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The Corporation of the Municipality of Clarington

Consolidated Financial Statements

December 31, 2025

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The Corporation of the Municipality of Clarington

December 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Clarington are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

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



Trevor Pinn, CPA, CA
Deputy CAO / Treasurer
August 7, 2026



Michelle Pick, CPA, CGA
Accounting Services Manager / Deputy Treasurer
August 7, 2026

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 (the "Municipality"), which comprise of the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, the consolidated statement of remeasurement gains, the consolidated statement of changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and the results of its operations, its remeasurement gains, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

Other Matter

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on July 15, 2025.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
August 7, 2026

The Corporation of the Municipality of Clarington
Consolidated Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents (Note 2)	\$100,443,293	\$105,646,870
Investments (Notes 2,5)	226,108,263	170,166,029
Accounts receivable (Note 2)	20,166,345	21,284,448
Taxes receivable (Note 6)	21,776,601	18,133,202
Inventories for resale	12,892	3,755
Inventory - surplus land	146,349	146,349
Promissory notes receivable (Note 7)	-	8,321,000
Investment in Elexicon Corporation (Note 8)	28,084,486	19,586,381
Total financial assets	396,738,229	343,288,034
Liabilities		
Accounts payable and accrued liabilities (Note 2)	19,180,790	16,354,255
Employee future benefits liabilities (Notes 2,9)	10,294,698	10,113,440
Debenture debt (Notes 2,11)	129,120,126	80,164,952
Other long-term liabilities - Asset Retirement Obligations (Note 1)	464,209	462,416
Deferred revenue - general	23,144,385	21,297,535
Deferred revenue - obligatory reserve funds (Note 13)	89,135,436	88,351,472
Total liabilities	271,339,644	216,744,070
Net financial assets	125,398,585	126,543,964
Non-financial assets		
Tangible capital assets (Note 19) (Schedule 1)	522,602,064	483,339,815
Prepaid expenses	2,089,087	2,235,181
Inventory supplies	1,182,448	1,024,337
Total non-financial assets	525,873,599	486,599,333
Accumulated surplus (Note 20)	651,272,184	613,143,297
Accumulated surplus comprised of:		
Accumulated operating surplus	622,358,437	600,978,504
Accumulated remeasurement gains	28,913,747	12,164,793
Accumulated surplus	\$651,272,184	\$613,143,297
Contingencies (Note 15) and Contractual Commitments (Note 16)		

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

The Corporation of the Municipality of Clarington
Consolidated Statement of Operations
For the year ended December 31, 2025

	2025 Budget (Note 22)	2025 Actual	2024 Actual
Revenues			
Taxation and user charges			
Property taxation	\$ 83,339,712	\$ 82,841,026	\$ 77,975,507
Taxation from other governments	5,013,347	5,072,780	4,881,256
User charges	19,305,380	21,172,128	18,311,885
Grants			
Government of Canada	10,500	140,203	477,810
Province of Ontario	107,481	994,213	214,638
Other			
Deferred revenue earned	24,838,801	15,881,723	12,934,534
Investment income	3,271,750	9,268,846	8,912,578
Penalty and interest on taxes	1,900,000	3,179,663	2,536,811
Fines	313,100	333,821	298,171
Donations and contribution from others	140,698	15,621,289	4,342,432
Ellexicon Corporation			
Equity share of net income	-	466,722	512,524
Contributed tangible capital assets (Note 19 (a))	7,430,765	7,430,765	9,088,680
Other income	-	5,594	639,399
Loss on disposal of tangible capital assets	-	(59,842)	(25,812)
Total revenue	145,671,534	162,348,931	141,100,413
Expenses			
General government services	12,730,776	12,559,135	10,558,263
Protection services	26,768,609	26,883,768	24,392,258
Transportation services	40,100,252	42,893,150	40,741,414
Environmental services	4,640,442	4,280,312	4,701,428
Health services	948,993	1,072,279	1,132,418
Recreation and cultural services	43,370,426	44,270,144	38,063,189
Planning and development services	9,888,748	9,010,210	8,481,765
Total expenses	138,448,246	140,968,998	128,070,735
Annual surplus	7,223,288	21,379,933	13,029,678
Accumulated surplus, beginning of year	600,978,504	600,978,504	587,948,826
Accumulated surplus, end of year	\$608,201,792	\$622,358,437	\$600,978,504

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

**The Corporation of the Municipality of Clarington
Consolidated Statement of Remeasurement Gains
For the Year Ended December 31, 2025**

	2025	2024
Remeasurement gains / losses	\$ 12,164,793	\$ (828,517)
Unrealized gains attributable to:		
Portfolio investments	28,913,747	11,880,255
Remeasurement gains	28,913,747	11,880,255
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments	(12,164,793)	1,113,055
Amounts reclassified to the consolidated statement of operations	(12,164,793)	1,113,055
Proportion of other comprehensive income from investment in Elexicon Corporation	-	-
Accumulated remeasurement gains, end of year	\$ 28,913,747	\$ 12,164,793

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, 2025

	2025	2025	2024
	Budget	Actual	Actual
Annual surplus	\$ 7,223,288	\$ 21,379,933	\$ 13,029,678
Amortization of tangible capital assets	24,979,788	25,511,407	24,078,934
Acquisition of tangible capital assets	(26,441,056)	(43,486,617)	(31,232,882)
Investment in assets under construction	-	(38,980,568)	(19,777,532)
Assets under construction transferred to tangible capital assets	-	17,199,446	9,230,417
Net book value of tangible capital assets disposals / adjustments	-	494,083	215,843
Decrease (increase) in prepaid expenses	-	146,094	(29,738)
Increase in inventory supplies	-	(158,111)	(199,470)
Net change in remeasurement gains for the year	-	16,748,954	12,993,310
Increase (decrease) in net financial assets	5,762,020	(1,145,379)	8,308,560
Net financial assets, beginning of year	126,543,964	126,543,964	118,235,404
Net financial assets, end of year	\$ 132,305,984	\$ 125,398,585	\$ 126,543,964

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, 2025

	2025	2024
Operating activities		
Annual surplus	\$ 21,379,933	\$ 13,029,678
Non-cash items		
Amortization of tangible capital assets	25,511,407	24,078,934
Loss on disposal of tangible capital assets	59,842	25,812
Equity share of Elexicon Corporation net income	(466,722)	(512,524)
Contributed tangible capital assets recorded in revenue	(7,430,765)	(9,088,680)
Accretion expense	1,793	12,509
Change in non-cash operating items		
Accounts receivable	1,118,103	(8,070,747)
Taxes receivable	(3,643,399)	(5,069,154)
Inventories for resale	(9,137)	5,453
Accounts payable and accrued liabilities	2,826,535	2,823,207
Employee future benefits liabilities	181,258	180,282
Deferred revenue - general	1,846,850	789,421
Deferred revenue - obligatory reserve funds	783,964	4,532,637
Prepaid expenses	146,094	(29,738)
Inventory supplies	(158,111)	(199,470)
	42,147,645	22,507,620
Capital activities		
Acquisition of tangible capital assets (net of contributed)	(57,836,974)	(32,691,317)
Proceeds on disposal of tangible capital assets	434,241	190,031
	(57,402,733)	(32,501,286)
Investing activities		
Increase in investments	(39,193,280)	(3,958,835)
Elexicon equity investment change	351,196	-
Dividends (returned) received from Elexicon Corporation	(61,579)	505,179
	(38,903,663)	(3,453,656)
Financing activities		
Repayment of long term liabilities	(3,794,826)	(2,039,737)
Proceeds of debenture issue	52,750,000	51,867,000
	48,955,174	49,827,263
Net (decrease) increase of cash and cash equivalents	(5,203,577)	36,379,941
Cash and cash equivalents, beginning of year	105,646,870	69,266,929
Cash and cash equivalents, end of year	\$100,443,293	\$105,646,870

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, 2025

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, the City of Belleville and the Town of Whitby own Elexicon Corporation. The Municipality of Clarington holds a 9.6433% (2024 - 9.248%) share of ownership. This share interest changed in 2025 with the redemption of promissory notes and subsequent conversion to newly issued common shares 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. 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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant accounting policies (continued)

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

ii. Investment in Elexicon Corporation (continued)

its investment asset account. Any dividends that the Municipality may receive from 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 consolidated financial statements.

iv. Accounting for phase-in/capping provisions

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

v. Trust funds

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

vi. Financial Instruments

Cash and cash equivalents and investments quoted in an active market are measured at fair value. All other investments are measured at cost. Accounts receivable, promissory notes receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the Consolidated Statement of Financial Position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

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

For financial instruments measured using amortized cost, the effective interest rate

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant accounting policies (continued)

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

vi. Financial Instruments (continued)

method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

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

b. Basis of accounting

i. Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii. Non-financial assets

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

(a) Tangible capital assets (“TCA”)

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

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

ii. Non-financial assets (continued)

Amortization

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

Contribution of tangible capital assets

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

Works of art and historic assets

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

(b) Inventories

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

iii. Reserves and reserve funds

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

iv. Deferred revenues

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

iv. Deferred revenues (continued)

service is performed.

v. Employee future benefits

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

vi. Contaminated sites

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the Municipality's statement of operations. As of December 31, 2025, there was no liability recorded on the statement.

vii. Revenue recognition

Taxation

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

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

A normal part of the assessment process is the issuance of supplementary

**The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025**

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

vii. Revenue recognition (continued)

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

Government transfers

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

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

User fees and service charges

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

Other

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

Investment income

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

viii. Inventory for resale

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant accounting policies (continued)

b. Basis of accounting (continued)

viii. Inventory for resale (continued)

cost basis.

ix. Use of estimates

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

x. Asset retirement obligations

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of the Municipality's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

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

The Municipality recognizes asset retirement obligations in the period in which it incurs a statutory, contractual, or legal obligation associated with the retirement of tangible capital assets resulting from acquisition, construction, development, and or normal operation of tangible capital assets.

The liabilities are measured initially at management's best estimate of the discounted future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are no longer in productive use, the liability is expensed in the period.

In subsequent periods, the liability is accreted over time. The asset retirement obligations estimates are adjusted, if necessary, for changes in the liability estimate or timing of the future cash flows, as applicable. Accretion expenses are included in the Consolidated Statement of Operations. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any are recognized in the Consolidated Statement of Operations when remediation is complete.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

2. Financial Instruments

a. Classification

The carrying value of each class of the Municipality's financial instruments is provided in the following tables, based on their measurement method.

	Fair Value	Cost / Amortized Cost	2025 Total
Cash and cash equivalents	\$100,443,293	\$ -	\$ 100,443,293
Investments	95,684,588	130,423,675	226,108,263
Accounts receivable	-	20,166,345	20,166,345
Promissory notes	-	-	-
Accounts payable and accrued liabilities	-	(19,180,790)	(19,180,790)
Debenture debt	-	(129,120,126)	(129,120,126)
Balance at the end of the year	\$196,127,881	\$ 2,289,104	\$ 198,416,985

	Fair Value	Cost / Amortized Cost	2024 Total
Cash and cash equivalents	\$105,646,870	\$ -	\$105,646,870
Investments	40,196,827	129,969,202	170,166,029
Accounts receivable	-	21,284,448	21,284,448
Promissory notes	-	8,321,000	8,321,000
Accounts payable and accrued liabilities	-	(16,354,255)	(16,354,255)
Debenture debt	-	(80,164,952)	(80,164,952)
Balance at the end of the year	\$145,843,697	\$ 63,055,443	\$208,899,140

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

2. Financial Instruments (continued)

b. Financial Instrument Fair Value Measurement

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

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

	Level 1	Level 2	Level 3	2025 Total
Cash and cash equivalents	\$100,443,293	\$ -	\$ -	\$100,443,293
Investments	95,684,588	-	-	95,684,588
Total	\$196,127,881	\$ -	\$ -	\$196,127,881

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

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2025. There were also no transfers in or out of Level 3.

c. Financial Instrument Risk Management

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

Credit Risk

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

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

The Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance for accounts receivable of \$12,000 (2024 - \$11,000) and taxes receivable of \$100,000 (2024 - \$100,000) is set up based on the Municipality's historical experience regarding collections. It is management's opinion that the Municipality is not exposed to significant credit risk.

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

Market Risk

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

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

Currency Risk

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

Interest Rate Risk

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)
investments.

The Municipality holds investments which consist of guaranteed investment certificates (GICs), fixed income securities, principal protected notes and investments managed by Prudent Investor with varying maturities from January 2026 to November 2035 (2024 - January 2025 to August 2034) and bearing interest rates between 1.40% and 8.45% (2024 - 0.95% to 12.0%). Investments with a maturity of less than 90 days as at the Consolidated Statement of Financial Position date are reported within cash and cash equivalents, due to the highly liquid nature of these investments.

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

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

There has been an increase in interest rate risk in the December 31, 2025 year end as the amount invested in the investment portfolio increased in the year.

Equity Risk

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

Liquidity Risk

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

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

2. Financial Instruments (continued)

c. Financial Instrument Risk Management (continued)

	2025			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 18,756,794	\$ 423,997	\$ -	\$ -
Debenture debt	-	6,190,263	32,087,146	90,842,717
	\$ 18,756,794	\$ 6,614,260	\$ 32,087,146	\$ 90,842,717
	2024			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 16,008,759	\$ 345,496	\$ -	\$ -
Debenture debt	-	3,794,826	20,617,419	55,752,707
	\$ 16,008,759	\$ 4,140,322	\$ 20,617,419	\$ 55,752,707

3. Trust funds

Trust funds administered by the Municipality amounting to \$2,452,278 (2024 – \$2,380,220) have not been included in the “Consolidated Statement of Financial Position” nor have their financial activities been included in the “Consolidated Statement of Operations”.

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

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

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

	School Boards	Regional Municipality of Durham
2025		
Property taxes	\$ 35,018,973	\$129,307,584
Taxation from other governments	107,011	3,742,390
Total	\$ 35,125,984	\$133,049,974
2024		
Property taxes	\$ 34,697,695	\$119,368,139
Taxation from other governments	107,011	3,446,298
Total	\$ 34,804,706	\$122,814,437

5. Investments

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

	2025	2024
GICs	\$ 10,722,953	\$ 19,466,866
Principal Protected Notes	116,189,100	86,117,800
Bonds	48,298,105	52,416,570
Prudent Investments	21,984,358	-
Subtotal	197,194,516	158,001,236
Adjustment to Fair Value	28,913,747	12,164,793
Total	\$226,108,263	\$170,166,029

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 \$6,112,139 (2024 - \$18,138,354) as included in cash and cash equivalents on the Consolidated

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

5. Investments (continued)
Statement of Financial Position.

6. Taxes receivable

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

	2025	2024
Current year taxes	\$ 14,970,070	\$ 13,224,917
Previous year taxes	6,906,531	5,008,285
	21,876,601	18,233,202
Allowance for uncollectible taxes	(100,000)	(100,000)
	\$ 21,776,601	\$ 18,133,202

7. Promissory notes receivable

	2025	2024
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
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 a annual basis to maturity (4.13% for the current year).	-	5,966,000
	\$ -	\$ 8,321,000

Elexicon Corporation and Elexicon Energy Inc promissory notes were redeemed in August of 2025 and converted to common shares. Interest revenue earned from these notes receivable totaled \$229,105 (2024 - \$343,658).

8. Investment in Elexicon Corporation

a. Investment in Elexicon Corporation

The Municipality is accounting for its investment in Elexicon Corporation 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:

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

8. Investment in Elexicon Corporation (continued)

a. Investment in Elexicon Corporation (continued)

	2025	2024
Financial position		
Assets		
Current	\$ 134,275,000	\$ 124,314,000
Capital and intangibles	858,960,000	786,041,000
Other	168,000	701,000
Regulatory balances	60,426,000	53,757,000
Total assets and regulatory balances	1,053,829,000	964,813,000
Liabilities		
Current	134,517,000	193,653,000
Long-term debt	340,341,000	283,463,000
Other	232,891,000	218,555,000
Total liabilities	707,749,000	695,671,000
Shareholders' equity		
Share capital	159,844,000	97,692,000
Contributed capital	25,000	25,000
Retained earnings	158,609,000	156,746,000
Regulatory balances	27,602,000	14,679,000
Total shareholders' equity and regulatory balances	346,080,000	269,142,000
Total liabilities, equity and regulatory balances	1,053,829,000	964,813,000

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

8. Investment in Elexicon Corporation (continued)

a. Investment in Elexicon Corporation (continued)

	2025	2024
Financial activities		
Revenues	590,295,000	564,962,000
Other income	12,799,000	9,721,000
Expenses	(593,465,000)	(563,200,000)
Net movements in regulatory balances, net of tax	(8,431,000)	(5,941,000)
Net income for the year	\$ 1,198,000	\$ 5,542,000

b. Municipality's equity is represented by:

	2025	2024
Promissory notes receivable (Note 7)	\$ -	\$ 8,321,000
Initial investment in shares of the Corporation	10,146,495	10,146,495
Investment in additional common shares of the Corporation	7,969,805	-
Accumulated net income	24,319,658	24,204,131
Net increase in value of investment	751,321	400,126
Accumulated dividends received	(15,102,793)	(15,164,371)
Total equity	28,084,486	27,907,381
Municipality of Clarington's investment represented by:		
Investment in Corporation	28,084,486	19,586,381
Promissory notes receivable	-	8,321,000
	\$ 28,084,486	\$ 27,907,381

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, 2025

8. Investment in Elexicon Corporation (continued)

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

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

(ii) Contractual obligation - Hydro One Networks Inc.

The Corporation's subsidiary, Elexicon Energy Inc. (EE), 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 EE's anticipated electricity load growth. Construction of the project was completed during 2007 and EE connected to the transformer station during 2008.

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

Hydro One has performed a final true-up in 2024 based on actual load at the end of the fifteenth anniversary of the in-service date. The shortfall of connection transformation revenue for Hydro One resulted in an accrual recorded in 2024 of \$4,062,000 and EE recognized this amount as an intangible asset. The final true-up payment was made in January 2025 and there is no further obligation with respect to this agreement.

d. Lease commitments - Elexicon Corporation

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

2026	\$	71,000
2027		44,000
		\$ 115,000

9. Employee future benefits liabilities

a. Accumulated sick leave entitlement

(i) Firefighters

The Municipality provides two sick leave accumulation plans for firefighters. Plan A accumulates at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination or death, at the rate of 50% of the accumulated

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

9. Employee future benefits liabilities (continued)

a. Accumulated sick leave entitlement (continued)

credit, to a maximum of one-half a year's salary. Plan B accumulates at the rate of one day per month once the employees complete five years of service. The estimated liability at December 31, 2025 was \$1,578,122 (2024 - \$1,405,844) and is included in the Consolidated Statement of Financial Position in the Employee future benefits liabilities.

(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, 2025 amounted to \$12,911 (2024 - \$15,405) and is included in the Consolidated Statement of Financial Position in the Employee future benefits liabilities.

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, 2025 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 2025 fiscal year end was determined by this valuation.

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

- (i) Discount rate will be 4.10% per annum, raising to 4.30% in 2026.
- (ii) Future inflation rates will be 3.75% for 2026, and 3.25% thereafter
- (iii) Dental cost trend rates will be 3.30% in fiscal 2025 and will increase to 4.0% for 2027 through 2030.
- (iv) Extended health care trend rates will be 6.58% in fiscal 2025; and remain stable at that level through to 2030.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

9. Employee future benefits liabilities (continued)

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

	2025	2024
Accrued benefit obligation		
Balance, beginning of year	\$ 8,477,448	\$ 8,314,232
Employer current service cost	532,862	511,874
Interest cost	355,260	345,967
Benefits paid	(529,038)	(533,140)
Actuarial (gain) loss	(488,749)	(161,485)
Balance, end of year	8,347,783	8,477,448
Unamortized net actuarial gains	1,946,915	1,635,992
Employee future benefits liabilities, end of year	\$ 10,294,698	\$ 10,113,440

	2025	2024
Post retirement non-pension benefits	\$ 8,384,439	\$ 8,379,213
Retiree cash bonus benefits	147,727	131,787
Sick leave entitlement benefits	1,591,033	1,421,249
Council severance benefits	169,499	181,191
Employee future benefits liabilities, end of year	\$ 10,292,698	\$ 10,113,440

10. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"). OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total going concern actuarial obligations of \$151,365 million with respect to benefits accrued for service with actuarial net assets at that date of \$150,043 million indicating an actuarial deficit of \$1,322 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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

10. Pension agreements (continued)

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
2025	\$ 71,300	9.00 %	14.60 %	9.20 %	15.80 %
2024	\$ 71,300	9.00 %	14.60 %	9.20 %	15.80 %

The amount contributed to OMERS for 2025 was \$5,553,830 (2024 – \$4,516,416) for current services and is included as an expense on the Consolidated Statement of Operations.

11. Debenture Debt

The debenture debt consists of several debentures that mature in the years 2029 to 2045. In 2025, the Municipality, through the Region of Durham, entered into a sinking fund debenture valued at \$47,750,000. As at December 31, 2025, the Municipality and Region have not made any contributions towards the principal amount of this sinking fund debenture.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

11. Debenture Debt (continued)

a. Debenture debt details

At the end of the year, the outstanding principal amount of this liability is \$129,120,126 (2024 - \$80,164,952).

Maturity Date	Interest Rate % ¹	Regional By-law #	2025	2024
July 2, 2029	1.25 to 2.80	38-2014	\$ 1,997,600	\$ 2,460,600
October 17, 2031	1.70 to 3.30	48-2016	430,000	496,000
April 13, 2032	1.70 to 3.30	56-2017	520,122	586,182
April 13, 2032	1.70 to 3.30	56-2017	667,404	752,170
July 5, 2042	3.35 to 4.30	32-2022	18,009,000	18,698,000
July 5, 2032	3.70 to 4.60	32-2022	4,727,000	5,305,000
October 25, 2044	3.40 to 4.60	2024-044	38,568,000	40,000,000
October 25, 2044	3.40 to 4.60	2024-044	591,000	650,000
October 25, 2044	3.40 to 4.60	2024-044	3,100,000	3,217,000
October 25, 2044	3.40 to 4.60	2024-044	7,760,000	8,000,000
June 27, 2045	2.75 to 4.70	2025-023	5,000,000	-
October 25, 2044 - Sinking Fund	3.75	2025-039	47,750,000	-
			129,120,126	80,164,952
Less: sinking fund assets			-	-
Less: value of Region sinking fund deposits			-	-
Total debenture debt			\$129,120,126	\$ 80,164,952

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

11. Debenture Debt (continued)

b. Principal payments

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

	Debenture Payments	Sinking Fund Deposits	Total Principal Payments
2026	\$ 4,124,915	\$ 2,065,348	\$ 6,190,263
2027	4,263,458	2,065,348	6,328,806
2028	4,409,001	2,065,348	6,474,349
2029	4,559,598	2,065,348	6,624,946
2030	4,186,449	2,065,348	6,251,797
Thereafter	59,826,705	37,423,260	97,249,965
	\$ 81,370,126	\$ 47,750,000	\$ 129,120,126

c. Principal and interest

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

Principal payments include sinking fund contributions. To date, \$nil of contributions were made related to the sinking fund debenture.

d. Interest expense

Total interest expense related to the debenture debt amounted to \$3,705,235 (2024 - \$1,660,494) and is reported on the Consolidated Statement of Operations.

12. Internal Loans

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

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

Major Parking Lot Rehabilitation	\$ 1,030,031
LED Street lighting Conversion	1,530,969
	\$ 2,561,000

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

12. Internal Loans (continued)

b. Of the internal loans reported in (a) of this note, principal payments are as follows:	
2026	\$ 287,000
2027	296,000
2028	304,000
2029	314,000
2030	324,000
Thereafter	1,036,000
\$ 2,561,000	

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

13. Deferred revenue - obligatory reserve funds

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

	2025	2024
Balance, beginning of year	\$ 88,351,472	\$ 83,818,835
Contributions:		
Contributions from developers	7,635,555	4,533,465
Investment Income	5,708,385	6,345,996
Canada community-building	3,321,747	3,234,339
Provincial infrastructure	-	3,353,372
	16,665,687	17,467,172
Utilization:		
Transfer to operating	2,635,981	3,554,483
Acquisition of TCA - construction	13,245,742	9,380,051
	15,881,723	12,934,534
Change in deferred revenue during the year	783,964	4,532,637
Balance, end of year	89,135,436	88,351,472
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	10,309,036	9,251,640
Canada community-building	5,340,929	3,821,009
Building code act (1)	-	(2,448,667)
Provincial infrastructure	6,474,853	9,630,972
Development charges (Note 14)	67,010,618	68,096,518
Total deferred revenue – obligatory reserve funds	\$ 89,135,436	\$ 88,351,472

(1) Building Division expenditures have exceeded revenues for fiscal 2025 (\$1,691,711) and 2024 (\$2,448,667), due to the cyclical nature of building permit activities. In 2025, the total deficit of \$4,140,378 was offset by a transfer from the Rate Stabilization reserve fund. The Rate Stabilization reserve fund will be replenished in future years, when building permit revenues exceed expenditures.

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

14. Continuity of development charges reserve funds

	2025	2024
Balance at the beginning of the year	\$ 68,096,518	\$ 64,217,390
Development charges collections	6,911,605	4,975,087
Investment income	5,004,807	5,623,697
Tangible capital assets acquisitions and construction	(7,917,664)	(4,620,206)
Operating expenses (incl debenture payments)	(5,084,648)	(2,099,450)
Balance at the end of the year	\$ 67,010,618	\$ 68,096,518

15. Contingencies

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

16. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$13,825,262 (2024 - \$23,669,084). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2025, \$51,266,433 (2024 - \$3,000,121) relating to these contracts had not been expended.

17. Related party transactions and balances - Elexicon Corporation

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

	2025	2024
Transactions		
Dividends (returned) received	\$ (61,579)	\$ 505,179
Interest earned on promissory notes	229,105	343,658
Property taxes	40,110	36,607
Energy and services purchases	738,265	670,152
Balances		
Promissory notes receivable	-	8,321,000
Accounts payable and accrued liabilities	\$ 57,882	\$ 54,010

The Corporation of the Municipality of Clarington

Notes to the Consolidated Financial Statements

December 31, 2025

18. Guarantees

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

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

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

19. Tangible capital assets

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

Further information relating to tangible capital assets is as follows:

a. Contributed tangible capital assets

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

19. Tangible capital assets (continued)

a. Contributed tangible capital assets (continued)

fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, parks, land, and storm sewer lines installed by a developer as part of a subdivision agreement. For subdivision assets, the recorded date is considered to be the date of acceptance with the exclusion of streetlights with the recorded date as the date of completion. In 2025, there were contributed assets of \$7,430,765 (2024 - \$9,088,680).

b. Works of Art and Historical Treasures

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

20. Accumulated surplus

Accumulated surplus is comprised of the following:

	2025	2024
Tangible capital assets	\$ 522,602,064	\$ 483,339,815
General surplus	30,754,117	3,521,819
Capital surplus	131,663,037	96,796,437
Inventory - surplus land	146,349	146,349
Debenture debt	(129,120,126)	(80,164,952)
Over (Unfunded) employee benefits and post-employment liabilities	973,212	(4,614)
Other long-term liabilities - ARO	(464,209)	(462,416)
Accumulated remeasurement gains	28,913,747	(12,993,310)
Reserves set aside for specific purposes by Council:		
Acquisition of capital assets reserves	9,557,937	10,060,101
Legal / consulting	3,223,152	3,240,304
Election expenses	516,965	391,965
Fire prevention	305,489	305,489
Burketon park improvements	7,569	7,569
Samuel Wilmot nature area	7,166	3,373

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

20. Accumulated surplus (continued)

	2025	2024
Secondary plans	8,101	24,093
Clarington Heritage committee board	13,762	12,262
Library and Museum	615,678	1,580,406
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	5,676,290	7,459,135
Rate stabilization	4,957,409	13,750,978
Strategic capital	8,928,764	8,753,953
Parks and cemeteries	4,365,606	836,751
Debenture repayment	971,687	940,489
Economic development	998,983	683,111
Other cultural	-	38,508
Acquisition of capital assets reserve funds	8,873,787	6,484,077
Transportation Infrastructure	637,982	5,995
Miscellaneous capital	9,099,570	8,608,758
Engineering, bridges & culverts	2,975,281	2,898,375
Climate Action	322,074	184,104
Port Granby	347,166	336,016
Community improvement plan	3,312,071	2,204,883
Business improvement areas	133,962	129,680
Cemetery perpetual care	-	149,818
Community emergency management	776,804	880,661
Equity in Elexicon Corporation	28,084,486	27,835,212
Accumulated surplus	\$ 651,272,184	\$ 613,143,297

21. Segmented information

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

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

21. Segmented information (continued)

a. General government services

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

b. Protection services

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

c. Transportation services

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

d. Environmental services

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

e. Health services

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

f. Recreation and cultural services

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

g. Planning and development services

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

The Corporation of the Municipality of Clarington
Notes to the Consolidated Financial Statements
December 31, 2025

22. Budget amounts

The 2025 budgeted adopted by Council was prepared using the traditional fund accounting basis, whereas the financial statements are prepared on a full accrual basis. As a result, the approved 2025 budget figures have been adjusted to align with full accrual accounting for financial reporting purposes. These adjustments include recognizing amortization of tangible capital assets and other capital-related items, removing transfers to and from reserves and reserve funds, and incorporating post-employment benefit expenses. A reconciliation of the originally adopted budget to the figures presented in the consolidated financial statements is provided below.

	Budget adopted by Council	Consolidated entities adjustments	PSAB Adjustments	Budget presented in statements
Taxation	\$ 88,353,059	\$ -	\$ -	\$ 88,353,059
User charges	18,744,658	560,722	-	19,305,380
Grants	113,981	4,000	-	117,981
Other revenues	28,259,702	95,207	2,109,440	30,464,349
Contributed TCA	-	-	7,430,765	7,430,765
Total revenue	135,471,400	659,929	9,540,205	145,671,534
General government	38,407,999	-	(25,677,223)	12,730,776
Protection	22,699,237	-	4,069,372	26,768,609
Transportation	20,656,718	-	19,443,534	40,100,252
Environmental	2,530,000	-	2,110,442	4,640,442
Health	759,893	-	189,100	948,993
Recreation & cultural	41,848,122	568,661	953,643	43,370,426
Planning & development	8,569,431	115,272	1,204,045	9,888,748
Total expenses	135,471,400	683,933	2,292,913	138,448,246
Annual surplus	\$ -	\$ (24,004)	\$ 7,247,292	\$ 7,223,288

23. Comparative figures

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

The Corporation of the Municipality of Clarington
 Consolidated Schedule of Tangible Capital Assets - Schedule 1
 For the Year Ended December 31, 2025

														2025										
General							Infrastructure																	
	Land						Linear Road	Linear Storm				Assets under												
	Land	Improvements	Buildings	Vehicles	Equipment	Land	& Related	Sewers	Buildings	Vehicles	Equipment	construction	Total											
Cost																								
Balance, beginning of year (note 23)	\$	72,823,374	\$	53,321,753	\$118,380,784	\$	10,436,805	\$	16,935,910	\$	15,074,254	\$445,103,425	\$104,051,594	\$	2,510,405	\$	16,922,068	\$	480,648	\$	26,983,361	\$883,024,381		
Add: additions during the year		-		4,054,432	11,889,548		3,322,776		1,172,576		1,661,900	12,495,599	1,833,185		108,486		6,816,672		120,318		38,980,568	82,456,060		
Less: disposals during the year		-		(83,754)	(573,724)		(582,520)		(806,634)		-	(2,061,404)	-		-		(1,762,535)		-		(17,199,446)	(23,070,017)		
Balance, end of year		72,823,374		57,292,431	129,696,608		13,177,061		17,301,852		16,736,154	455,537,620	105,884,779		2,618,891		21,976,205		600,966		48,764,483	942,410,424		
Accumulated amortization																								
Balance, beginning of year		-		20,373,193	64,266,010		7,590,255		10,705,276		-	257,681,641	27,069,563		1,861,421		9,996,784		140,423		-	399,684,566		
Add: amortization during the year		-		1,807,049	3,692,851		838,276		1,392,183		-	14,659,919	1,403,824		63,468		1,589,545		64,292		-	25,511,407		
Less: accumulated amortization on disposals		-		(52,814)	(328,888)		(582,520)		(792,610)		-	(1,868,246)	-		-		(1,762,535)		-		-	(5,387,613)		
Balance, end of year		-		22,127,428	67,629,973		7,846,011		11,304,849		-	270,473,314	28,473,387		1,924,889		9,823,794		204,715		-	419,808,360		
Net book value of tangible capital assets																								
	\$	72,823,374	\$	35,165,003	\$	62,066,635	\$	5,331,050	\$	5,997,003	\$	16,736,154	\$185,064,306	\$	77,411,392	\$	694,002	\$	12,152,411	\$	396,251	\$	48,764,483	\$522,602,064

The Corporation of the Municipality of Clarington
 Consolidated Schedule of Tangible Capital Assets - Schedule 1
 For the Year Ended December 31, 2025

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

The Corporation of the Municipality of Clarington
 Consolidated Schedule of Segmented Information - Schedule 2
 For the Year Ended December 31, 2025

	2025							
	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	\$ 90,657,870	\$ 1,368,693	\$ 6,683,799	\$ 175,704	\$ 375,772	\$ 7,292,841	\$ 2,531,255	\$ 109,085,934
Grants	56,033	64,014	(25,378)	51,813	-	553,184	434,750	1,134,416
Other	26,636,168	450,966	10,395,403	-	65,096	6,565,784	171,925	44,285,342
Elexicon Corporation	466,722	-	-	-	-	-	-	466,722
Contributed tangible capital assets	-	-	4,524,781	1,415,984	-	1,490,000	-	7,430,765
Other income	2,590	-	1,415	-	-	62	1,527	5,594
Loss on disposal of tangible capital assets	1,999	-	243,700	-	-	(305,541)	-	(59,842)
Total operating revenue	117,821,382	1,883,673	21,823,720	1,643,501	440,868	15,596,330	3,139,457	162,348,931
Operating expenses								
Salaries and wages	8,658,207	23,116,647	11,869,641	696,325	560,849	23,732,431	6,772,513	75,406,613
Operating materials and supplies	769,501	1,602,719	10,664,220	1,151,635	442,707	7,858,254	490,209	22,979,245
Contract services	1,557,823	1,073,762	3,541,061	623,540	-	3,236,232	1,689,643	11,722,061
Rent and financial expenses	234,393	-	12,204	-	-	123,376	-	369,973
External transfers to others	-	-	-	-	-	1,186,478	-	1,186,478
Amortization expense	1,316,388	1,090,640	16,335,004	1,808,812	68,723	4,833,995	57,845	25,511,407
Interest on long-term liabilities	22,823	-	471,020	-	-	3,299,378	-	3,793,221
Total operating expenses	12,559,135	26,883,768	42,893,150	4,280,312	1,072,279	44,270,144	9,010,210	140,968,998
Annual surplus (deficit)	\$ 105,262,247	\$ (25,000,095)	\$ (21,069,430)	\$ (2,636,811)	\$ (631,411)	\$ (28,673,814)	\$ (5,870,753)	\$ 21,379,933

The Corporation of the Municipality of Clarington
 Consolidated Schedule of Segmented Information - Schedule 2
 For the Year Ended December 31, 2025

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

The Corporation of the Municipality of Clarington
 Consolidated Schedule of Segmented Information - Schedule 3
 For the Year Ended December 31, 2025

	2025 - 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	\$ 88,952,359	\$ 2,609,400	\$ 6,357,550	\$ 154,300	\$ 382,600	\$ 6,781,660	\$ 2,420,570	\$ 107,658,439
Grants	-	-	-	-	-	113,981	4,000	117,981
Other	5,102,600	1,531,684	18,066,962	-	-	5,688,646	74,457	30,464,349
Contributed tangible capital assets	-	-	4,524,781	1,415,984	-	1,490,000	-	7,430,765
Total operating revenue	94,054,959	4,141,084	28,949,293	1,570,284	382,600	14,074,287	2,499,027	145,671,534
Operating expenses								
Salaries and wages	9,733,647	22,733,779	11,149,102	533,071	497,164	22,291,577	7,885,039	74,823,379
Operating materials and supplies	851,042	1,493,196	9,207,820	1,272,123	432,512	7,858,187	689,200	21,804,080
Contract services	698,195	1,445,738	3,275,575	1,062,740	-	4,126,560	1,269,857	11,878,665
Rent and financial expenses	234,900	-	11,335	-	-	131,308	-	377,543
External transfers to others	-	-	-	-	-	1,152,356	-	1,152,356
Amortization expense	1,189,644	1,095,896	16,279,222	1,772,508	19,317	4,578,549	44,652	24,979,788
Interest on long-term liabilities	23,348	-	177,198	-	-	3,231,889	-	3,432,435
Total operating expense	12,730,776	26,768,609	40,100,252	4,640,442	948,993	43,370,426	9,888,748	138,448,246
Annual surplus (deficit)	\$ 81,324,183	\$ (22,627,525)	\$ (11,150,959)	\$ (3,070,158)	\$ (566,393)	\$ (29,296,139)	\$ (7,389,721)	\$ 7,223,288

The Corporation of the Municipality of Clarington
 Consolidated Schedule of Segmented Information - Schedule 3
 For the Year Ended December 31, 2025

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

Statement of Operations - Library

Supplementary Schedule

for the year ended December 31, 2025

	2025	2024
	Actual	Actual (Note 23)
	\$	\$
Revenues		
Municipality of Clarington – operating grant	4,617,291	3,989,337
Province of Ontario grant	107,111	125,911
Government of Canada grant	20,191	-
Grants from others	24,498	-
Fines, fees, sales, discards	50,037	44,142
Donations and bequests	16,126	8,008
Interest	136,349	184,678
Miscellaneous	40,815	10,011
Contributions from reserves	729,384	78,511
Contributions from reserve funds	81,604	-
Total revenues	5,823,406	4,440,598
Expenses		
Personnel costs	4,945,810	3,379,237
Collections, operating and materials	219,112	188,816
Facility support	307,642	199,623
Products & supplies	44,139	44,390
Programs	31,412	41,826
Contracted services	76,967	107,879
Information Technology	142,720	188,810
Staff development	55,604	44,396
Amortization expense	514,647	544,073
Transfer to reserves	-	256,916
Total expenses	6,338,053	4,995,966
Annual deficit	(514,647)	(555,368)

Statement of Operations - Museum

Supplementary Schedule

for the year ended December 31, 2025

	2025	2024
	Actual	Actual (Note 23)
	\$	\$
Revenues		
Municipality of Clarington – operating grant	421,911	328,114
Province of Ontario grant	-	39,353
Government of Canada grant	-	8,394
Grants from others	25,161	-
Fines, fees, sales, discards	3,016	2,795
Donations and bequests	1,469	441
Interest	25,100	35,750
Miscellaneous	4,368	6
Contributions from reserves	200,844	-
Contributions from reserve funds	53,173	65,185
Total revenues	734,542	480,038
Expenses		
Personnel costs	580,567	319,021
Collections, operating and materials	43,576	1,477
Facility support	76,775	57,081
Products & supplies	10,568	4,729
Programs	4,436	5,686
Contracted services	18,039	91,715
Information Technology	809	1,954
Staff development	1,071	1,078
Total expenses	735,841	482,741
Annual deficit	(1,299)	(2,703)