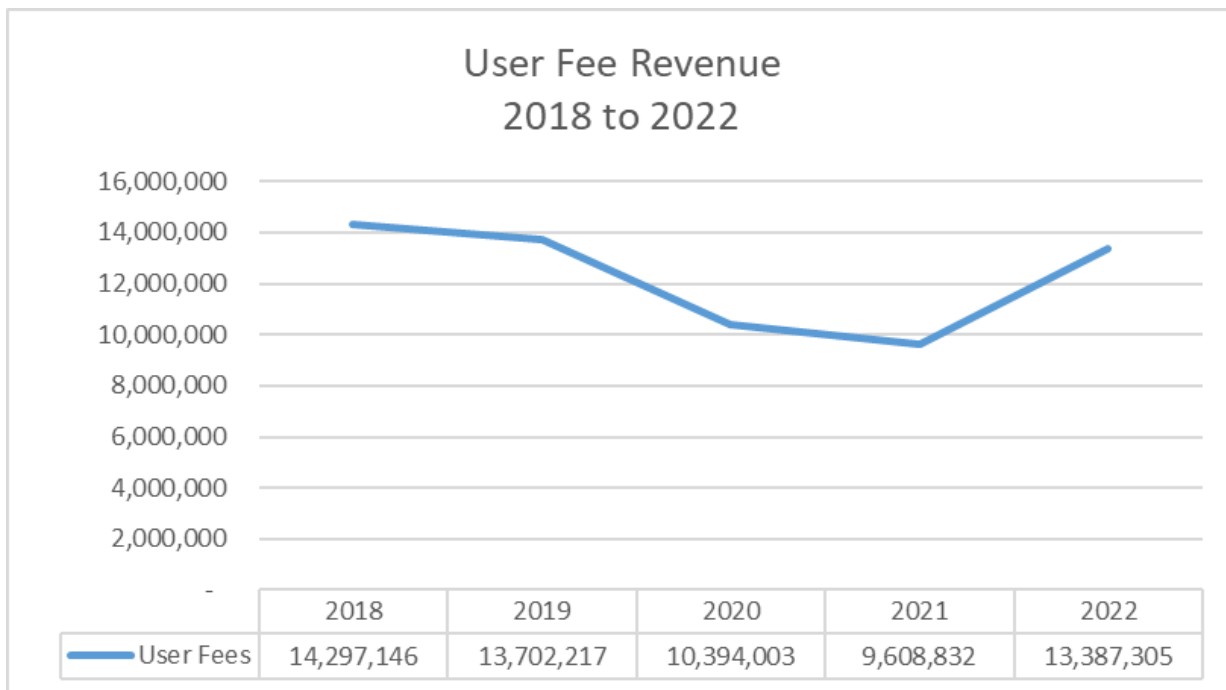
Revenues

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 and user charges were in line with the 2022 budget.

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 2022 remained the same, except if the property was altered, as in 2021 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 2023 will follow the 2020 assessments; therefore, assessment growth will be purely growth-related until at least 2024.



User fee revenues in 2022 are approximately \$3.8 million higher than in 2021 which is reflective of the return to full services, post-pandemic. These fees are primarily in the Community Services Department and relate to lessons, programs, and fitness centre services. The following chart shows the return of user fee revenues to a level comparable to pre-pandemic levels.

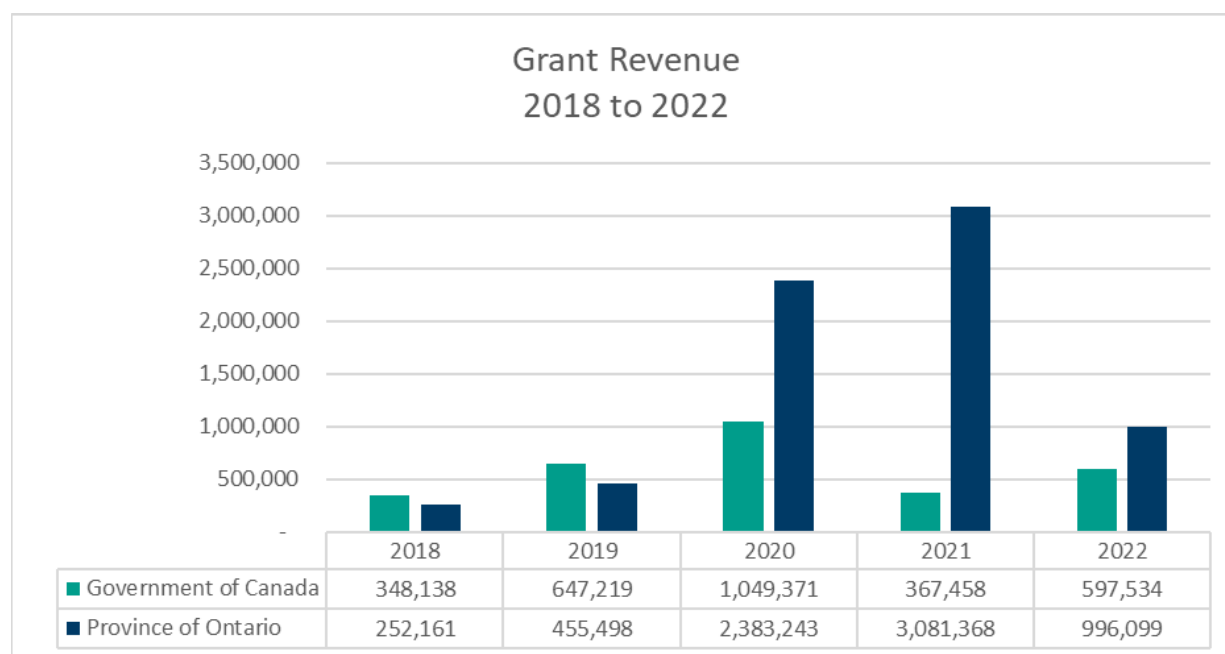


Grant revenue is comprised of funding received from the Federal Government and the Province of Ontario.

Government of Canada grants include funds related to specific capital projects earned in 2022 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, 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.

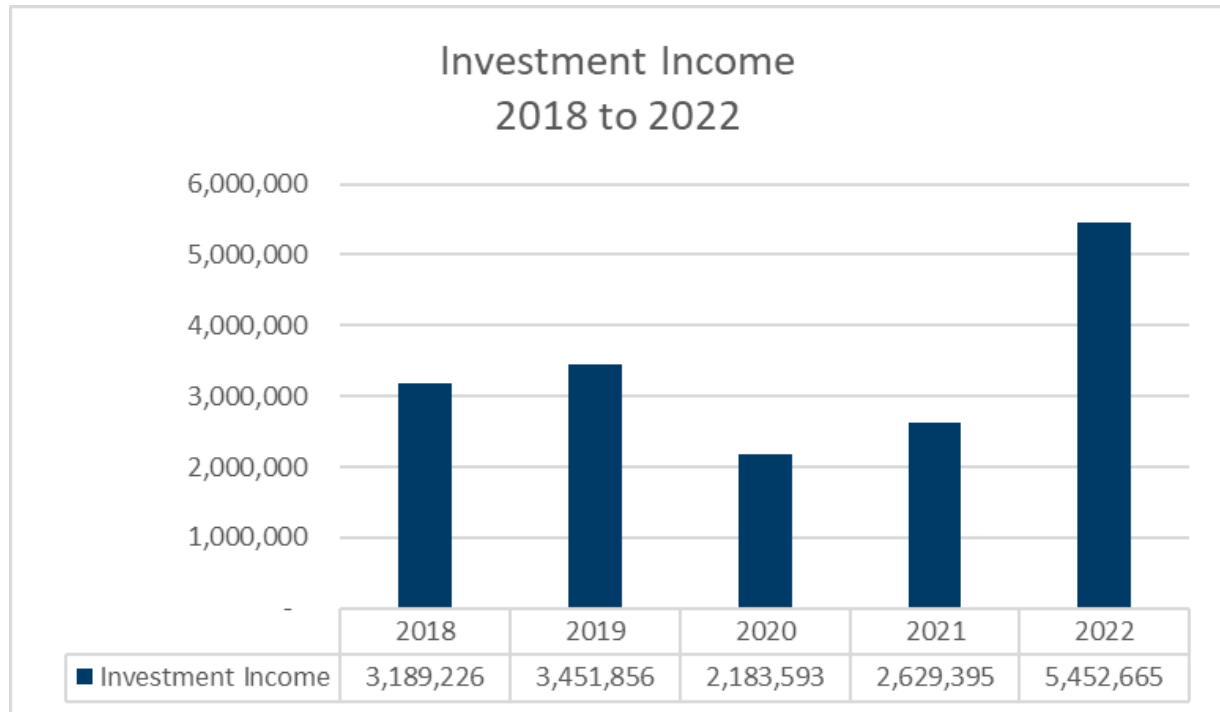
Grant revenue is not a consistent form of revenue for the Municipality and is volatile from year to year, as summarized in the chart below.



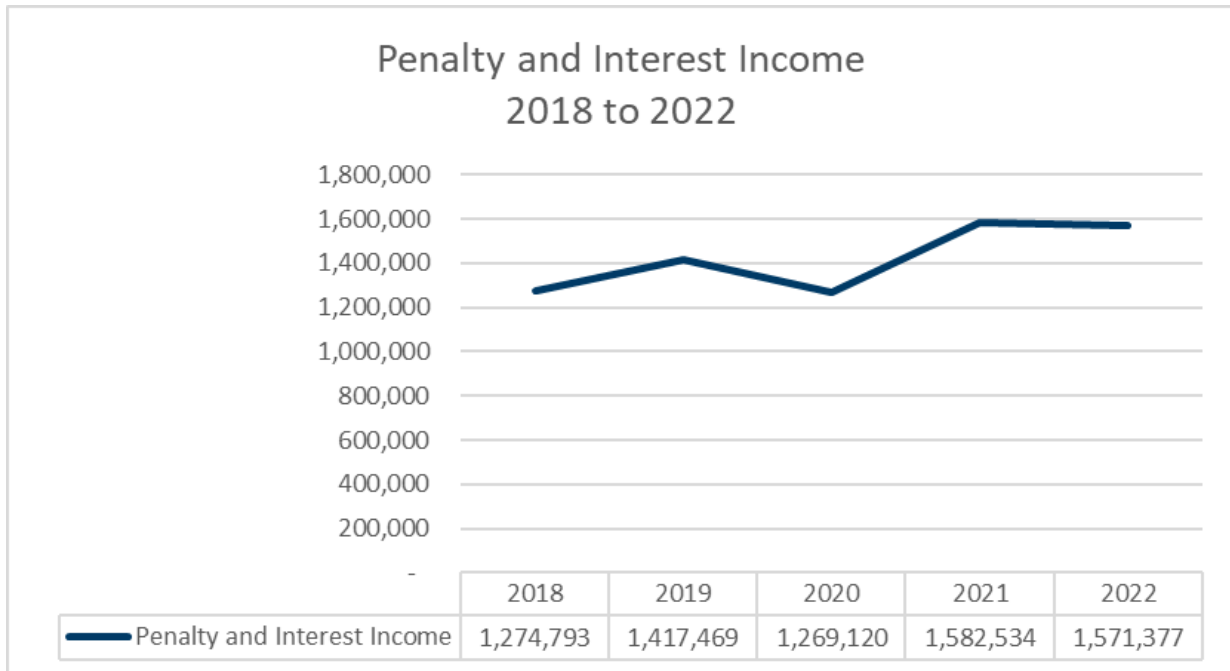
Deferred revenue earned decreased yearly by more than \$3.6 million, primarily due to decreased capital infrastructure project activities supported by obligatory reserve funds.

Investment income includes dividends from Elexicon, which are not budgeted for as they are discretionary, and there is no guarantee of receipt. The investment income is above budget due to the Elexicon dividend and is higher than 2021 values. The increase is driven by an increase in the funds invested in 2022 over 2021 and the increase in returns on those investments. The Municipality heavily invests in fixed income investments such as Guaranteed Investment Certificates (GICs) and bonds; fixed

income investments are impacted by the Bank of Canada’s overnight bank rate (i.e., the “Prime Rate”). In 2022, the interest rates earned on investments and the Municipality’s bank accounts significantly increased in 2022 from 2021 as a result of the Bank of Canada raising interest rates throughout the year from 0.25 to 4.25 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 to maximize earnings potential while protecting the investment principal resulted in significant investment income in 2022.

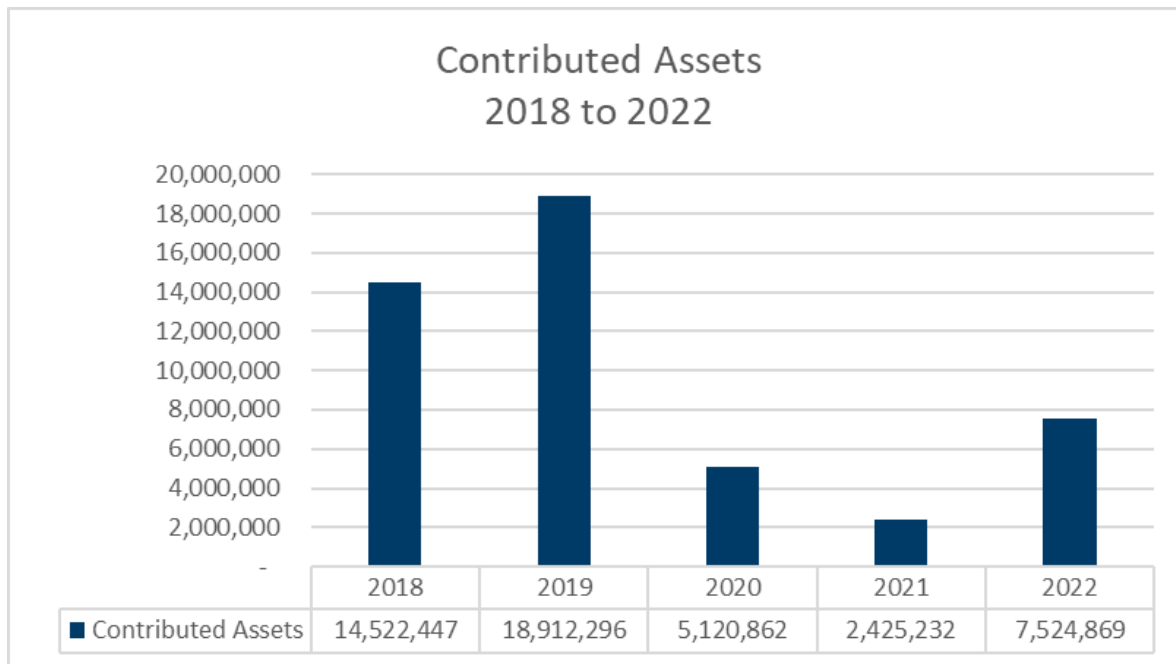


Penalties and interest on property tax in 2022 are in line with those from 2021, but higher than 2020 levels due to a decision in 2020 to provide two months of relief from interest and penalties in response to the COVID-19 pandemic. This relief was approximately \$200,000 to \$250,000 in lost revenue to the Municipality.



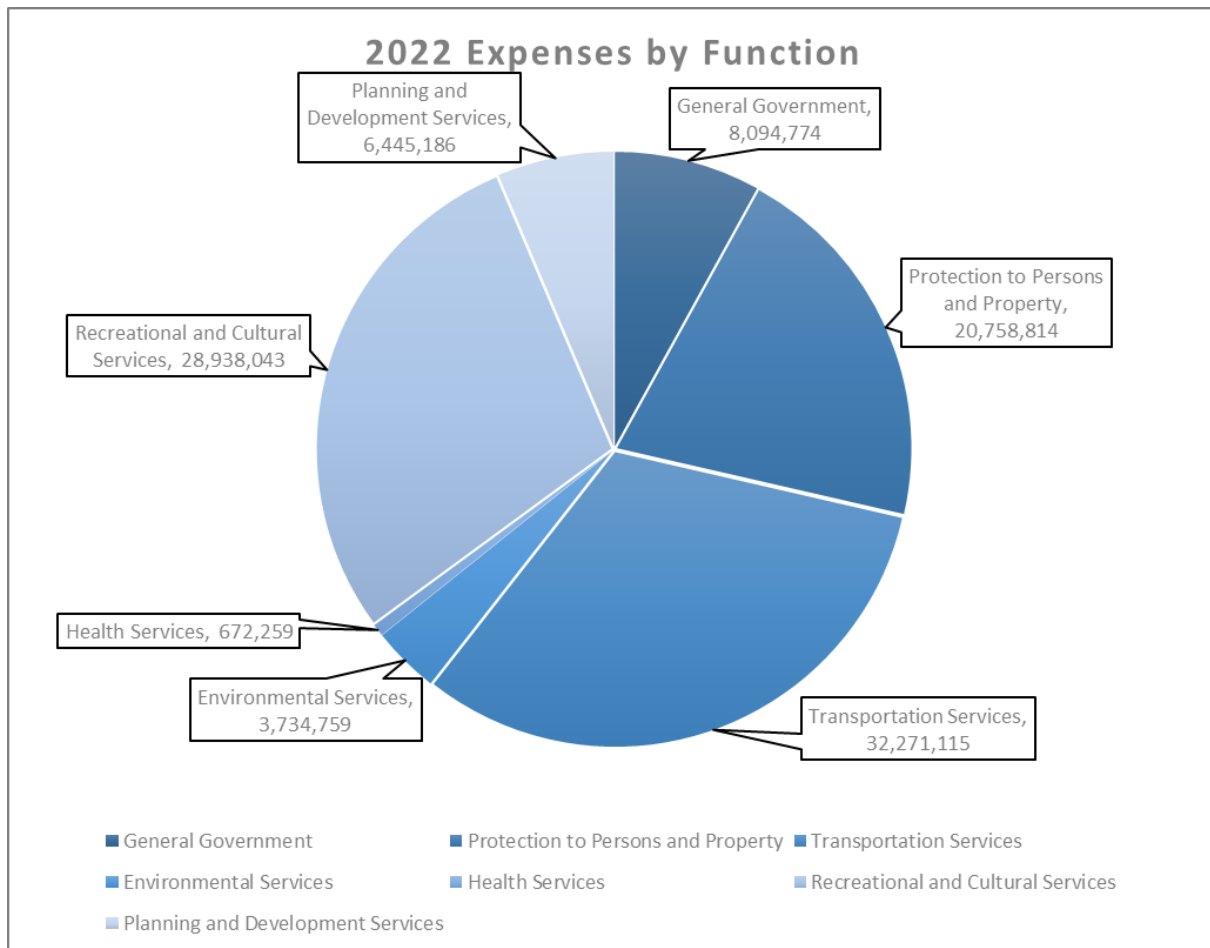
Fines were approximately \$0.1 million higher in 2022 versus 2021, following an approximate \$0.1 million decrease in 2021 from 2020. This is reflective of the Municipality's By-law Enforcement department shifting focus back to parking tickets and municipal law enforcement fines and moving away from COVID-19 priorities.

During the year, the Municipality received tangible capital assets with a fair market value of \$7.5 million (2021 - \$2.4 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

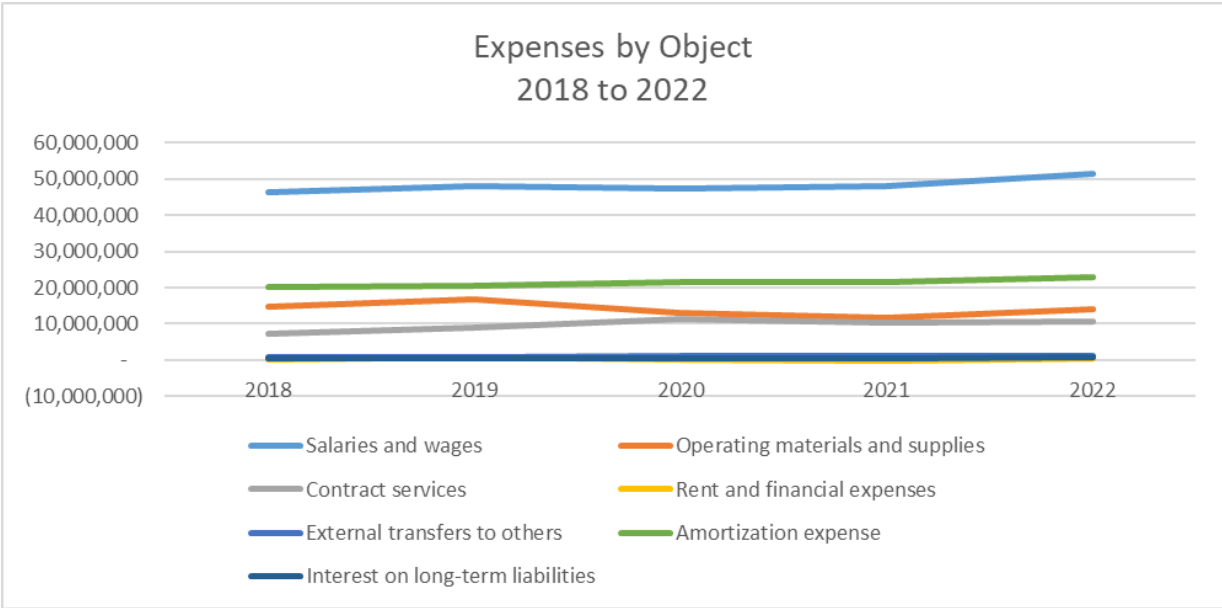
Expenses are presented by service function and are in line with the Financial Information Report mandated by the Province of Ontario. The Municipality's 2022 expenses by service function are summarized below.



In most areas of the Municipality, expenses are returning to pre-pandemic levels as COVID-19 impacts on service delivery have ceased.

Overall, the expenses for the Municipality were higher in 2022 than the prior year but remained below budgeted figures. The savings contribute to the surplus recognized for the year. 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.



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 change in financial assets is an increase of \$12.9 million (2021 - \$17.8 million).

The 2022 annual surplus was similar to that of 2021. 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 \$0.2 million (2021 - \$2.8 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 2022.

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 decreased from \$77.7 million in 2021 to \$66.2 million in 2022.

Operating activities in 2022 were \$40.4 million (2021 - \$43.3 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 \$15.7 million (2021 - \$16.7 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 2022 included the dividends from Elexicon Group of \$0.8 million (2021 - \$1.1 million). The Municipality also transferred a net increase of \$61.7 million (2021 - \$27.1 million) to investments during the year. The increase in investments related to the general fund, non-development charges reserve funds, development charges obligatory reserve funds and the receipt of debenture funds of \$26.4 million. The debenture funds received were invested in the year, as the capital outlay related to these funds will occur in future years.

The Municipality repaid \$1.8 million (2021 - \$1.9 million) of its long-term debt, and debentured \$26.4 million in new debt, which is considered a financing activity.

Conclusion

The Municipality of Clarington continues to be in 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 2022 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, 2022

The Corporation of the Municipality of Clarington

December 31, 2022

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 examined 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, through the Audit and Accountability Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit and Accountability Committee 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 Audit and Accountability Committee meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.



Trevor Pinn, CPA, CA
Deputy CAO / Treasurer
June 19, 2023



Michelle Pick, CPA, CGA
Accounting Services Manager / Deputy Treasurer
June 19, 2023



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, 2022, and the consolidated statement of operations, 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, 2022, and its consolidated results of operations, 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.

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
July 10, 2023

**The Corporation of the Municipality of Clarington
Consolidated Statement of Financial Position
As at December 31, 2022**

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 66,161,067	\$ 77,658,903
Investments (Note 4)	158,112,846	96,426,970
Accounts receivable	11,429,392	7,838,504
Taxes receivable (Note 5)	10,394,135	8,785,220
Inventories for resale	9,636	29,707
Inventory - surplus land	146,349	146,349
Promissory notes receivable (Note 6)	8,321,000	8,321,000
Investment in Elexicon Corporation (Note 7)	20,258,934	19,145,126
Total financial assets	274,833,359	218,351,779
Liabilities		
Accounts payable and accrued liabilities	11,115,311	9,298,615
Employee future benefits liabilities (Note 8)	9,902,896	9,542,139
Debenture debt (Note 10)	32,312,792	7,686,715
Deferred revenue - general	21,443,515	17,445,864
Deferred revenue - obligatory reserve funds (Note 12)	82,188,877	69,404,094
Total liabilities	156,963,391	113,377,427
Net financial assets	117,869,968	104,974,352
Non-financial assets		
Investment in tangible capital assets (Note 18) (Schedule 1)	461,450,953	461,278,530
Prepaid expenses	2,077,729	908,604
Inventory supplies	674,008	582,214
Total non-financial assets	464,202,690	462,769,348
Accumulated surplus (Note 19)	\$582,072,658	\$567,743,700
Contingencies (Note 14) and Contractual Commitments (Note 15)		

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, 2022**

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenues			
Taxation and user charges			
Property taxation	\$ 69,595,132	\$ 69,694,792	\$ 66,928,003
Taxation from other governments	4,702,049	4,766,210	4,683,341
User charges	10,266,601	13,387,305	9,608,832
Grants			
Government of Canada	-	597,534	367,458
Province of Ontario	134,481	996,099	3,081,368
Other			
Deferred revenue earned	18,909,308	8,660,096	12,296,143
Investment income	386,563	5,452,665	2,629,395
Penalty and interest on taxes	1,450,000	1,571,377	1,582,534
Fines	299,375	427,488	312,578
Donations and contribution from others	15,130	471,647	1,566,684
Ellexicon Corporation			
Equity share of net income	-	1,959,096	1,617,475
Contributed tangible capital assets	7,524,869	7,524,869	2,425,232
Other income	-	6,299	1,004,257
Loss on disposal of tangible capital assets	-	(271,569)	(352,699)
Total revenue	113,283,508	115,243,908	107,750,601
Expenses			
General government services	7,985,575	8,094,774	6,411,011
Protection services	22,223,728	20,758,814	19,933,461
Transportation services	34,331,827	32,271,115	31,321,742
Environmental services	3,777,492	3,734,759	3,334,134
Health services	629,753	672,259	520,247
Recreation and cultural services	28,798,491	28,938,043	25,413,530
Planning and development services	6,286,730	6,445,186	5,703,383
Total expenses	104,033,596	100,914,950	92,637,508
Annual surplus	9,249,912	14,328,958	15,113,093
Accumulated surplus, beginning of year	567,743,700	567,743,700	552,630,607
Accumulated surplus, end of year	\$576,993,612	\$582,072,658	\$567,743,700

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, 2022**

	2022	2022	2021
	Budget	Actual	Actual
Annual surplus	\$ 9,249,912	\$ 14,328,958	\$ 15,113,093
Amortization of tangible capital assets	21,943,590	22,803,898	21,567,993
Acquisition of tangible capital assets	(99,030,540)	(25,733,309)	(16,232,109)
Investment in assets under construction	-	(8,986,977)	(9,843,572)
Assets under construction transferred to tangible capital assets	-	11,201,368	6,931,129
Net book value of tangible capital assets disposals / adjustments	-	542,597	390,901
(Decrease) Increase in prepaid expenses	-	(1,169,125)	63,667
Decrease in inventory supplies	-	(91,794)	(119,906)
Increase(decrease) in net financial assets	(67,837,038)	12,895,616	17,871,196
Net financial assets, beginning of year	104,974,352	104,974,352	87,103,156
Net financial assets, end of year	\$ 37,137,314	\$117,869,968	\$104,974,352

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, 2022**

	2022	2021
Operating activities		
Annual surplus	\$ 14,328,958	\$ 15,113,093
Non cash items		
Amortization of tangible capital assets	22,803,898	21,567,993
Loss on disposal of tangible capital assets	271,569	352,699
Equity share of Elexicon Corporation net income	(1,959,096)	(1,617,475)
Contributed tangible capital assets recorded in revenue	(7,524,869)	(2,425,232)
Change in non-cash operating items		
Accounts receivable	(3,590,888)	1,251,594
Taxes receivable	(1,608,915)	(247,079)
Inventories for resale	20,071	499
Inventory of land for resale	-	75,000
Accounts payable and accrued liabilities	1,816,696	(2,187,446)
Employee future benefits liabilities	360,757	478,182
Deferred revenue - general	3,997,651	2,998,330
Deferred revenue - obligatory reserve funds	12,784,783	7,968,447
Prepaid expenses	(1,169,122)	63,667
Inventory supplies	(91,794)	(119,906)
	40,439,699	43,272,366
Capital activities		
Acquisition of tangible capital assets (net of contributed)	(15,994,053)	(16,719,320)
Proceeds on disposal of tangible capital assets	271,028	38,202
	(15,723,025)	(16,681,118)
Investing activities		
Increase in investments	(61,685,876)	(27,146,372)
Dividends received from Elexicon Corporation	845,288	1,053,347
	(60,840,588)	(26,093,025)
Financing activities		
Repayment of long term liabilities	(1,775,922)	(1,858,842)
Proceeds of debenture issue	26,402,000	-
	24,626,078	(1,858,842)
Net decrease, of cash and cash equivalents	(11,497,836)	(1,360,619)
Cash and cash equivalents, beginning of year	77,658,903	79,019,522
Cash and cash equivalents, end of year	\$ 66,161,067	\$ 77,658,903

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, 2022

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, 2022**

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".

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. Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

iii. Investments

Portfolio investments are carried at cost, net of accumulated amortization on premiums and discounts. Premiums and discounts are amortized on a straight line basis over the term to maturity. Interest income is recorded as it accrues. When the value of any portfolio investment is impaired, the carrying amount is adjusted to the estimated realizable amount and any adjustments are included in investment income in the period

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

iii. Investments (continued)

the impairment is recognized.

iv. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Changes in Net Financial Assets for the year.

(a) Tangible capital assets (“TCA”)

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

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

Amortization

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

Contribution of tangible capital assets

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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

iv. Non-financial assets (continued)

(b) Inventories

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

v. 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.

vi. 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.

vii. 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.

viii. 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, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the Municipality's statement of operations. As of December 31, 2022, there was no liability recorded on

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

viii. Contaminated sites (continued)

the statement.

ix. Revenue Recognition

Taxation

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

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

A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be 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.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

ix. Revenue Recognition (continued)

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.

x. Inventory for resale

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

xi. 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. Trust funds

Trust funds administered by the Municipality amounting to \$2,132,080 (2021 – \$2,006,827) have not been included in the “Consolidated Statement of Financial Position” nor have their financial activities been included in the “Consolidated Statement of Operations”.

3. 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, 2022**

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

	School Boards	Regional Municipality of Durham
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
2021		
Property taxes	\$ 32,531,062	\$ 96,914,320
Taxation from other governments	83,839	2,951,157
Total	\$ 32,614,901	\$ 99,865,477

4. Investments

Total investments of \$158,112,846 (2021 - \$96,426,970) reported on the Consolidated Statement of Financial Position at cost plus accrued interest, have a market value of \$152,309,075 (2021 - \$99,985,087) at the end of the year. The investments consist of investments pursuant to provisions of the Municipality's investment policy and comprise government bonds and guaranteed investment certificates (GICs) issued by various financial institutions. It is the Municipality's intention to hold these investments until maturity.

	2022 Cost	2022 Market Value	2021 Cost	2021 Market Value
GICs	\$ 61,779,802	\$ 62,383,849	\$ 46,840,154	\$ 49,755,193
Bonds	88,890,283	82,098,502	42,362,106	41,990,209
Pooled Funds Equity	2,983,725	3,878,133	2,835,624	4,143,342
Pooled Funds Bonds	4,459,036	3,948,591	4,389,086	4,096,343
Total	\$158,112,846	\$152,309,075	\$ 96,426,970	\$ 99,985,087

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 of \$31,084,106 (2021 - \$35,168,036) on the Consolidated Statement of Financial Position.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
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5. Taxes receivable

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

	2022	2021
Current year taxes	\$ 7,936,311	\$ 6,660,373
Previous year taxes	2,507,824	2,274,847
	10,444,135	8,935,220
Allowance for uncollectible taxes	(50,000)	(150,000)
	\$ 10,394,135	\$ 8,785,220

6. Promissory notes receivable

	2022	2021
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 \$343,657 (2021 - \$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, 2024.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
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7. 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 following table provides condensed supplementary financial information of Elexicon Corporation and its subsidiaries for the year ended December 31:

	2022	2021
Financial position		
Assets		
Current	\$ 103,438,000	\$ 104,266,000
Capital and intangibles	661,146,000	584,949,000
Other	4,340,000	341,000
Regulatory balances	58,573,000	44,905,000
Total assets and regulatory balances	827,497,000	734,461,000
Liabilities		
Current	283,588,000	85,153,000
Long-term debt	122,513,000	258,526,000
Other	148,489,000	132,520,000
Total liabilities	554,590,000	476,199,000
Shareholders' equity		
Share capital	97,692,000	97,692,000
Contributed capital	25,000	25,000
Retained earnings	165,161,000	153,398,000
Regulatory balances	10,029,000	7,147,000
Total shareholders' equity and regulatory balances	272,907,000	258,262,000
Total liabilities, equity and regulatory balances	827,497,000	734,461,000

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

7. Investment in Elexicon Corporation (continued)

a. Investment in Elexicon Corporation (continued)

	2022	2021
Financial activities		
Revenues	514,713,000	501,355,000
Other income	15,458,000	9,978,000
Expenses	(524,157,000)	(507,085,000)
Net movements in regulatory balances, net of tax	15,170,000	13,242,000
Net income for the year	\$ 21,184,000	\$ 17,490,000

b. Municipality's equity is represented by:

	2022	2021
Promissory notes receivable (Note 6)	\$ 8,321,000	\$ 8,321,000
Initial investment in shares of the Corporation	10,146,495	10,146,495
Accumulated net income	23,691,145	21,732,048
Net increase in value of investment	400,126	400,126
Accumulated dividends received	(13,978,832)	(13,133,543)
Total equity	28,579,934	27,466,126
Municipality of Clarington's investment represented by:		
Investment in Corporation	20,258,934	19,145,126
Promissory notes receivable	8,321,000	8,321,000
	\$ 28,579,934	\$ 27,466,126

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, 2022**

7. 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. The maximum coverage is \$40,000,000 per occurrence, for liability insurance, \$21,000,000 for vehicle insurance and \$206,572,000 for property insurance and \$12,000,000 for privacy, cyber, and network security insurance.

(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:

2023	\$ 177,000
2024	124,000
2025	95,000
2026	71,000
2027	45,000
	\$ 512,000

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

8. Employee future benefits liabilities

a. Accumulated sick leave entitlement

(i) Firefighters

The Municipality provides two sick leave accumulation plans for firefighters. Plan A accumulates at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination or death, at the rate of 50% of the accumulated credit, to a maximum of one-half a year's salary. Plan B accumulates at the rate of one day per month once the employees complete five years of service. The estimated liability at December 31, 2022 was \$1,156,136 (2021 - \$1,096,690).

(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, 2022 amounted to \$20,372 (2021 - \$17,154).

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, 2022 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 2022 fiscal year end was determined by this valuation.

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

- (i) Discount rate will be 2.50% per annum, increasing to 4.4% in 2023.
- (ii) Future inflation rates will be 2.75%.
- (iii) Dental cost trend rates will escalate at 5.00% in fiscal 2022 and remain stable at that level until 2027.
- (iv) Extended health care trend rates will be 5.60% in fiscal 2022; and remain stable at that level until 2027.

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

8. Employee future benefits liabilities (continued)

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

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Balance, beginning of year	\$ 10,200,559	\$ 10,714,959
Employer current service cost	568,651	604,985
Interest cost	261,114	208,588
Benefits paid	(574,032)	(496,608)
Actuarial (gain) loss	(2,351,278)	(831,365)
Balance, end of year	8,105,014	10,200,559
Unamortized net actuarial gains	1,797,882	(658,420)
Employee future benefits liabilities, end of year	\$ 9,902,896	\$ 9,542,139

9. 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, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million with respect to benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 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
2022	\$ 64,900	9.00 %	14.60 %	9.20 %	15.80 %
2021	\$ 61,600	9.00 %	14.60 %	9.20 %	15.80 %

The amount contributed to OMERS for 2022 was \$3,396,079 (2021 – \$3,364,678) 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, 2022**

10. Debenture Debt

The debenture debt consists of several debentures that mature in the years 2023 to 2042.

a. Debenture debt details

At the end of the year, the outstanding principal amount of this liability is \$32,312,792 (2021 - \$7,686,715).

Maturity Date	Interest Rate % ¹	Regional By-law #	2022	2021
August 21, 2022	4.60 to 4.75	07-2007	\$ -	\$ 1,000,000
July 2, 2024	1.95 to 3.35	38-2014	313,000	464,000
July 2, 2029	1.95 to 3.80	38-2014	3,344,600	3,766,600
October 17, 2031	1.25 to 2.80	48-2016	625,000	688,000
April 13, 2032	1.70 to 3.30	56-2017	713,128	774,413
April 13, 2032	1.70 to 3.30	56-2017	915,064	993,702
July 5, 2042	3.35 to 4.75	32-2022	20,000,000	-
July 5, 2032	3.35 to 4.30	32-2022	6,402,000	-
			\$ 32,312,792	\$ 7,686,715

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:

2023	\$ 1,975,103
2024	2,039,737
2025	1,946,826
2026	2,014,915
2027	2,089,457
Thereafter	22,246,754
\$ 32,312,792	

c. Principal and interest

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
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10. Debenture Debt (continued)

c. Principal and interest (continued)

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

d. Interest expense

Total interest expense related to the net long-term liabilities amounted to \$759,772 (2021 - \$280,509) and is reported on the Consolidated Statement of Operations.

11. 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	\$ 1,357,019
LED Street lighting Conversion	2,016,981
	<hr/> \$ 3,374,000

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

2023	\$ 263,000
2024	271,000
2025	279,000
2026	287,000
2027	296,000
Thereafter	1,978,000
	<hr/> \$ 3,374,000

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
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12. Deferred revenue - obligatory reserve funds

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

	2022	2021
Balance, beginning of year	\$ 69,404,094	\$ 61,435,647
Contributions:		
Contributions from developers	12,553,477	11,868,622
Investment Income	2,106,347	787,978
Canada community-building	2,918,206	5,723,561
Provincial infrastructure	3,866,848	1,893,429
	21,444,878	20,273,590
Utilization:		
Transfer to operating	4,083,503	634,085
Acquisition of TCA - construction	4,576,592	11,671,058
	8,660,095	12,305,143
Change in deferred revenue during the year	12,784,783	7,968,447
Balance, end of year	82,188,877	69,404,094
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	6,874,492	5,183,960
Canada community-building	4,525,798	4,181,454
Building code act	2,462,343	2,847,931
Provincial infrastructure	4,348,686	1,204,275
Development charges (Note 13)	63,977,558	55,986,474
Total deferred revenue – obligatory reserve funds	\$ 82,188,877	\$ 69,404,094

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

13. Continuity of development charges reserve funds

	2022	2021
Balance at the beginning of the year	\$ 55,986,474	\$ 50,015,215
Development charges collections	11,290,994	10,640,407
Investment income	1,694,340	625,190
Tangible capital assets acquisitions and construction	(1,957,747)	(3,587,431)
Operating expenses	(3,036,503)	(1,706,907)
Balance at the end of the year	\$ 63,977,558	\$ 55,986,474

14. 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.

15. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$38,354,707 (2021 - \$36,339,591). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2022, \$8,613,197 (2021 - \$7,722,307) relating to these contracts had not been expended.

16. Related party transactions and balances - Elexicon Corporation

	2022	2021
Transactions		
Dividends received	\$ 845,288	\$ 1,053,347
Interest earned on promissory notes	343,657	343,657
Property taxes	34,413	33,929
Energy and services purchases	492,128	485,981
Balances		
Promissory notes receivable	8,321,000	8,321,000
Accounts payable and accrued liabilities	83,078	78,193

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

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17. 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.

18. 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, 2022**

18. 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 2022, there were contributed assets of \$7,524,869 (2021 - \$2,425,232).

b. Works of Art and Historical Treasures

The Municipality has one historical collection. The Clarington Museums and Archives collection is currently insured for \$238,500. 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.

19. Accumulated surplus

Accumulated surplus is comprised of the following:

	2022	2021
Investment in tangible capital assets	\$461,450,953	\$461,278,530
General surplus	6,842,796	6,954,091
Capital Surplus	52,543,426	24,336,869
Inventory - surplus land	146,349	146,349
Debenture debt	(32,312,792)	(7,686,715)
Unfunded employee benefits and post-employment liabilities	(1,906,715)	(2,323,287)
Reserves set aside for specific purposes by Council:		
Acquisition of capital assets	7,852,477	5,825,242
Legal / consulting	2,169,447	2,261,174
Election expenses	143,419	347,338
Fire prevention	304,552	304,552
Burketon park improvements	7,569	7,569
Samuel Wilmot nature area	1,301	595
Secondary plans	109,769	128,340
Clarington Heritage committee board	5,151	6,151
Library and Musuem	1,597,025	-

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

19. Accumulated surplus (continued)

	2022	2021
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	8,285,492	7,597,010
Rate stabilization	10,111,424	9,376,171
Strategic capital	10,283,908	10,351,048
Recreation programs and facilities	814,070	883,425
Debenture repayment	867,433	651,771
Industrial development	676,947	614,607
Other cultural	159,706	149,301
Acquisition of capital assets	11,090,560	8,634,885
Newcastle Waterfront study	45,913	45,127
Municipal capital works	6,414,306	4,854,567
Other capital - unspecified	-	982,334
Road contributions	3,391,756	3,138,028
Port Granby LLRW	320,918	315,420
Community improvement plan	1,194,442	152,622
Business improvement areas	140,320	137,919
Hampton Union Cemetery	117,069	115,065
Community emergency management	623,733	691,476
Equity in Elexicon Corporation	28,579,934	27,466,126
Accumulated surplus	\$582,072,658	\$567,743,700

20. 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:

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

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

20. Segmented information (continued)

b. Protection services (continued)

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.

21. Budget amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 5, 2022. Budget figures have been translated to reflect Public Sector Accounting Board standards (PSAS).

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2022**

22. 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, 2022**

	General					Infrastructure						2022	
	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	\$ 72,538,814	\$ 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
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	109,006,690	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	823,459,299
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
Add: amortization during the year	-	1,349,094	3,175,273	475,645	1,323,651	-	13,960,219	1,346,637	77,591	1,067,115	28,673	-	22,803,898
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	58,774,881	6,933,083	9,751,224	-	232,467,076	24,320,411	1,697,275	10,321,812	50,320	-	362,008,346
Net book value of tangible capital assets													
	\$ 72,823,374	\$ 26,511,075	\$ 50,231,809	\$ 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	\$461,450,953

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Tangible Capital Assets - Schedule 1
For the Year Ended December 31, 2022**

2021

	General					Infrastructure					Assets under construction	Total	
	Land Improvements	Land	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles			
Cost													
Balance, beginning of year	\$ 72,613,814	\$ 41,359,390	\$ 108,167,018	\$ 9,318,854	\$ 14,617,085	\$ 6,007,350	\$ 411,072,716	\$ 98,614,861	\$ 2,260,968	\$ 14,575,223	\$ 56,191	\$ 12,379,100	\$ 791,042,570
Add: additions during the year	-	2,152,344	961,454	-	1,151,572	1,992,480	7,582,341	1,239,755	-	1,063,551	88,611	9,843,572	26,075,680
Less: disposals during the year	(75,000)	(372,319)	(130,445)	(170,497)	(744,903)	-	(2,378,128)	(1,528)	-	(104,208)	-	(6,931,130)	(10,908,158)
Balance, end 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
Accumulated amortization													
Balance, beginning of year	-	15,439,682	52,946,077	6,621,609	8,760,163	-	211,151,194	21,648,700	1,536,911	8,835,079	10,283	-	326,949,698
Add: amortization during the year	-	1,275,651	3,202,830	531,424	1,297,645	-	12,915,586	1,327,178	82,773	923,542	11,364	-	21,567,993
Less: accumulated amortization on disposals	-	(284,005)	(99,443)	(170,497)	(737,802)	-	(2,188,646)	(1,528)	-	(104,208)	-	-	(3,586,129)
Balance, end 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
Net book value of tangible capital assets	\$ 72,538,814	\$ 26,708,087	\$ 52,948,563	\$ 2,165,821	\$ 5,703,748	\$ 7,999,830	\$ 194,398,795	\$ 76,878,738	\$ 641,284	\$ 5,880,153	\$ 123,155	\$ 15,291,542	\$ 461,278,530

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 2
For the Year Ended December 31, 2022**

2022

	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	71,050	-	-	628,741	621,261	1,593,633
Other	7,037,427	464,976	5,537,337	60,676	317,870	2,877,585	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	14,585,698	4,079,141	51,335,985
Operating materials and supplies	887,458	973,891	4,954,014	669,866	341,559	5,790,416	309,576	13,926,780
Contract services	743,552	1,178,984	2,854,600	849,269	-	2,911,962	2,017,984	10,556,351
Rent and financial expenses	347,408	-	15,320	-	-	74,908	-	437,636
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	3,985,967	38,485	22,803,898
Interest on long-term liabilities	29,103	-	235,355	-	-	606,111	-	870,569
Total operating expenses	8,094,774	20,758,814	32,271,115	3,734,759	672,259	28,938,043	6,445,186	100,914,950
Annual surplus (deficit)	\$ 76,838,275	\$ (17,611,787)	\$ (20,061,527)	\$ (2,299,767)	\$ 103,982	\$ (20,162,143)	\$ (2,478,075)	14,328,958

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 2
For the Year Ended December 31, 2022**

2021

	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	\$ 72,211,175	\$ 3,577,400	\$ 1,135,785	\$ 232,299	\$ 420,075	\$ 2,295,093	\$ 1,348,349	81,220,176
Grants	2,832,310	57,239	173,918	-	-	348,338	37,021	3,448,826
Other	4,726,193	(463,810)	10,451,331	357,768	55,770	3,252,599	7,483	18,387,334
Elexicon Corporation	1,617,475	-	-	-	-	-	-	1,617,475
Contributed tangible capital assets	-	-	1,132,016	757,216	-	536,000	-	2,425,232
Other income	68	-	1,800	-	-	-	1,002,389	1,004,257
Loss on disposal of tangible capital assets	-	10,576	(171,341)	-	-	(116,934)	(75,000)	(352,699)
Total operating revenue	81,387,221	3,181,405	12,723,509	1,347,283	475,845	6,315,096	2,320,242	107,750,601
Operating expenses								
Salaries and wages	4,506,014	16,839,769	8,680,540	487,152	314,515	12,861,762	4,154,528	47,844,280
Operating materials and supplies	695,541	825,376	4,407,537	430,849	201,776	4,885,505	327,757	11,774,341
Contract services	499,808	1,192,052	4,144,215	723,571	-	2,391,147	1,218,235	10,169,028
Rent and financial expenses	(363,106)	-	11,414	-	-	144,236	-	(207,456)
External transfers to others	-	7,750	-	-	-	1,083,600	-	1,091,350
Amortization expense	1,041,888	1,068,514	13,823,949	1,692,562	3,956	3,934,261	2,863	21,567,993
Interest on long-term liabilities	30,866	-	254,087	-	-	113,019	-	397,972
Total operating expenses	6,411,011	19,933,461	31,321,742	3,334,134	520,247	25,413,530	5,703,383	92,637,508
Annual surplus (deficit)	\$ 74,976,210	\$ (16,752,056)	\$ (18,598,233)	\$ (1,986,851)	\$ (44,402)	\$ (19,098,434)	\$ (3,383,141)	15,113,093

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 3
For the Year Ended December 31, 2022**

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
Contract 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

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information - Schedule 3
For the Year Ended December 31, 2022**

2021 - 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	\$ 71,692,681	\$ 2,054,800	\$ 1,025,800	\$ 168,300	\$ 351,100	\$ 4,327,289	\$ 1,114,991	\$ 80,734,961
Grants	903,000	22,000	697,000	-	-	112,481	-	1,734,481
Other	3,265,000	415,500	8,621,240	-	-	3,862,756	15,500	16,179,996
Contributed tangible capital assets	-	-	1,132,016	757,216	-	536,000	-	2,425,232
Total operating revenue	75,860,681	2,492,300	11,476,056	925,516	351,100	8,838,526	1,130,491	101,074,670
Operating expenses								
Salaries and wages	4,781,266	16,706,911	9,785,520	487,563	395,131	14,138,084	4,589,673	50,884,148
Operating materials and supplies	844,230	1,067,066	5,611,193	464,506	125,335	5,999,426	609,521	14,721,277
Contracted services	351,825	1,196,073	4,666,643	768,048	-	2,587,341	1,642,747	11,212,677
Rent and financial expenses	205,000	-	11,472	-	-	56,984	-	273,456
External transfers to others	-	10,000	-	-	-	1,236,223	-	1,246,223
Amortization expense	1,003,657	1,240,104	13,523,816	1,608,392	2,442	3,823,832	2,863	21,205,106
Interest on long-term liabilities	30,866	-	206,843	-	-	113,019	-	350,728
Total operating expense	7,216,844	20,220,154	33,805,487	3,328,509	522,908	27,954,909	6,844,804	99,893,615
Annual surplus (deficit)	\$ 68,643,837	\$ (17,727,854)	\$ (22,329,431)	\$ (2,402,993)	\$ (171,808)	\$ (19,116,383)	\$ (5,714,313)	\$ 1,181,055

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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, 2022

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, 2022, 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, 2022, 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
May 29, 2023

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

Statement of Financial Position
as at December 31, 2022

	2022	2021
	\$	\$
Financial assets		
Cash	2,498,968	2,156,397
Accounts receivable	12,133	929
Inventory	5,951	9,723
Due from Government of Canada	49,535	80,273
Total financial assets	2,566,587	2,247,322
Liabilities		
Accounts payable and accrued liabilities	201,057	169,769
Payable to Municipality of Clarington	220,686	257,654
Employee future benefits liabilities (Note 4)	202,872	189,761
Deferred revenue	26,161	154,449
Total liabilities	650,776	771,633
Net financial assets	1,915,811	1,475,689
Non-financial assets		
Tangible capital assets – net (Note 6)	1,852,602	1,838,808
Prepaid expenses	78,039	76,618
Total non-financial assets	1,930,641	1,915,426
Accumulated surplus (Note 7)	3,846,452	3,391,115

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, 2022

	(Note 8)	2022	2021
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Municipal tax levy	3,583,083	3,583,083	3,515,599
Contribution from Reserves – Municipality of Clarington	63,280	323,075	423,075
Province of Ontario grant	112,481	166,525	110,551
Government of Canada grant	-	125,950	30,203
Fines, fees, sales, discards	15,375	34,900	16,343
Donations & bequests	1,570	3,087	2,401
Interest	10,263	81,112	16,630
Miscellaneous	-	4,014	35
Total revenues	3,786,052	4,321,746	4,114,837
Expenses			
Personnel costs	2,874,066	2,713,159	2,573,872
Operating and materials	367,704	7,111	8,857
Facility support	210,475	197,314	185,004
Products & supplies	39,758	71,793	33,812
Public programs	34,730	58,487	14,553
Contracted services	166,129	182,226	161,522
Computer expenses	64,277	62,529	56,973
Staff development	28,913	25,794	19,852
Amortization expense	547,996	547,996	526,559
Transfer to Reserve Fund - Municipality of Clarington	-	-	44,505
Total expenses	4,334,048	3,866,409	3,625,509
Annual surplus (deficit)	(547,996)	455,337	489,328
Accumulated surplus, beginning of year	3,391,115	3,391,115	2,901,787
Accumulated surplus, end of year	2,843,119	3,846,452	3,391,115

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, 2022

	2022		2021
	Budget	Actual	Actual
	\$	\$	\$
Annual (deficit) surplus	(547,996)	455,337	489,328
Acquisition of tangible capital assets	(561,790)	(561,790)	(592,023)
Amortization of tangible capital assets	547,996	547,996	526,559
Decrease (increase) in prepaid expenses	-	(1,421)	9,632
Increase (decrease) in net financial assets	(561,789)	440,122	433,496
Net financial assets, beginning of year	1,475,689	1,475,689	1,042,193
Net financial assets, end of year	913,900	1,915,811	1,475,689

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, 2022

	2022	2021
	\$	\$
Operating activities		
Annual surplus	455,337	489,328
Non-cash items		
Amortization of tangible capital assets	547,996	526,559
Change in non-cash operating items		
Accounts receivable	(11,204)	10,792
Due from Government of Canada	30,738	(31,401)
Inventory for resale	3,772	(100)
Deferred revenue	(128,288)	61,950
Accounts payable and accrued liabilities	31,288	(44,073)
Payable to Municipality of Clarington	(36,968)	(165,135)
Employee future benefits liability	13,111	19,223
Prepaid expenses	(1,421)	9,633
	904,361	876,776
Capital activities		
Acquisition of tangible capital assets	(561,790)	(592,023)
Net increase in cash	342,571	284,753
Cash, beginning of year	2,156,397	1,871,644
Cash, end of year	2,498,968	2,156,397

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, 2022

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) *Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers' acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

(iii) *Investment income*

Investment income earned (other than on restricted funds) is reported as revenue in the period earned.

(iv) *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.

(v) *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.

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

Notes to the Financial Statements
December 31, 2022

1. Significant accounting policies (continued)

(v) Revenue Recognition (continued)

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

(vi) *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.

(vii) *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.

(viii) *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.

(ix) *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

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

Notes to the Financial Statements
December 31, 2022

1. Significant accounting policies (continued)

(x) *Use of estimates (continued)*

relating to the useful life of tangible capital assets. Actual results could differ from these estimates.

2. 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, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million in respect of benefits accrued for service (comprising \$128,789 million with respect to the defined benefit component and \$1,517 million with respect to the AVC component), with actuarial assets at that date of \$123,628 million (comprising \$122,111 million with respect to the defined benefit component and \$1,517 million with respect to the AVC component), indicating an actuarial deficit of \$6,678 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 \$64,900 (2021 - 9%, \$61,600) and 14.6% for wages in excess of CPP earning limit \$64,900 (2021 - 14.6%, \$61,600). The amount contributed to OMERS for 2022 was \$164,618 (2021 - \$161,501) for current services and is included as an expense on the statement of operations.

3. Transfers to Municipality of Clarington

During the year, the Board transferred \$0 (2021 - \$44,205) to the Municipality of Clarington for Library Reserve Funds and Museum Reserve Funds.

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

Notes to the Financial Statements
December 31, 2022

4. 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, 2022 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 2022 fiscal year end was determined by the valuation.

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

- (i) Discount rate will be 2.50% per annum for net benefit cost.
- (ii) Future inflation rates will be 2.75%.
- (iii) Dental cost trend rates are 5.00% in fiscal 2023 and remain stable at that level until 2027.
- (iv) Extended health care trend rates are 5.60% in fiscal 2023 and remain stable at that level until 2027.

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

	2022	2021
Accrued benefit obligation	\$	\$
Balance, beginning of year	222,415	244,535
Employer current service cost	14,702	15,802
Interest cost	5,740	4,738
Benefits paid	(10,912)	(7,415)
Actuarial (gain) loss	(111,067)	(35,245)
Balance, end of year	120,878	222,415
Unamortized net actuarial gains (losses)	81,994	(32,654)
Employee future benefits liabilities, end of year	202,872	189,761

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

Notes to the Financial Statements

December 31, 2022

5. 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.

6. 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.

	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
					2021
	Collections	Computer Software	Computer Hardware	Furniture and Fixtures	Total
Cost:	\$	\$	\$	\$	\$
Balance, beginning of year	3,459,524	285,610	357,950	16,660	4,119,744
Add: additions during the year	543,672	-	48,351	-	592,023
Less: disposals during the year	(349,083)	-	(87,408)	-	(436,491)
Balance, end of year	3,654,113	285,610	318,893	16,660	4,275,276
Accumulated amortization:					
Balance, beginning of year	1,880,494	241,509	218,842	5,554	2,346,399
Add: amortization during the year	452,702	21,264	51,482	1,111	526,559
Less: accumulated amortization on disposals	(349,082)	-	(87,408)	-	(436,490)
Balance, end of year	1,984,114	262,773	182,916	6,665	2,436,468
Net book value of TCA	1,669,999	22,837	135,977	9,995	1,838,808

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

Notes to the Financial Statements
December 31, 2022

6. 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 \$238,500.

7. Accumulated surplus and reserves

On September 22, 2022, the Board approved a transfer 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.

	2022	2021
Invested in tangible capital assets	1,852,602	1,838,808
General revenue fund	-	1,256,202
Reserve - Library	1,132,960	-
Reserve - Museum	464,065	-
Capital fund – internal	396,825	296,105
Accumulated surplus	3,846,452	3,391,115

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, 2022

7. Accumulated surplus and reserves (continued)

Library Reserve

Allocation of Reserve Fund	Opening Balance	Contributions from Operating Fund	Balance at December 31, 2022	Committed and Unspent	Available Balance at December 31, 2022
PY & 2022 Operating Surpluses	-	(1,132,960)	(1,132,960)	-	(1,132,960)
Operating budget offset				58,000	58,000
OMERs for IDEL				27,593	27,593
CUPE retroactive				102,400	102,400
Courtice & Bowmanville room reconfiguration				50,000	50,000
Website upgrades				30,000	30,000
Personnel costs				90,000	90,000
Total Library Reserve	-	(1,132,960)	(1,132,960)	357,993	(774,967)

Museum Reserve

Allocation of Reserve Fund	Opening Balance	Contributions from Operating Fund	Balance at December 31, 2022	Committed and Unspent	Available Balance at December 31, 2022
PY & 2022 Operating Surpluses	-	(464,065)	(464,065)	-	(464,065)
OMERs for IDEL				4,032	4,032
CUPE retroactive				27,200	27,200
Mold Remediation				50,000	50,000
Museum Legacy Fund				75,000	75,000
Total Museum Reserve	-	(464,065)	(464,065)	156,232	(307,833)

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

Notes to the Financial Statements
December 31, 2022

8. Budget figures

The 2022 budget figures were approved by the Board on October 28, 2021 and revised on November 25, 2021 and approved by Council during 2022 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 for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was 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 under the appropriate functional expenses' category, whereas those recognized as tangible capital assets are included in the Statement of Change in Net 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, 2022

8. Budget figures (continued)

Approved operating budget revenues	(3,786,052)
Operating budget expenses	3,786,052
Transfers to Reserve Funds – Municipality of Clarington	-
Approved operating budget expenses	3,786,052
PSAB reporting adjustments:	
Amortization of tangible capital assets	547,996
Net operating budget expenses	4,334,048
Net deficit before capital investment	547,996

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, 2022

	2022	2021
	Actual	Actual
	\$	\$
Revenues		
Municipal tax levy	3,265,384	3,201,357
Municipality of Clarington – capital grant	323,075	423,075
Province of Ontario grant	86,586	85,390
Government of Canada grant	7,960	20,383
Fines, fees, sales, discards, programming, events, sponsorships	33,554	16,157
Donations and bequests	2,964	2,006
Interest	68,108	14,329
Miscellaneous	265	35
Total revenues	3,787,896	3,762,732
Expenses		
Personnel costs	2,539,491	2,412,006
Operating and materials	7,111	5,705
Facility support	171,067	161,900
Products & supplies	53,864	33,812
Public programs, exhibits, collections, events, gift shop purchases	22,425	14,302
Contracted services	149,589	119,235
Computer expenses	58,041	48,349
Staff development	24,992	19,035
Amortization expense	546,886	525,448
Transfer to reserve fund - Municipality of Clarington	-	36,200
Total expenses	3,573,466	3,375,992
Annual surplus (deficit)	214,430	386,740
Accumulated surplus (deficit), beginning of year	3,159,072	2,772,332
Accumulated surplus (deficit), end of year	3,373,502	3,159,072

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, 2022

	2022	2021
	Actual	Actual
	\$	\$
Revenues		
Municipal tax levy	317,699	314,242
Province of Ontario grant	79,939	25,161
Government of Canada grant	117,990	9,820
Fines, fees, sales, discards, programming, events, sponsorships	1,346	186
Donations and bequests	123	395
Interest	13,004	2,301
Miscellaneous	3,749	-
Total revenues	533,850	352,105
Expenses		
Personnel costs	173,668	161,866
Facility support	26,247	23,104
Products & supplies	17,929	3,152
Public programs, exhibits, collections, events, gift shop purchases	36,062	251
Contracted services	32,637	42,287
Computer expenses	4,488	8,624
Staff development	802	817
Amortization expense	1,110	1,111
Transfer to reserve fund - Municipality of Clarington	-	8,305
Total expenses	292,943	249,517
Annual surplus (deficit)	240,907	102,588
Accumulated surplus (deficit), beginning of year	232,043	129,455
Accumulated surplus (deficit), end of year	472,950	232,043

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, 2022



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, 2022, 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, 2022, 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, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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
July 10, 2023

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, 2022

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	62,034	51,262
Accounts receivable	-	-
HST receivable	6,481	5,141
Total financial assets	68,515	56,403
Liabilities		
Accounts payable	8	5,997
Total liabilities	8	5,997
Net financial assets	68,507	50,406
Accumulated surplus (deficit)	68,507	50,406

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, 2022

	Budget	2022	2021
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	171,625	171,625	167,439
Grant - Municipality of Clarington			13,948
Interest			198
Fundraising	6,000	51,090	3,545
Total revenues	177,625	222,715	185,130
Expenses			
Administration	13,000	5,176	4,743
Events and promotion	88,799	104,143	114,305
Salaries and wages	78,200	60,150	61,400
Streetscape	29,500	35,145	24,519
Capital works	6,300	-	-
Total expenses	215,799	204,614	204,967
Annual surplus (deficit)	(38,174)	18,101	(19,837)
Accumulated surplus, beginning of year	50,406	50,406	70,243
Accumulated surplus (deficit), end of year	12,232	68,507	50,406

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, 2022**

	Budget	2022	2021
	\$	\$	\$
Annual surplus (deficit)	(38,174)	18,101	(19,837)
Change in prepaid expenses	-	-	-
Change in net financial assets	(38,174)	18,101	(19,837)
Net financial assets, beginning of year	50,406	50,406	70,243
Net financial assets (liabilities), end of yea	12,232	68,507	50,406

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, 2022

	2022	2021
	\$	\$
Operating activities		
Annual surplus	18,101	(19,837)
Changes in non-cash operating items		
Decrease (increase) due from Government of Canada	(1,340)	388
Increase (decrease) in accounts payable and accrued liabilities	(5,989)	5,979
	10,772	(13,470)
Net increase in cash	10,772	(13,470)
Cash, beginning of year	51,262	64,732
Cash, end of year	62,034	51,262

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, 2022

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, 2022



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, 2022, 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, 2022, 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, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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

July 10, 2023

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, 2022

	2022	2021
	\$	\$
Financial assets		
Cash	76,716	63,226
Accounts receivable	100	70
Total financial assets	76,816	63,296
Liabilities		
Accounts payable	615	1,130
Deferred revenue	-	-
Total liabilities	615	1,130
Net financial assets (liabilities)	76,201	62,166
Accumulated surplus (deficit)	76,201	62,166

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, 2022

	Budget	2022 Actual	2021 Actual
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington	40,000	40,000	40,000
Grant - Municipality of Clarington	-	-	16,548
Grant - Government of Canada	-	-	-
Fundraising	-	32,977	70
Transfer from Municipality of Clarington	-	-	25,000
Miscellaneous	-	-	-
Total revenues	40,000	72,977	81,618
Expenses			
Administration	2,000	4,086	4,689
Advertising	10,000	9,309	4,996
Events	5,000	28,903	9,091
Downtown safety and décor	23,000	16,644	33,653
Total expenses	40,000	58,942	52,429
Annual surplus (deficit)	-	14,035	29,189
Accumulated surplus, beginning of year	62,166	62,166	32,977
Accumulated surplus, end of year	62,166	76,201	62,166

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, 2022

	Budget	2022	2021
	\$	\$	\$
Annual surplus (deficit)	-	14,035	29,189
Change in net financial assets	-	14,035	29,189
Net financial assets, beginning of year	62,166	62,166	32,977
Net financial assets (liabilities), end of year	62,166	76,201	62,166

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, 2022

	2022	2021
	\$	\$
Operating activities		
Annual surplus	14,035	29,189
Non cash items		
Amortization of tangible capital assets	-	-
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	(30)	1,132
Increase (decrease) in accounts payable and accrued liabilities	(515)	1,130
Increase (decrease) in deferred revenue	-	(2,000)
	13,490	29,451
Capital activity		
Acquisition of tangible capital assets	-	-
Net increase in cash	13,490	29,451
Cash, beginning of year	63,226	33,775
Cash, end of year	76,716	63,226

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, 2022

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, 2022



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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, 2022, 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, 2022, 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, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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
July 10, 2023

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

Statement of Financial Position as at December 31, 2022

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	10,966	13,601
Accounts receivable	260	-
Total financial assets	11,226	13,601
Liabilities		
Accounts payable	3,574	964
Total liabilities	3,574	964
Net financial assets	7,652	12,637
Accumulated surplus (deficit)	7,652	12,637

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

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

Statement of Operations

for the year ended December 31, 2022

	Budget	2022	2021
	\$	\$	\$
Revenues			
Taxation - Municipality of Clarington (Note 1)	6,000	6,000	6,000
Grants - Municipality of Clarington	-	-	1,504
Grants - Other	-	6,804	3,670
Donations/fundraising/miscellaneous	-	9,462	-
Total revenues	6,000	22,266	11,174
Expenses			
Advertising and promotion	6,400	10,284	1,601
Landscaping	4,000	15,215	18,531
Miscellaneous	1,400	1,752	1,527
Total expenses	11,800	27,251	21,659
Annual surplus (deficit)	(5,800)	(4,985)	(10,485)
Accumulated surplus, beginning of year	12,637	12,637	23,122
Accumulated surplus, end of year	6,837	7,652	12,637

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

**The Corporation of the Municipality of Clarington
Board of Management for Orono Central
Business District Improvement Area
Statement of Change in Net Financial Assets
as at December 31, 2022**

	Budget	2022	2021
	\$	\$	\$
Annual surplus (deficit)	(5,800)	(4,985)	(10,485)
Net financial assets, beginning of year	12,637	12,637	23,122
Net financial assets (liabilities), end of year	6,837	7,652	12,637

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

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

Statement of Cash Flows

for the year ended December 31, 2022

	2022	2021
	\$	\$
Operating activities		
Annual surplus	(4,985)	(10,485)
Non cash items		
Amortization of tangible capital assets	-	-
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	(260)	-
Increase (decrease) in accounts payable and accrued liabilities	2,610	884
	(2,635)	(9,601)
Capital activity		
Acquisition of tangible capital assets	-	-
Net increase in cash	(2,635)	(9,601)
Cash, beginning of year	13,601	23,202
Cash, end of year	10,966	13,601

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, 2022

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

1. Significant accounting policies

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

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

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

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

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

a) Revenue recognition

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

b) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

c) Cash and cash equivalents

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

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

Financial statements of

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

December 31, 2022



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, 2022, 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, 2022, 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
July 11, 2023

The Corporation of the Municipality of Clarington
Trust Funds
Statement of financial position
as at December 31, 2022

	Cash	Investments (Note 3)	Interest revenue receivable	Due (to) from Municipality of Clarington	Net Financial Assets and Accumulated Surplus
Advent Cemetery	-	918	3	-	921
Bondhead Cemetery	-	236,243	818	1,937	238,998
Bowmanville Cemetery	-	1,300,505	4,503	2,188	1,307,196
Hampton Cemetery	-	50,048	173	-	50,221
Lovekin Cemetery	-	10,000	35	-	10,035
Orono Cemetery	-	300,490	9,102	-	309,592
St. George's Cemetery	-	49,130	170	-	49,300
Trulls Cemetery	-	1,774	6	-	1,780
Vanderveer Legacy Trust	-	1,000	3	-	1,003
	-	1,950,108	14,813	4,125	1,969,046
Montague Trust	-	10,775	294	-	11,069
Estate of Irene Rinch/Newcastle Community Hall	-	147,925	4,040	-	151,965
Total - 2022	-	2,108,808	19,147	4,125	2,132,080
Total - 2021	-	2,020,448	15,568	(29,189)	2,006,827

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, 2022**

	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	897	22	14	36	12	-	24	921
Bondhead Cemetery	220,415	20,782	913	21,695	3,112	-	18,583	238,998
Bowmanville Cemetery	1,239,593	60,692	24,411	85,103	17,500	-	67,603	1,307,196
Hampton Cemetery	50,886	(819)	832	13	678	-	(665)	50,221
Lovekin Cemetery	9,960	44	166	210	135	-	75	10,035
Orono Cemetery	270,036	39,135	1,766	40,901	1,345	-	39,556	309,592
St. George's Cemetery	46,474	2,676	816	3,492	666	-	2,826	49,300
Trulls Cemetery	1,758	16	30	46	24	-	22	1,780
Vanderveer Legacy Trust	976	24	17	41	14	-	27	1,003
	1,840,995	122,572	28,965	151,537	23,486	-	128,051	1,969,046
Montague Trust	13,445	-	288	288	2,664	-	(2,376)	11,069
Estate of Irene Rinch	152,387	-	3,959	3,959	4,381	-	(422)	151,965
Total - 2022	2,006,827	122,572	33,212	155,784	30,531	-	125,253	2,132,080
Total - 2021	1,933,011	79,417	15,660	95,077	21,261	-	73,816	2,006,827

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, 2022

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 \$2,108,808 (2021 – \$2,020,448) reported on the Statement of Financial Position at cost have a fair value of \$2,123,103 (2021 - \$2,024,124) at the end of the year. The investments consist of holdings pursuant to the provisions of the Municipality's investment policy and comprise government bonds and guaranteed investment certificates (GICs) issued by various financial institutions. 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, 2022

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.



Clarington