



Financial Report and Consolidated Financial Statements

For the year ended
December 31, 2022

The Corporation of the Town of Caledon
Caledon, Ontario, Canada

Prepared by
Finance, Town of Caledon



LAND ACKNOWLEDGEMENT



Indigenous Peoples have unique and enduring relationships with the land.

Indigenous Peoples have lived on and cared for this land throughout the ages. We acknowledge this and we recognize the significance of the land on which we gather and call home.

We acknowledge the traditional Territory of the Huron-Wendat and Haudenosaunee Peoples and the nishnabek of the Williams Treaties.

This land is part of the Treaty Lands and Territory of the Mississaugas of the Credit First Nation.

We honour and respect Indigenous heritage and the long-lasting history of the land and strive to protect the land, water, plants and animals that have inhabited this land for the generations yet to come.



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Town of Caledon for its annual financial report for the fiscal year ended December 31, 2021. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**The Corporation of the Town of Caledon
Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



Financial Report and Consolidated Financial Statements

For the year ended
December 31, 2022

The Corporation of the Town of Caledon
Caledon, Ontario, Canada

Prepared by
Finance, Town of Caledon

Message from the Mayor

Enclosed are the Town of Caledon's 2022 Financial Statements.

In 2022 our citizens continued to be impacted by a global pandemic. At the same time, we are managing the effects of rising costs and persistent inflation. Despite these challenges we continue to work, plan and invest in the future of community of communities.

In this report, you will see an organization committed to financial excellence, efficiency and transparency. The Town's net tangible capital assets increased by \$80 million reflecting our focus on smart financial planning and asset management.

The Town's 2022 debt servicing costs are 3.93 per cent of net revenues. This is below the maximum of 25 per cent set by the Province and the 10 per cent set by our own Council policy.

I want to say a very special thank you to the talented and dedicated team of professionals who work so hard to manage our Town's finances and focused on Caledon's future.

Sincerely,



Mayor Annette Groves



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TOWN OF CALEDON

Introduction



Welcome to Caledon



Caledon is situated on part of the Treaty Lands and Territory of the Mississaugas of the Credit First Nation, and part of the traditional Territory of the Huron-Wendat, Haudenosaunee Peoples and the Anishnabek of the Williams Treaties. The Town of Caledon was established on January 1, 1974 in conjunction with the creation of regional government. Representing an amalgamation of the former County of Peel townships of Albion, Caledon and the northern half of Chinguacousy, the Town of Caledon forms the northern municipality of the present Region of Peel.

It was the rich water and mineral resources that attracted settlers and early industrialists. It has been said that the first European settlers came in search of gold and although gold was never found, our industrial development then began. In present day, we celebrate our scenic hillsides, trails, parks, rivers and farmland.

Today, the Town of Caledon offers many services and prospects for residents that help make Caledon a safe, active, healthy and enjoyable community to call home. Caledon is a blend of urban and rural, modern and historic, all nestled between the Hills of the Headwaters, Oak Ridges Moraine and the Niagara Escarpment.

Home to vibrant communities and charming villages, Caledon's natural beauty and authentic visitor experiences are only an hour away from Toronto – North America's fifth largest urban centre.

Caledon boasts thriving urban centres amid a striking and safe natural haven that together blends business success with an unmatched quality of life.

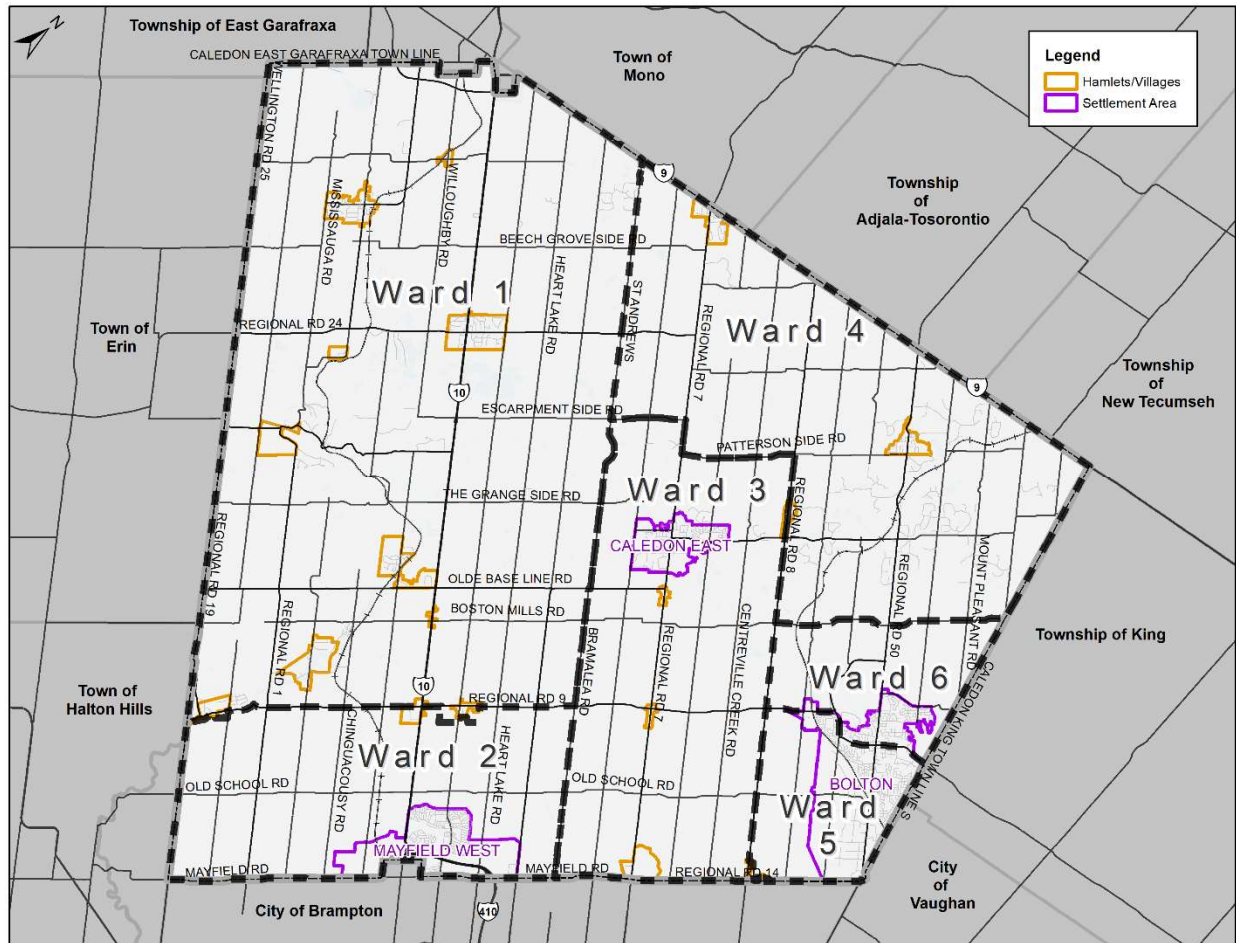
Caledon is one of three local area municipalities which combined, makes up the upper tier Region of Peel.

A vibrant community of 81,753 residents, Caledon benefits from its strategic location in the Greater Toronto Area (GTA). The GTA's population of over five million people continues to grow, and there are over 135 million people within a 500-mile radius of Caledon. This translates to an abundant, diversified and skilled labour force.



Welcome to Caledon

Caledon is comprised of six Wards. Council members are elected by their Ward residents, with the last election being held in October 2022.



Caledon covers nearly 700 km², making it one of the largest municipalities geographically in the Greater Toronto Area.

Welcome to Caledon



Left to Right: Councillor Ward 5 Tony Rosa, Councillor Ward 2 Dave Sheen, Councillor Ward 4, Nick de Boer, Regional Councillor Ward 1,2,3, Christina Early, Mayor Annette Groves, Councillor Ward 6 Cosimo Napoli, Regional Councillor Ward 4,5,6 Mario Russo, Councillor Ward 1 Lynn Kiernan, Councillor Ward 3 Doug Maskell

Welcome to Caledon

Caledon is an award-winning green community, with an unmatched natural heritage of public parks, conservation areas, the Niagara Escarpment, Oak Ridges Moraine, and the Credit and Humber River watersheds.

Lifestyle - The Best of All Worlds

Caledon is a unique mix of enduring rural traditions and vibrant urban neighbourhoods, serviced by a wide range of convenient amenities.

- **Housing Options**

We are a “community of communities”. Each village and hamlet within Caledon has its own distinctive charm. The growing real estate market offers home buyers a wide range of options: from country estates and heritage properties, to comfortable single, semi-detached and town homes in new and existing subdivisions.

- **Shopping**

The mix of rural villages and urban centres is reflected in the wide array of retail options which are equally strong and diverse – from quaint, one-of-a-kind boutiques to convenient large brand-name chains meeting both personal and professional needs.

- **Schools**

With performance scores well above the provincial average, Caledon offers an impressive choice of public, separate and independent schools.

- **Healthcare**

Healthcare services in Caledon are first-rate with nearby state-of-the-art regional hospitals and close proximity to the extensive facilities in the GTA.

- **Arts and Lifestyle**

Caledon enjoys a thriving arts community with annual arts festivals and a wide selection of live theatre and music options throughout the year. A diverse selection of recreation facilities and programs for residents of all ages support our commitment to healthy, active living.

Excellent Infrastructure and Location

Toronto, Canada’s largest city and economic pulse, is just a stone’s throw away. With that proximity comes many key benefits:

- a wide range of post-secondary learning institutions and continuing education opportunities;
- the countless cultural and economic opportunities of a major North American urban centre; and
- a well-established, efficient transportation infrastructure.

The Natural Course of Business

Caledon is home to Husky Injection Molding Systems, Amazon, UPS, Mars Canada, Sardo Foods, Cambria, DuPont Pioneer, The Beer Store, AFA Forest Products and Verdi Alliance to name just a few. These are just some of the 9,075 prosperous businesses registered in Caledon according to the 2019 Canadian Business Counts.

Welcome to Caledon

Green Development Program

Our Green Development Program encourages business to adopt the highest environmental standards for new commercial and industrial development. We offer development charge discounts from 5% to 27.5% for buildings that incorporate the internationally recognized Leadership in Energy and Environmental Design (LEED) certification.

Development Charge discounts are offered for buildings that incorporate green technologies including: solar hot water systems, transpired solar collectors and solar photovoltaic systems.



Caledon's strong and diversified economic base provides a solid foundation for new and expanding industries. Our growth sectors include:

- Construction;
- Manufacturing;
- Finance and Insurance;
- Professional, Scientific and Technical Services

Roads

Caledon businesses easily team with suppliers to serve customers in Canada's industrial heartland and the United States through an extensive and reliable network of municipal and regional roads (Highways 109, 10, and 50), which connect to major provincial highways (400, 410, 407, 427 and the Queen Elizabeth Way).

Rail

Nearby CP and CN Railway intermodal terminals provide diversified domestic and overseas containerized service to continent-wide and international markets.

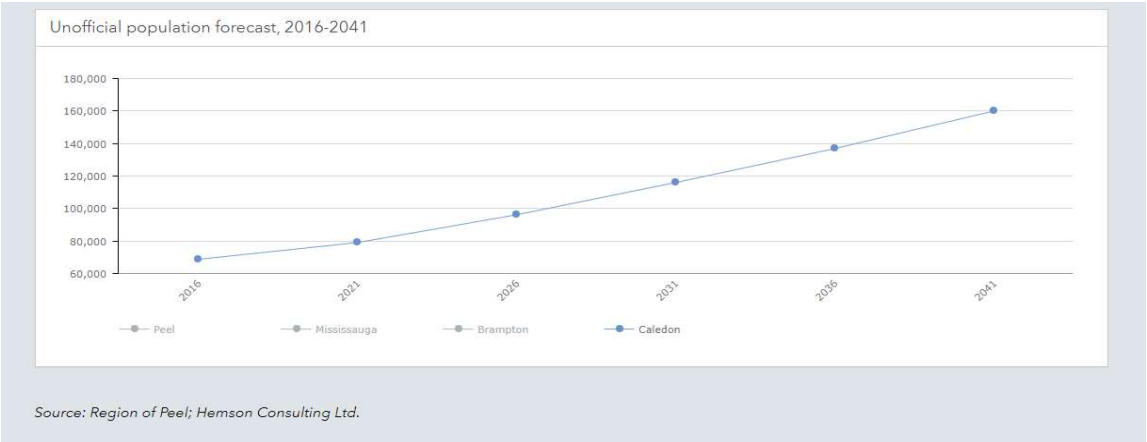
Air

The Greater Toronto Airports Authority operates Toronto Pearson International Airport (YYZ), a leading international gateway only 30 minutes south of Caledon. With direct access via Highway 427, Pearson is Canada's largest and busiest international airport with cargo service to sixteen North American and international destinations. Passengers can fly non-stop or with same plane service to more than 174 cities around the world. Caledon's centrally-located regional airport offers convenient air taxi service to major Ontario destinations and thousands of other North American airports. Companies can also take advantage of executive and priority express delivery services for small packages.

Welcome to Caledon

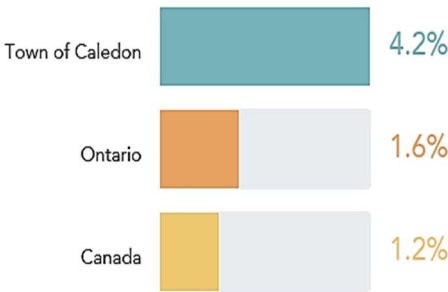
Demographics

Town of Caledon Population

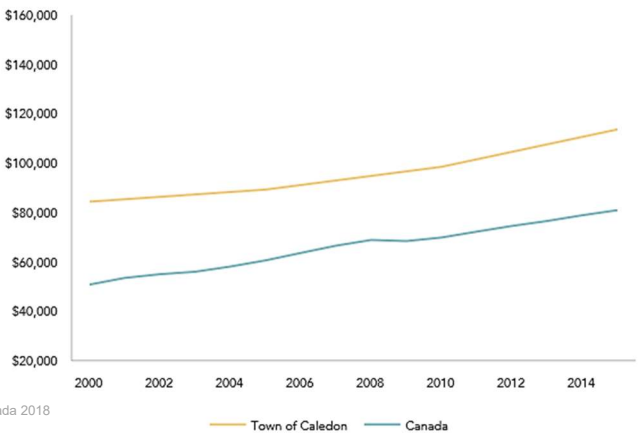


Over the last 7 years, the Town's population has significantly increased by 15.2%. At this rate of growth, the population is expected to exceed 99,000 people in 2026. By 2051 Caledon will have a population of 300,000 people and 125,000 new jobs, as prescribed by the Province of Ontario Places to Grow Plan. The incredible development of the Town over the last decade has encouraged more residents of the GTA to choose Caledon as their new home. With 518 new home developments in 2016, the total dwellings in Caledon have risen to 22,021. This number is also on an upward trend, growing 2.41% annually.

Population Growth Rates
2016-2017



Median Household Income



Part of the Town's growing population contributes to the strong and diverse labor force in Caledon, which was reported to be over 66,502 people in 2016. The average hourly wage is \$26.61, which is on par with most major cities in Ontario. However, the median household income, on average, has been 37% higher than the Canadian median since before 2000.

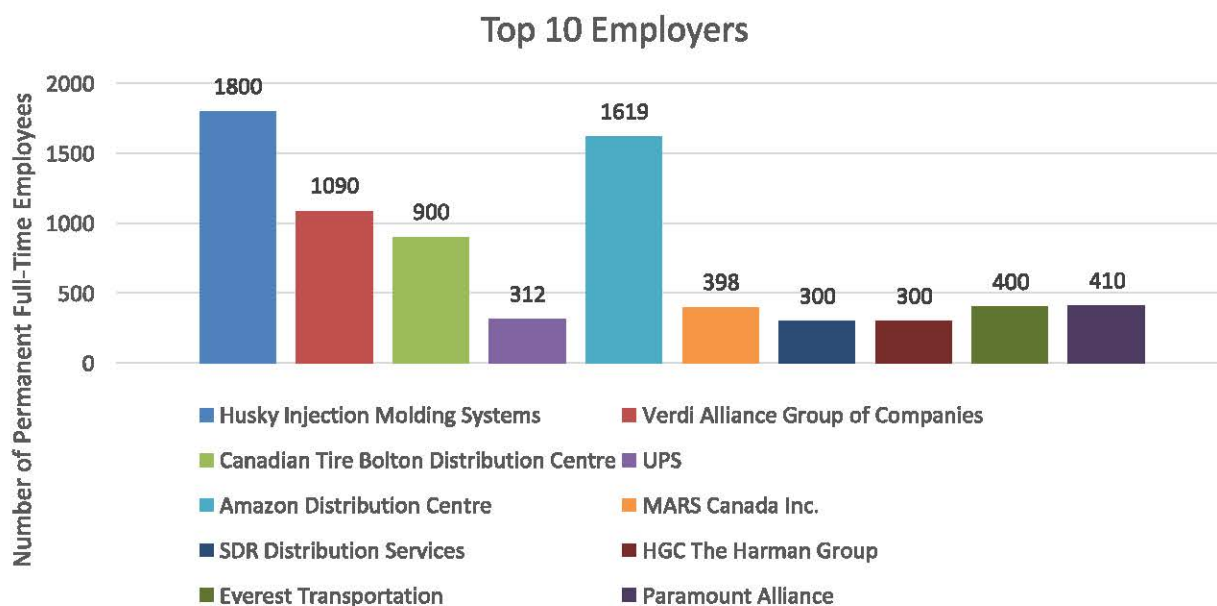
Welcome to Caledon

Business Climate

Over the years, many large companies have chosen to set up business in Caledon. Today, the Town is home to 3,256 companies from a wide range of industry sectors. These companies have helped to further strengthen Caledon's economy. The list below outlines Caledon's top ten corporate taxpayers.

| Top 10 Corporate Taxpayers |
|---|
| CANADIAN TIRE PROPERTIES INC |
| ONTARI HOLDINGS LTD |
| UNITED PARCEL SERVICE CANADA LTD |
| AMB AIRPORT ROAD CANCO INC |
| ANATOLIA REAL ESTATE CORP |
| GREYCAN 4 PROPERTIES GP INC; GREYPAN EQUITIES INC |
| BOLTCOL HOLDINGS SOUTH INC; BOLTCOL HOLDINGS SOUTH LP |
| BOLTCOL HOLDINGS NORTH INC; BOLTCOL HOLDINGS NORTH LP |
| 12333 AIRPORT RD HOLDINGS ULC |
| PIRET (86 PILLSWORTH) HOLDING INC |

Due to Caledon's prosperous business environment, there are a range of employment and career growth opportunities available in the Town. Below is a chart depicting the Town's top 10 employers.



Welcome to Caledon

Town of Caledon Corporate Structure

The Town of Caledon's 2022 budget is divided into the following areas:

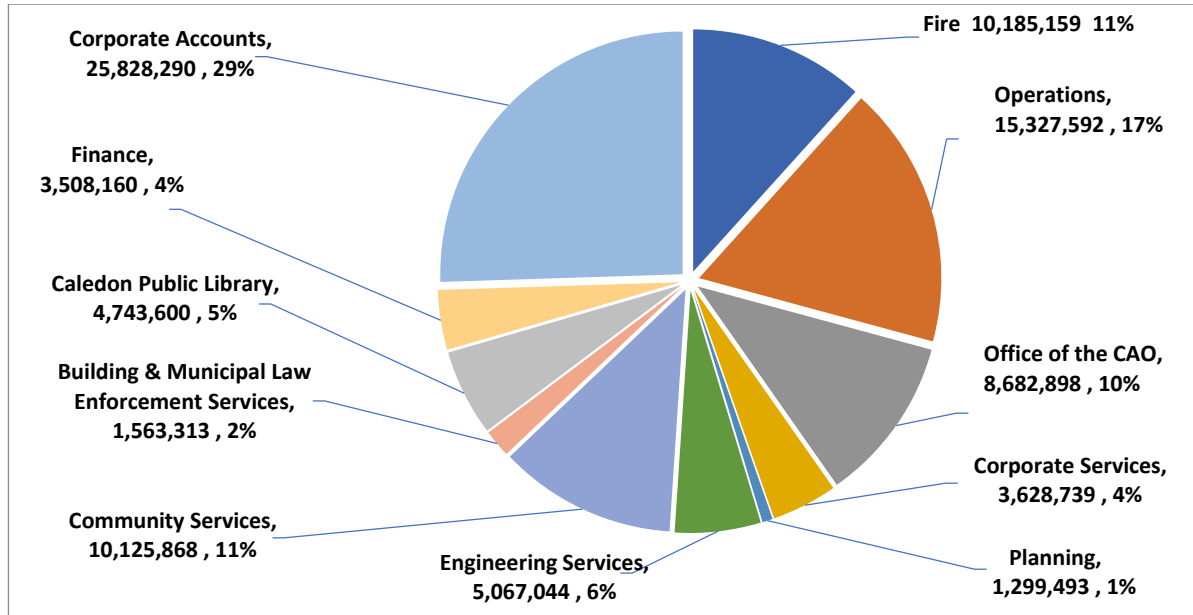


Chart is based on the 2022 Net Budget per Department and excludes Taxation Revenue.

Welcome to Caledon

1) Building & Municipal Law Enforcement Services Department

Administering and enforcing the *Building Code Act* and the Ontario Building Code with respect to buildings while maintaining mandatory legislative requirements and providing an excellent level of service. Bill 124 amended the *Building Code Act* by requiring that the fees collected by the municipality must not exceed the anticipated reasonable costs of the municipality to administer and enforce the Act which is why the Building Service's budget overall nets to zero. That is, Building Services operate on a full cost recovery from building permit fees and does not have a property tax subsidy. Municipal Law Enforcement Services is responsible in assisting residents with concerns related to various property matters and to foster a safe and welcoming community for residents, business owners and visitors.

2) Caledon Public Library

The Caledon Public Library (CPL) offers services, collections and programs through seven branches located across Caledon. Acting as a community hub to both suburban neighborhoods and rural villages, CPL serves as a cornerstone of the community, connecting people to each other and the world beyond. As a community-led organization, the Library serves and benefits Caledon by meeting the informational, educational and recreational needs of residents and businesses, promoting lifelong learning and bridging the digital divide.



3) Community Services Department

The Community Services Department is responsible for the overall operations and administration of the Town's community and corporate facilities, recreation programs, events and indoor and outdoor rental spaces. The Department is focused on meeting and exceeding the needs of the community through active engagement, strengthening partnerships, managing agreements, implementing policies, all with a collaborative goal of delivering quality services and amenities for the community to enjoy.

The department comprised of three divisions: Community Facilities, Corporate Facilities and Community Development-Recreation. Community Facilities strives to advance proactive infrastructure development solutions for growth management; to seek opportunities to connect Caledon villages to help bridge the rural/urban divide; to plan and fund recreation infrastructure that meets the changing needs of the community and to explore community hub models for service delivery. Corporate Facilities main functions are to enhance civic campus; to balance financial planning for operating and capital budgets and to manage reasonable community expectations. Community Development-Recreation is responsible in the development of a Community Safety and Well-Being Plan in partnership with Peel Public Health; promoting community enrichment through support of local groups, enhanced partnerships, and events and Applying a diverse lens throughout the Town's operations and services.

4) Corporate Services Department

The Corporate Services department provides efficient and effective service delivery, while maintaining a high level of integrity and adhering to regulatory and statutory obligations. As the liaison between Council and staff, the CAO and Clerk ensure Council directives are carried out. The department also provides the following services: Animal Services, Legal Services, Legislative Services, Mayor & Council Support and the Provincial Offences Court.

Welcome to Caledon

5) Corporate Strategy & Innovation

Corporate Strategy and Innovation includes Information Technology, Project Management Office and Energy and Environment. Information Technology (IT) focuses on digital solutions and improving systems to reduce our reliance on paper-based processes. The central Project Management Office ensures all departments stay strategically aligned with our vision and support large Corporate projects from process improvements to capital project oversight. Energy and Environment is responsible for coordinating the Town's response to the global challenge related to climate change and looking for solutions to be more energy efficient.

6) Customer Service and Communications

Customer Service and Communications department's mission is to facilitate connection to address challenges and create opportunities both internally and externally, through service excellence. The department is comprised of the following teams: Service Caledon, Communications and Adult 55+, Diversity, Equity and Inclusion. Service Caledon is providing centralized service offerings to residents and stakeholders enhancing the effectiveness and efficiency of the service experience with the Town. Communications educates, inspires and informs through collaboration, consistency and innovative internal and external outreach. Adult 55+, Diversity, Equity and Inclusion is responsible in addressing the various needs of the 55+ population in Caledon and to foster a diverse and inclusive environment.

7) Economic Development

Economic development supports, promotes and enables business development and investment to enhance community prosperity, including tourism and culture.

8) Engineering Services

The department is responsible for the design and construction of Town-owned infrastructure. Town-owned infrastructure includes roads, storm water management infrastructure (ditches, culverts, storm sewer and storm water management facilities), bridges (vehicle and pedestrian) and culverts, sidewalks, and streetlights. It is also responsible for the planning and design of traffic operations and proactively strategize improvements for all modes of transportation. Its four divisions are Development Engineering, Development Inspection and Transportation Engineering.

9) Finance Department

The department serves internal and external clients and helps to shape the future of the community by providing professional corporate-based financial, procurement, risk management, property tax/Town revenue services and advice.

The Finance Department includes the Purchasing & Risk Management, and Finance divisions responsible for:

- Public procurement and vendor payments;
- Insurance and risk management;
- Financial planning and reporting;
- Property tax collection and other revenues;
- Investments and debentures;
- Asset Management Planning

Welcome to Caledon

10) Fire Department

The department provides a team of highly trained caring professionals who lead a collaborative effort to provide the community with an efficient emergency and safety system dedicated to protecting and strengthening our community through education, prevention, and rapid intervention at emergencies.

The goal of the department is to provide effective, efficient, safe, professional and prompt fire protection services to the public. As one of the largest volunteer Fire Services in Ontario, the Caledon Fire & Emergency Services division prides itself on protecting life, property and the environment.



11) Operations Department

The Operations Department is responsible to maintain all of the road, park and fleet assets throughout the Town. It comprised of Roads and Fleet Services and Parks Operations divisions.

Road and Fleet Services is focused on ensuring that infrastructure within the Town's right-of-way is safe and meets Provincially mandated minimum maintenance standards or service levels, that all aspects of roads operations, vehicles and equipment are operated in a safe and compliant manner, that Town's fleet is sourced and acquired to meet energy efficiency targets. It also manages a winter maintenance program to ensure public safety on Town Roads during the winter months and a summer maintenance program to ensure public safety on Town Roads during the summer months.

Parks Operations ensures all parks and trails are developed and maintained to enrich the quality of life in Caledon through creative partnerships with the community, protection and enhancement of the natural environment to meet Council directives and approved service levels. It also ensures public safety regarding parks, sports fields and their amenities and public safety regarding sidewalk winter control in accordance with Council directed and approved service levels.



Welcome to Caledon



12) People Services Department

People Services Department supports organizational capability and effectiveness, delivers HR value-added programs and service excellence and strives to create a positive and enriching employee experience.

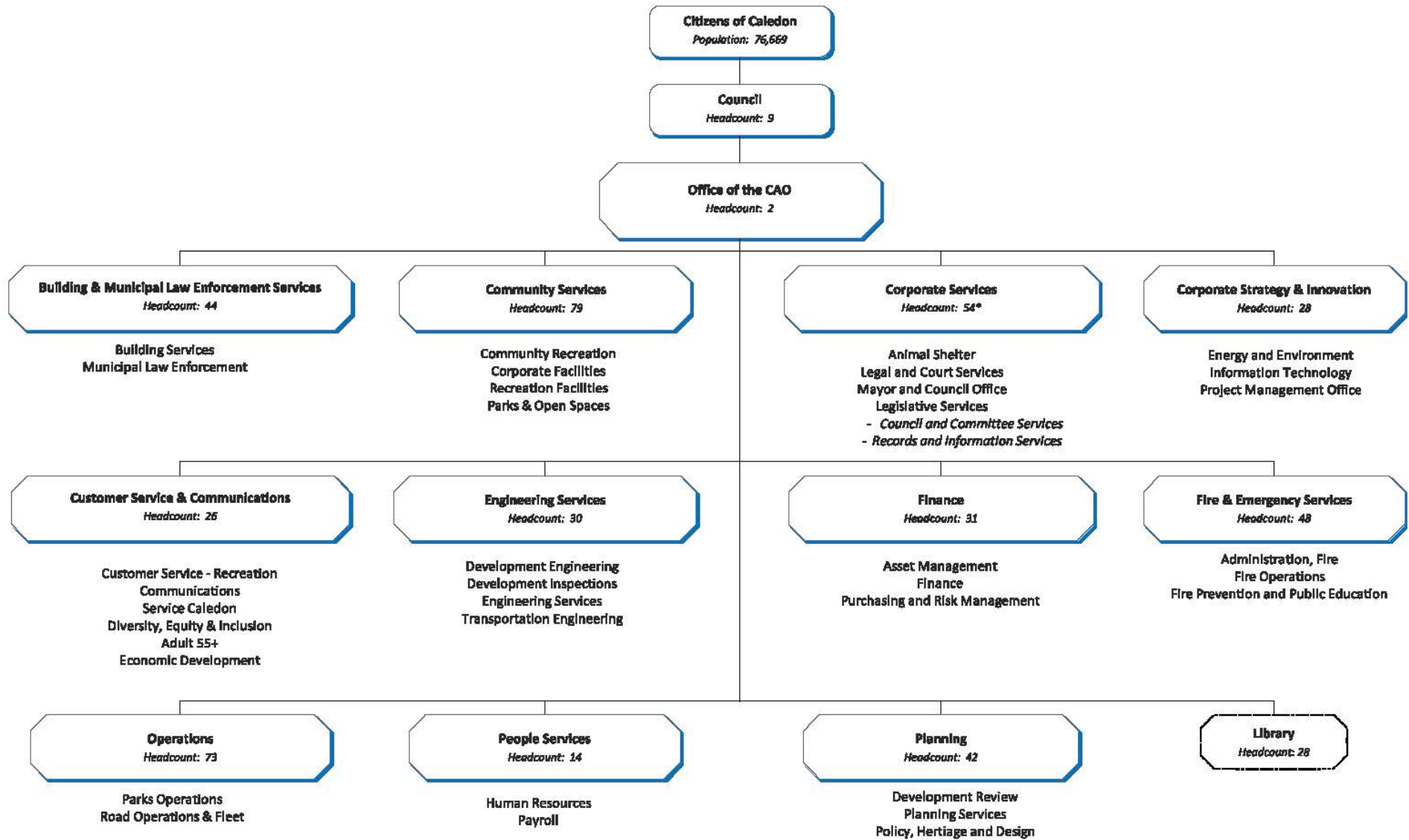
13) Planning Department

The department helps to create a prosperous and livable community that values its past, respects the environment and looks to the future by:

- Providing professional planning advice and legal support to Town Council regarding appropriate current and future land use planning and development of the Town.
- Representing the municipality and its interests regarding such land use planning to the public, the development industry and other government departments, agencies and levels.
- **Ensuring that the Town's development activities** comply with provincial planning legislation and land use policies while working co-operatively with landowners to build communities that are safe, diverse and economically vibrant.

The Policy & Sustainability division's role is to set the long-term policy framework to assist Town Council through studies, policy development for Caledon through the Town's Official Plan. The division is also responsible for the management of Heritage/Cultural Resources through the processes of listing and designating heritage properties, reviewing and commenting on planning applications, advocacy & public outreach, management of grants to support property stewardship.

Town of Caledon Organizational Chart



Total 2022 Approved Headcount 499 (Includes two (2) full-time positions for knowledge transfer of retirees
Population taken from the Peel Data Centre (2021 population)
Police Services are provided contractually through the Ontario Provincial Police and are not shown above
* Corporate Services Headcount Includes Mayor and Council headcount

2022 FINANCIAL REPORT

The Town of Caledon is pleased to present its 2022 Financial Report and Consolidated Financial Statements, for the year ended December 31, 2022. This report has been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and best practices in financial reporting as recommended by the Government Finance Officers Association.

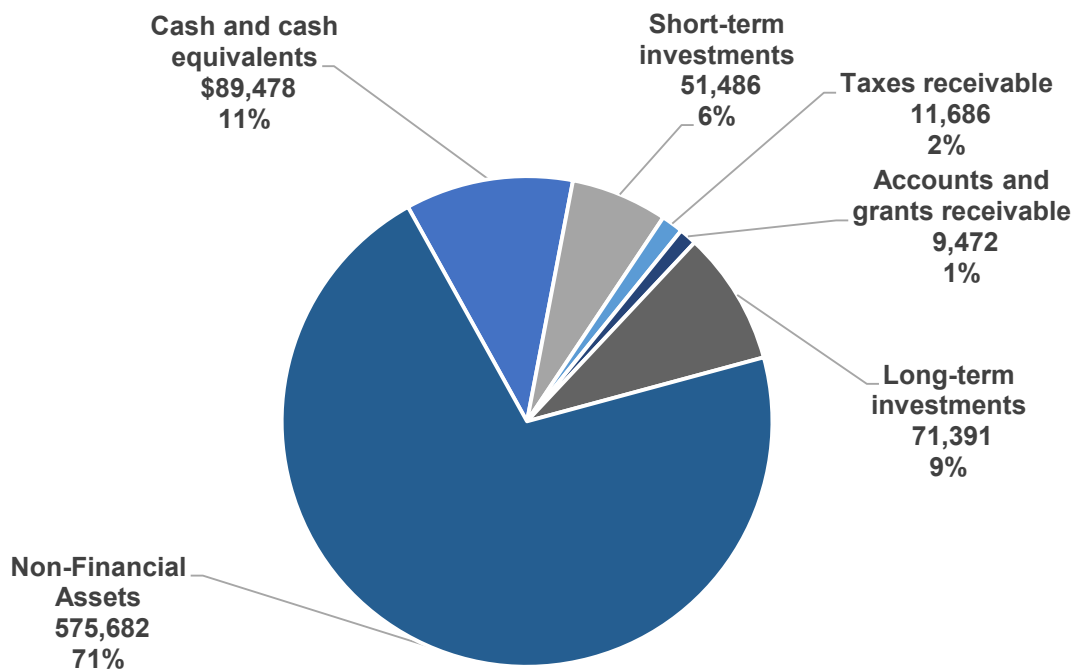
The 2022 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Town of Caledon. The financial statements have been examined by Millards LLP Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with public sector accounting standards.

The Financial Highlights have been extracted from the Town's Audited Consolidated Financial Statements.

Statement of Financial Position

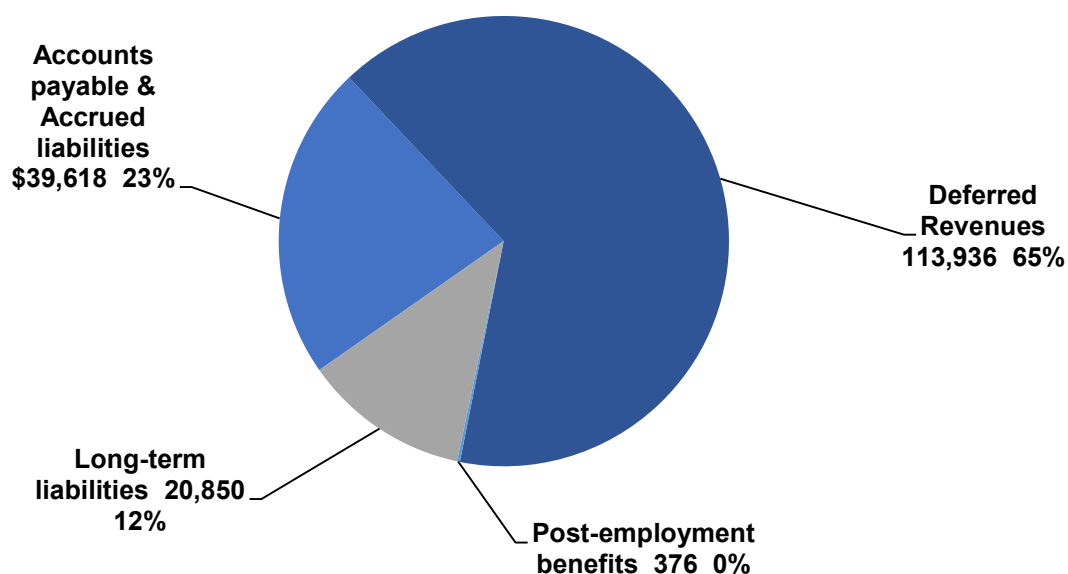
The following highlights outline the Financial Position as at December 31, 2022 (In thousands of dollars)

| What we own (Assets) | \$ 000's | % |
|--------------------------------|-------------------|-------------|
| Cash and cash equivalents | \$ 89,478 | 11% |
| Short-term investments | 51,486 | 6% |
| Taxes receivable | 11,686 | 2% |
| Accounts and grants receivable | 9,472 | 1% |
| Long-term investments | 71,391 | 9% |
| Non-Financial Assets | 575,682 | 71% |
| Total | \$ 809,194 | 100% |



| What we owe (Liabilities) | \$ 000's | % |
|--|-------------------|-------------|
| Accounts payable & Accrued liabilities | \$ 39,618 | 23% |
| Deferred Revenues | 113,936 | 65% |
| Post-employment benefits | 376 | 0% |
| Long-term liabilities | 20,850 | 12% |
| Total | \$ 174,780 | 100% |

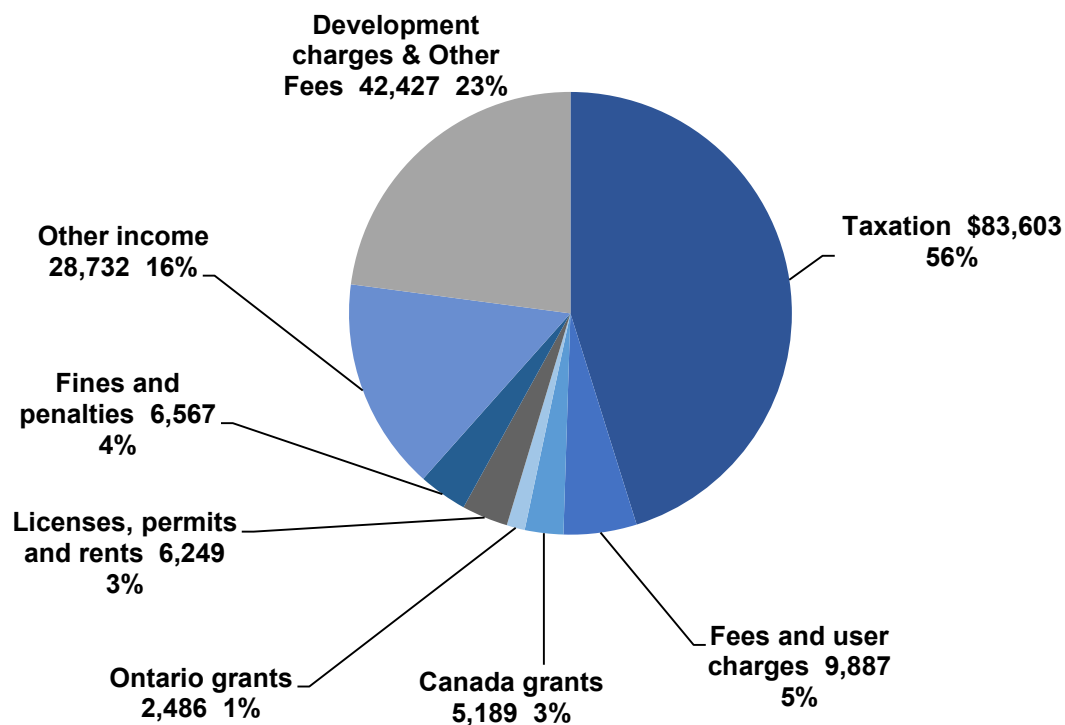
| Net worth | \$ 000's | % |
|--|-------------------|-------------|
| Accumulated operating surplus | \$ 17,235 | 2% |
| Investment in Tangible Capital Assets | 574,504 | 91% |
| Reserves and Reserve Funds | 42,675 | 7% |
| Total | \$ 634,414 | 100% |
| Total Liabilities and Net Worth | \$ 809,194 | |



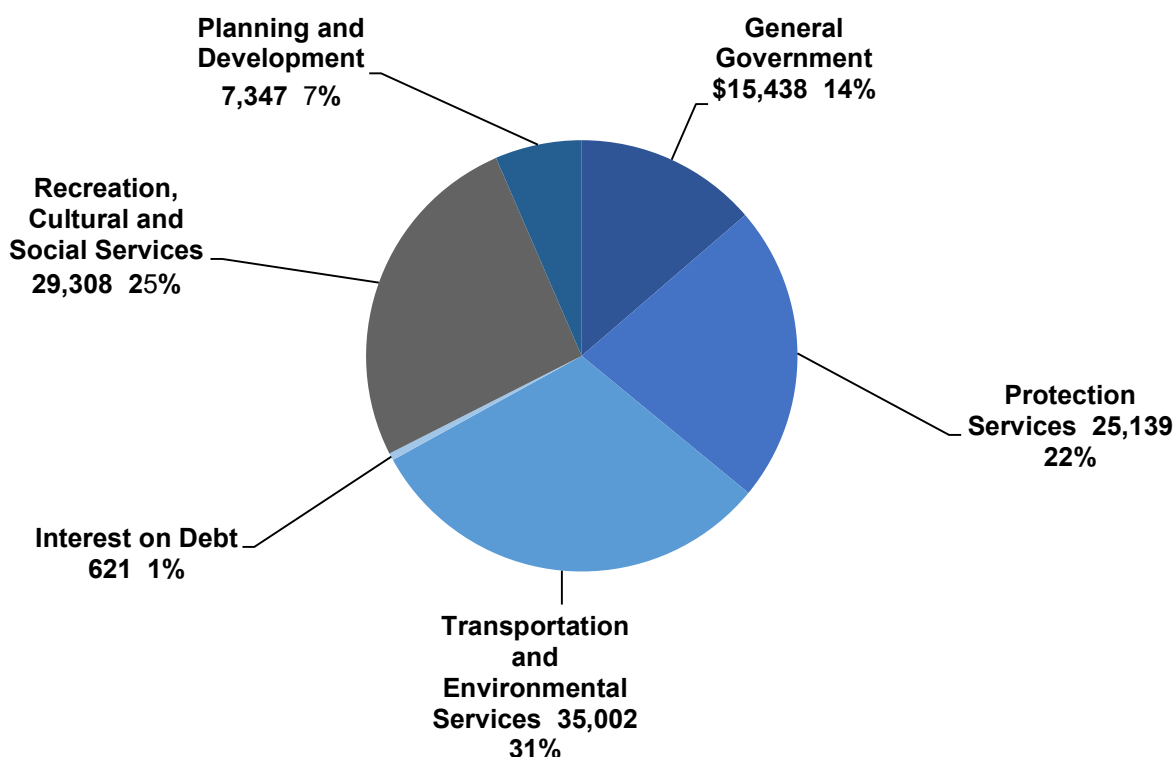
Revenues and Expenses

The following highlights outline the Statement of Operations as at December 31, 2022 (in thousands of dollars)

| Where the money came from (Revenues) | \$ 000's | % |
|---|-------------------|-------------|
| Taxation | \$ 83,603 | 45% |
| Fees and user charges | 9,887 | 5% |
| Canada grants | 5,189 | 3% |
| Ontario grants | 2,486 | 1% |
| Licenses, permits and rents | 6,249 | 3% |
| Fines and penalties | 6,567 | 4% |
| Other income | 28,732 | 16% |
| Development charges & Other Fees | 42,427 | 23% |
| Total | \$ 185,140 | 100% |



| What the money was used for (Expenses) | \$ 000's | % |
|---|-------------------|-------------|
| General Government | \$ 15,438 | 14% |
| Protection Services | 25,139 | 22% |
| Transportation and Environmental Services | 35,002 | 31% |
| Interest on Debt | 621 | 1% |
| Recreation, Cultural and Social Services | 29,308 | 25% |
| Planning and Development | 7,347 | 7% |
| Total | \$ 112,855 | 100% |



In addition to the Management Discussion and Analysis and the Consolidated Financial Statements, the 2022 Financial Report contains supplementary financial, non-financial and statistical information about the Town in order to provide more information in a consolidated format to the Town's various stakeholders (see Statistical Section).

The Town's significant financial accounting policies are contained within the notes to the Town's financial statements. During the year, financial transactions and review/refinement of financial processes/policies are guided by provincial legislation, the Ontario Municipal Act, 2002 and related provincial regulations that all municipalities in Ontario must comply with, public sector accounting standards as recommended by the Public Sector Accounting Board of CPA Canada.

2022 MANAGEMENT DISCUSSION AND ANALYSIS

The Town of Caledon prepares its budget on a fund accounting basis where budgeted capital and operating expenditures are balanced with revenues. Like all other municipalities, the Town of Caledon is required under the Public Sector Accounting Board rules to prepare financial statements on the full accrual basis of accounting, including amortization, tangible capital assets and post-employment benefits.

The Consolidated Financial Statements in the 2022 Financial Report have been prepared in accordance with general accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. By converting the Town's statements to a full accrual basis, it changes the budget from a balanced budget to recognize either a surplus or deficit. The statements and related information are the responsibility of management and include the financial activities of all entities deemed to be controlled by the Town of Caledon.

Some highlights of the 2022 financial statements include:

- A significant net investment in Tangible Capital Assets of \$80.0 million in infrastructure, roads, equipment and facilities.
- A decrease in cash and investments of \$9.5 million due to timing of funding of capital projects in 2022. With the increase in interest rates in 2022, the Town used opportunities to invest idle cash in short and long-term investments.
- A decrease in accounts payable and accrued liabilities of \$2.5 million that is attributed to the timing of large capital projects and commitments at year-end.
- A decrease in net long-term liabilities of \$2.1 million due to principal repayments on long term debt.
- The 2022 statement of operations reflects a full accrual surplus of \$72.3 million mainly due to contributed assets (e.g. Town assumption of public infrastructure works from completed developments) received in 2022 of \$16.4 million, \$42.4 million of development charge revenue recognized relating to growth-related construction projects such as the Growth Related Roads Program, Caledon East Community Centre, Rotary Place Expansion, and the Palgrave, Alton and Mono Mills Fire Station Expansions, and \$3.5 million of Canada-Community Building fund related to road and bridge rehabilitation projects and the Humber River Centre. Compared to budget there was a surplus of \$5.5 million mainly due to interest income from investments due to higher interest rates, penalty and interest from property tax arrears, savings from lower Salary and Benefits expenses and timing differences resulting from delays in service contracts and other general operating expenses.

2022 FINANCIAL POSITION OF THE TOWN

The Town's total net assets (also referred to as accumulated surplus) increased by \$71.7 million in 2022 as shown in the table below:

| Description | Change in 2022 Increase/(Decrease) (\$ millions) | Calculation |
|---|--|----------------|
| Financial Assets – e.g. cash, receivables and investments | \$(10.9) | A |
| Financial Liabilities – e.g. payables, deferred revenues and debt | (\$3.4) | B |
| Non-financial Assets – e.g. tangible capital assets | \$79.8 | C |
| 2022 Change in Total Net Assets | \$72.3 | D=A-B+C |

Financial Assets

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase/ (Decrease) |
|---------------------------------|----------------|----------------|-------------------------------------|
| Cash and Cash Equivalents | \$89.5 | \$165.4 | (\$75.9) |
| Short-term Investments | \$51.5 | \$12.3 | \$39.2 |
| Taxes Receivable | \$11.7 | \$13.9 | (\$2.2) |
| Trade and other receivables | \$9.5 | \$8.6 | \$0.9 |
| Long-term Investments | \$71.4 | \$44.2 | \$27.2 |
| | \$233.5 | \$244.4 | (\$10.9) |

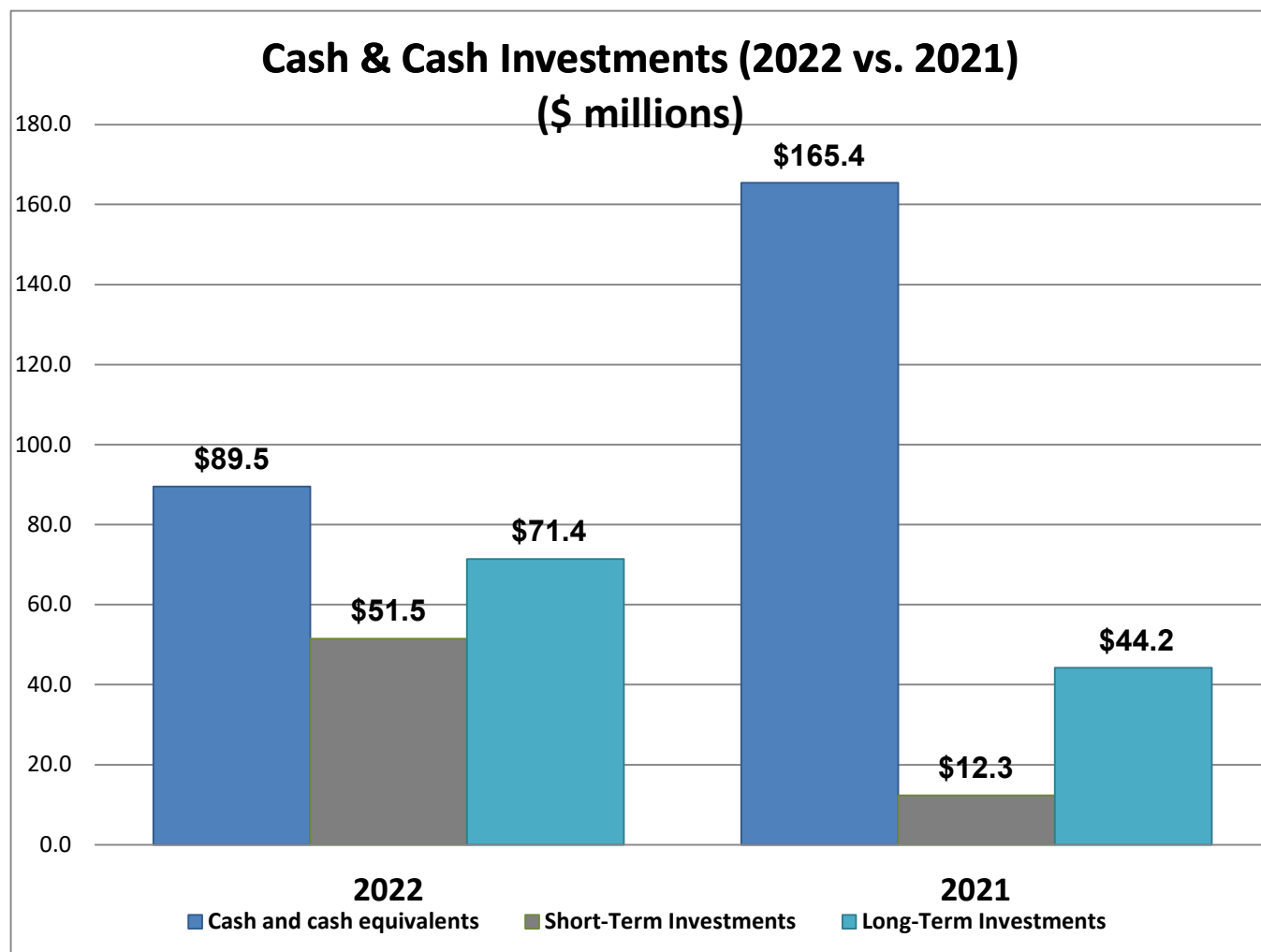
The \$10.9 million decrease in financial assets for the Town is primarily attributed to the following:

- \$75.9 million decrease in cash and cash equivalents mainly from investments of cash in short and long term investments to take advantage of higher interest rates, and a year end surplus. Cash equivalents consist of highly liquid investments which amount to \$89.5 million in 2022 and \$165.4 million in 2021.
- \$39.2 million increase in short term investments as investments that had matured were re-invested to take advantage of increased interest rates.
- \$27.2 million increase in long term investments due favourable long term investment opportunities.
- Reduction in Taxes Receivable year over year due to the collection of property taxes outstanding through payment plans from the COVID-19 pandemic.

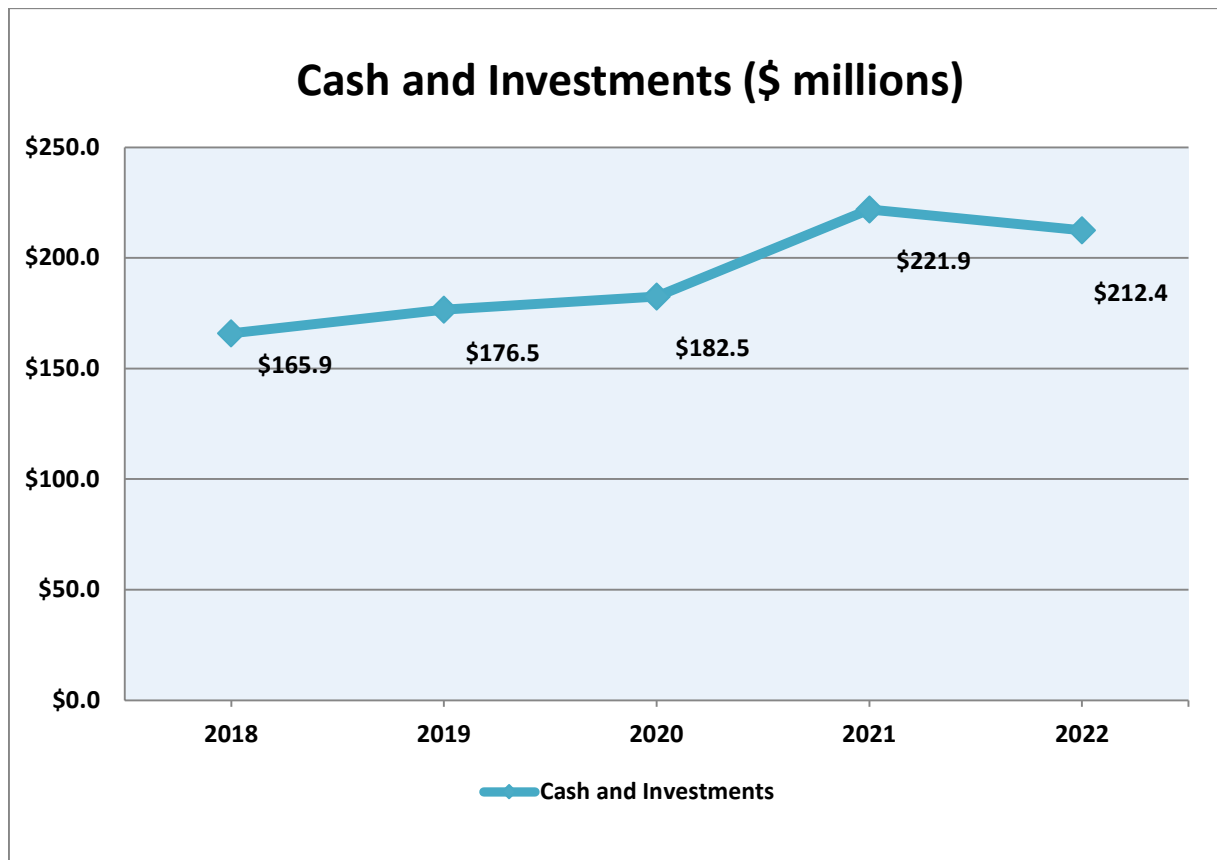
Investments

Overall cash and investments decreased by \$9.5 million from 2021 to 2022 as a result of reduced cash flow from:

- Repayment of long term debt and the timing of construction projects
- Less cash at year end due to the timing of accounts payables.



The Town actively manages its cash flow by modelling funds coming in and out of the Town to better predict funds available for investment opportunities in order to generate additional revenue. In 2022, funds were withdrawn from the Town's high interest savings account (HISA) and invested in other short-term and long-term instruments in order to take advantage of higher interest rates to generate additional interest revenue. Over the years, the Town has made significant contributions in both short term and long-term investments to create a diversified portfolio while generating additional investment income all while balancing the Town's cash needs. The chart that follows shows the 5-year trend on cash and investments balance:



Taxes Receivable

The Town has made progress in reducing its property taxes receivable over the years by offering special payment plans for residents in arrears and proactively conducting tax sales on properties in arrears. The payment plans are offered to both residential and commercial properties for a period of 3 years. These plans came into effect in 2012 and positive results are being realized over the years. Completing tax sales on properties in arrears brings those properties back into productive use and has also been an effective tool to bring taxes receivable as a percentage of total taxes down considerably. Due to the worldwide COVID-19 pandemic and the Town's 2021 tax deferral program, that allowed taxpayers to defer tax payments interest and penalty free to December 31, 2021, Tax receivables have increased in 2020 and 2021 which is to be expected.

In 2022, the Town offered interest relief to taxpayers who found themselves in arrears due to the COVID-19 pandemic if they signed up on a monthly payment program to make progress towards paying down their property tax arrears. These plans were successful and outstanding property taxes fell in 2022, almost to the pre-pandemic levels.

| Taxes Receivables | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Taxes Receivable (\$ millions) | 11.7 | 13.9 | 13.2 | 9.9 | 8.9 | 8.6 | 8.2 | 7.6 |
| Taxes Receivable % of Total Taxes | 5.9% | 7.3% | 7.3% | 5.8% | 5.4% | 5.6% | 5.6% | 5.5% |

Financial Liabilities

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase/ (Decrease) |
|--|----------------|----------------|--|
| Accounts Payable and Accrued Liabilities | \$39.6 | \$42.1 | (\$2.5) |
| Deferred Revenue | \$113.9 | \$112.9 | \$1.0 |
| Post-employment benefits | \$0.4 | \$0.2 | \$0.2 |
| Long-term Liabilities | \$20.9 | \$23.0 | (\$2.1) |
| | \$174.8 | \$178.2 | (\$3.4) |

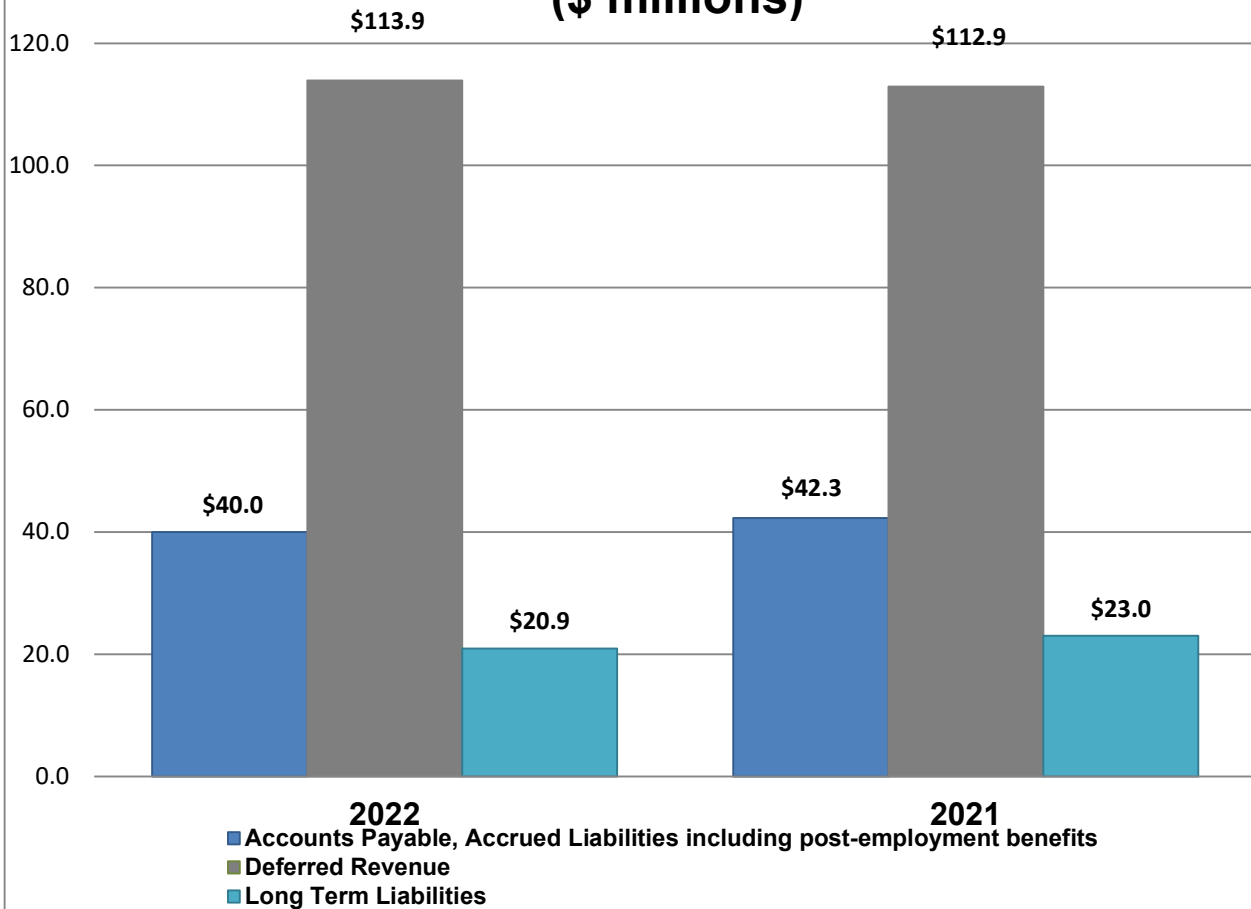
Overall, financial liabilities for the Town have decreased by \$3.4 million primarily due to the following:

- A decrease in accounts payable and accrued liabilities by \$2.5 million that is attributed to the timing of large capital projects and commitments at year-end.
- Long Term Liabilities decreased by \$2.1 million due to the repayment of debt. Note 10 of the Town's audited financial statements shows the individual debentures and terms.

The Net Long-Term liabilities balance of \$19.5 million, shown below, represents the Town's debentures net of sinking fund assets that are included under the long-term investments in Note 10 of the Town's 2022 financial statements. The sinking fund increases every year due to the Town's sinking fund contributions and the interest earned on the sinking fund investments. More details of the Town's outstanding debt, issued through the Region of Peel, is provided in the Municipal Debt section of this Management Discussion and Analysis.

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase/ (Decrease) |
|--|---------------|---------------|--|
| Long-term Liabilities | \$20.9 | \$23.0 | (\$2.1) |
| Sinking Fund Assets | (\$1.4) | (\$1.3) | (\$0.1) |
| Net Long-Term Liabilities | \$19.5 | \$21.7 | (\$2.2) |

Financial Liabilities (2022 vs. 2021) (\$ millions)



Non-Financial Assets

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase/ (Decrease) |
|---------------------------------|---------|---------|-------------------------------------|
| Tangible Capital Assets - Net | \$574.5 | \$494.5 | \$80.0 |
| Inventory | \$0.6 | \$0.6 | \$0.0 |
| Prepaid expenses | \$0.5 | \$0.8 | (\$0.3) |
| | \$575.7 | \$495.9 | \$79.8 |

Total non-financial assets are predominately tangible capital assets but also include operating supplies counted as inventory and prepaid expenses. The Town had made significant investment in tangible capital assets of approximately \$116.8 million with a net increase of \$80.0 million in tangible capital assets in 2022 once amortization (\$20.0 million) and disposals are accounted for.

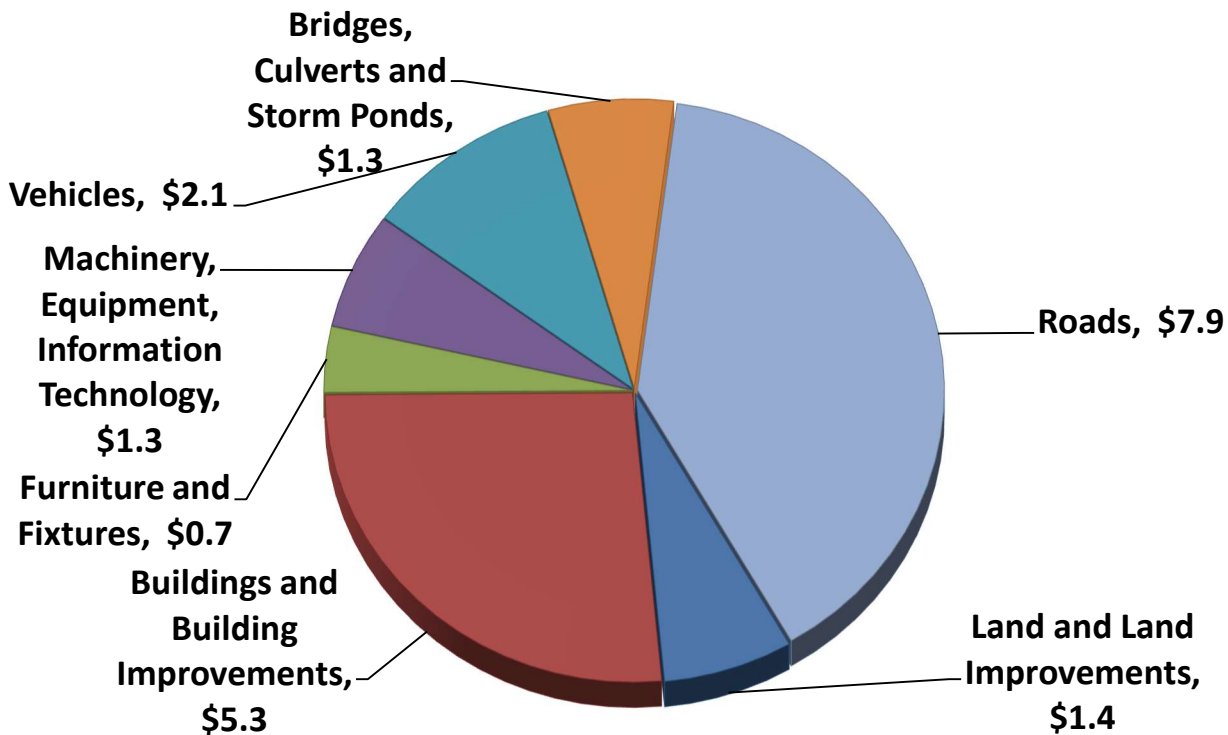
In 2022, the Town capitalized \$75.9 million in gross capital assets (net of changes in construction-in-progress), meaning these assets are substantially complete. Below are some of the major capital projects capitalized in 2022:

Major Projects Capitalized in 2022

| | \$ millions |
|--------------------------------------|-------------|
| 2021 Growth-related Roads Program | \$15.3 |
| Purchase of 1248 Mayfield Road | \$8.1 |
| Works Yard 1/2 Strategic Growth Plan | \$4.4 |
| Large Fire Apparatus (6) | \$3.5 |
| Albion Vaughan Acoustic Barrier | \$2.6 |
| Acquisition of Land Downtown Bolton | \$1.7 |
| Large Fire Apparatus (2) | \$1.7 |

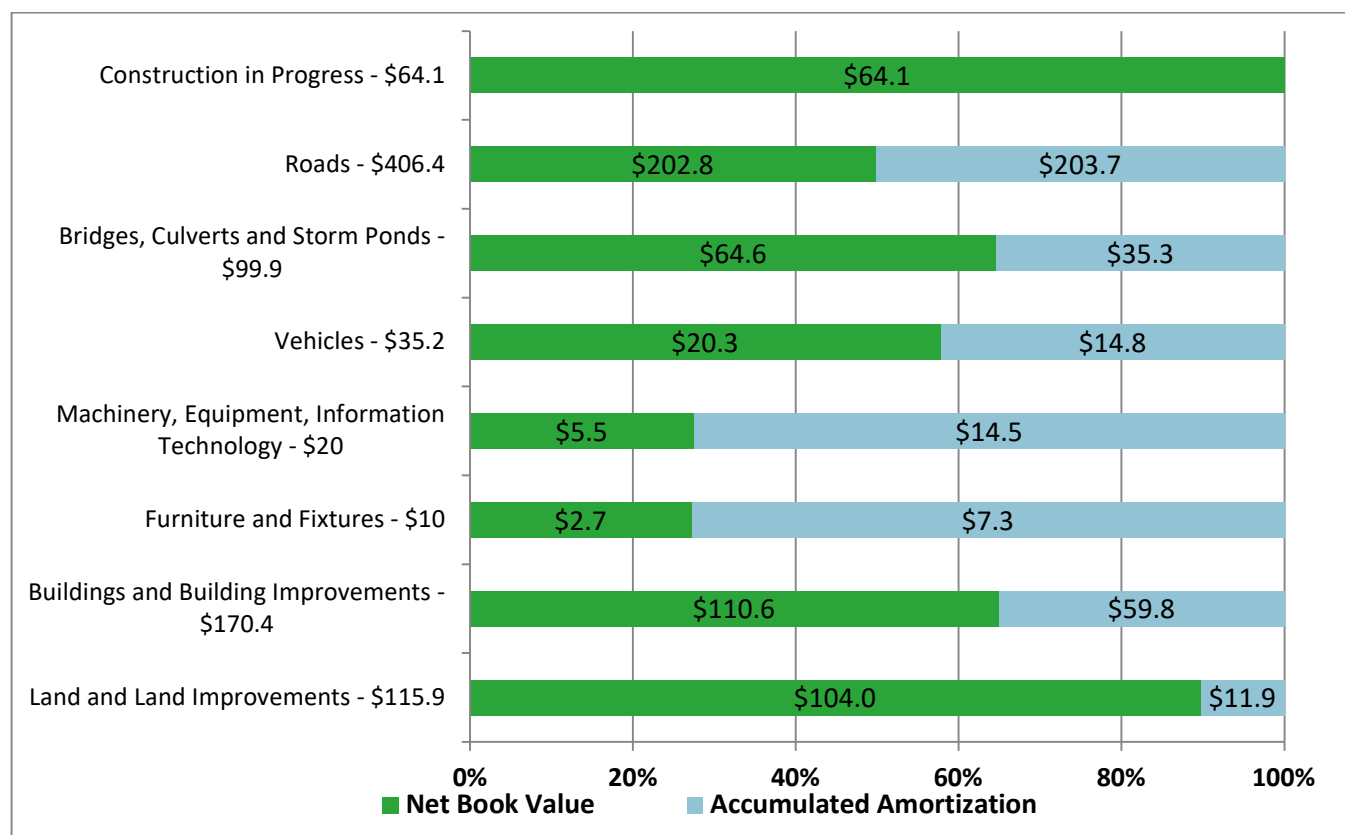
The amount amortized by asset provides an indication of how much should be set aside each year for repair or replacement of Town assets. The chart below shows the breakdown of amortization expense by asset.

2022 Amortization Expense by Asset Type – Total \$20.0 (\$ millions)



The next chart shows the historical cost of the Town's assets with details on the portion that has been amortized / depreciated to date (i.e. accumulated amortization) and the portion that still has an accounting useful life (i.e. Net Book Value). As noted below, in most cases more than 50% of the Town's assets are amortized based on category.

2022 Tangible Capital Assets: Historical Cost \$922.0 and Net Book Value \$574.5 (In millions)



The Town's sustainable funding source for capital offsets the projected amortization expenses of approximately \$20.0 million per year. With amortization providing an indication of how much should be set aside/spent each year to repair and replace the Town's assets, the Town needs to build-up sustainable funding for capital. In recent years, the Town has actively worked to reduce the infrastructure funding shortfall by levying more property tax dollars for capital purposes. The goal for the Town's tax funded capital program in the past was \$20 million which was based upon annual amortization levels in 2009/2010.

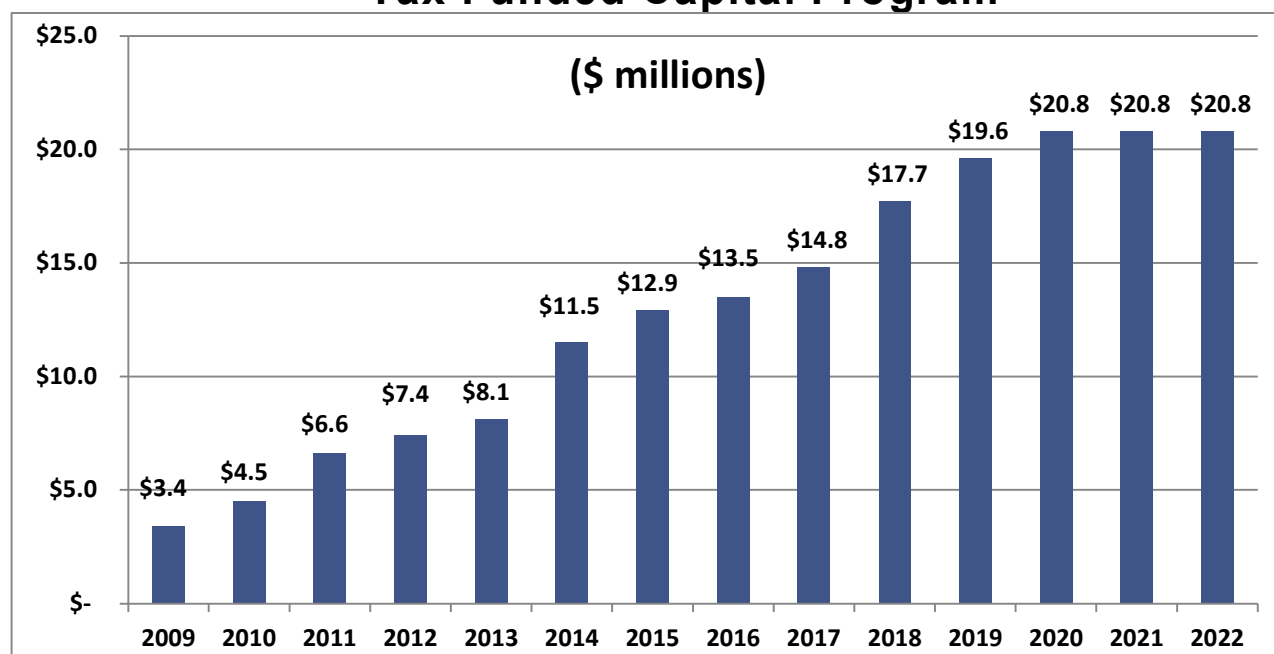
Through the Town's 2021 Asset Management Plan (AMP) a new target of \$37.7 million has been identified as the Average Annual Investment Required to maintain the Town's infrastructure based on replacement cost.

As noted above, the previous target was established using amortization as a proxy at the time. However, amortization is based on historical cost of assets and the future cost to replace an asset (such as a bridge) will cost more than what the Town paid for it more than 50 years ago. The recent AMP work looks at assets, asset conditions, asset life cycles and projects future costs of replacement. The preliminary target projection is \$37.7 million annually but this will be refined as the Town continues to complete the AMP per provincial regulations.

As the Town continues to work towards a comprehensive AMP, the Average Annual Investment Required will be refined, and the infrastructure gap will be quantified with the goal of creating a long-term strategy to fund the gap. This strategy will continue to look at best practices to maintain assets using a proactive approach to avoid the large costly repairs that can occur when assets need to be completely replaced vs maintained. The cost of the growth assets will also eventually be incorporated into the Asset Management plan along with levels of service.

The Town of Caledon has made significant progress towards developing a sustainable funding source for capital infrastructure. To illustrate the Town's commitment to funding the Town's infrastructure gap, the following chart outlines the Town's base tax levy contributions to capital over the past fourteen years (2009 to 2022) and includes the 2022 tax levy funded capital approved in the 2022 budget.

Tax Funded Capital Program



| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase/ (Decrease) |
|--|----------------|----------------|-------------------------------------|
| Financial Assets | \$233.5 | \$244.4 | (\$10.9) |
| Financial Liabilities | \$174.8 | \$178.2 | (\$3.4) |
| Net Financial Assets | \$58.7 | \$66.2 | (\$7.5) |
| Non-Financial Assets | \$575.7 | \$495.9 | \$79.8 |
| Total Net Assets | \$634.4 | \$562.1 | \$72.3 |
| Accumulated Surplus - End of Year | \$634.4 | \$562.1 | \$72.3 |

The 2022 accumulated surplus change is equal to the 2022 annual surplus from operations reported in the consolidated statement of operations and outlined in detail on the next section of this Management Discussion and Analysis. In 2022, the Town's financial position, the Town's accumulated surplus at the end of December 31, 2022, increased by \$72.3 million (from \$562.1 million in 2021 to \$634.4 million in 2022). Other balances included in the accumulated surplus are disclosed in Note 12 of the financial statements.

2022 OPERATIONS AND FULL ACCRUAL ACCOUNTING SURPLUS

The budgets for the Town are prepared on the funding basis of accounting where revenues equal expenditures for budget/planning purposes. On the fund basis of accounting, the Town ended 2022 with a surplus of \$5.5 million due primarily to the following reasons:

- Labour (salary) gapping attributable vacant positions and delay in hiring for vacancies across the Town
- Unfavourable variance in user fees and rental revenue across the Town mainly due to facility related closures due to the pandemic in early 2022 and engineering and building fees that came in under budget due to the timing of developments
- Increases in interest rates higher than forecast throughout 2022 led to a favourable variance in investment income and interest earned on Corporate Reserves
- There has been an increase in revenue that is attributed to additional tax revenues from an increase in supplementary assessment received from Municipal Property Assessment Corporation (MPAC), late payment penalty charges and an increase in the general tax levy. Supplementary tax revenue is incremental revenue related to properties that increase in value due to redevelopment (e.g. tax revenue from vacant land changed to a house on the same land). The Town has been working proactively on assessment appeals related to developable land and saw an increase in successful assessment appeals as a result.

Overall the Town has a 2022 year-end full accrual surplus of \$72.3 million which was higher than the 2021 year end surplus of \$58.1 million primarily due to the increase in development charge revenue recognized due to the nature of the growth related infrastructure projects that occurred in 2022 when compared to work done in 2021. In 2021, there was more gas tax grant revenue recognized of \$8.9 million due to more expenditures being incurred on road and bridge infrastructure compared to 2022.

Conversion to Full Accrual Accounting

When reporting the Town operations on the full accrual basis of accounting, adjustments are made to fund accounting numbers as treatment of revenues and expenses differ between the two accounting methods. For example, prior to 2009 there was no requirement to present tangible capital assets on the Town's statement of financial position. Accordingly, municipalities did not have amortization (or "depreciation") expenses listed in financial statements prior to 2009. Instead, the Town, like all Ontario municipalities at the time, expensed tangible capital assets (TCA) additions with revenues related to capital project additions shown to fully offset the capital expenditures. Under the full accrual method of accounting, the TCA additions are now capitalized on the Town's Statement of financial position and amortization expenses are listed on the statement of operations, similar to private sector financial statements. Amortization has become one of the largest expenses for many municipalities due to the value of municipal tangible capital assets including roads, bridges, recreational facilities, fire stations, fire and public works vehicles.

The items below are included in the December 31, 2022 financial statements:

- Amortization of tangible capital assets
- Accumulated Surplus/(Deficit) from Operations
- Net Book Value loss on disposal of Tangible Capital Assets
- Revenue – Grants (including Canada Community Building Fund)/Development Charges/Recoveries from other municipalities/Other - for Capital
- Revenue – Contributed Assets (assets assumed by the Town)
- Expenditures – Removal of debt principal on debt such as Enhanced Roads Program debt
- Transfer from/to Reserves are not considered Revenue or Expenses and are removed from the Town's Surplus

The following is the adjustment from the Town's fund accounting surplus of \$5.5 million to the actual full accrual surplus of \$72.3 million:

| | <u>\$ Millions</u> |
|---|----------------------|
| 2022 Fund Accounting Operating Budget Surplus | \$5.5 |
| 2022 Tangible Capital Asset Amortization | (\$20.0) |
| 2022 Budget Tax Levy Funded Capital Program | \$20.8 |
| 2022 Capital Budget Items not considered TCA | (\$9.1) |
| 2022 Budget Transfer from Reserves considered | |
| Deferred Revenue & Other external Funding (e.g. grants) | <u>\$68.0</u> |
| | <u>\$59.7</u> |
| Revised surplus after accounting for TCA | \$65.2 |
| Other Full Accrual Adjustments | |
| Net 2022 Budget Transfers to Reserves not considered as | |
| Expenses | \$5.0 |
| Long Term debt Principal Payment (External) | <u>\$2.1</u> |
| | <u>\$7.1</u> |
| Estimated Impact on the ending 2022 Accumulated Surplus | <u><u>\$72.3</u></u> |

As shown in the table above, deferred revenue and other full accrual adjustments for revenue are the main drivers of the fund accounting surplus of \$5.5 million becoming a full accrual surplus of \$72.3 million.

MUNICIPAL DEBT

The Town of Caledon currently has external debt, issued by the upper-tier municipality, the Region of Peel, related to capital infrastructure. Provincial limits on municipal debt are set based on a maximum percentage of revenues that may be used to service the debt costs (e.g. interest and principal payments) on an annual basis.

In the Province of Ontario, municipalities have the authorization to incur long-term debt for municipal infrastructure as long as annual debt repayments do not exceed 25% of net revenues. The Province provides an annual statement for municipalities known as the Annual Repayment Limit statement, outlining the revenue and debt servicing calculations. The Town of Caledon's 2022 Annual Repayment Limit statement from the Province states that the Town is utilizing 3.9% of net revenues to service debt.

The Town of Caledon's debt servicing costs, as a percentage of net revenues, are projected not to exceed the provincial ARL of 25%. In 2011, Town of Caledon Council approved the establishment of an internal long-term debt limit for the Town of 10% of net revenues (below the Provincial limit of 25%).

The Town currently has external debt, issued through the Region of Peel, related to:

1. The completion of the Bolton Arterial Route (BAR) – Phase 3 on Coleraine Drive
2. Caledon East Concrete Road
3. The completion of the 2014-2019 Enhanced Road Programs.

Bolton Arterial Route Debenture (2010)

This external debenture was issued in 2010 for the completion of the Bolton Arterial Route (BAR) on Coleraine Drive. The thirty-year, \$5.4 million debenture issued is known as a "sinker", where interest payments are made semi-annually, and the full amount of the \$5.4 million principal is due at the end of 30 years. In addition to annual internal payments the Town contributes annually to a sinking fund that is held and managed by the Region of Peel, for the purposes of extinguishing the debt at maturity.

The annual sinking fund contributions and the interest income to be earned on the investments of the sinking fund over 30 years are projected to fully cover the principal payment due at maturity. Since the BAR was transferred to the Region of Peel in 2014, the Region has assumed the debt servicing costs. However, due to the fact that the debenture was issued for the Town of Caledon the debenture will continue to be reported on the Town of Caledon's financial statement with an offsetting revenue payment from the Region of Peel until maturity in 2041.

Caledon East Concrete Road (2010)

In 2010, Council approved funding the Caledon East Concrete Road Project from Debt. Town staff allocated surplus funds from the BAR debenture in lieu of a separate Caledon East Concrete Road debenture. Annual Debt repayments are \$0.3 million per year.

Enhanced Roads Program (2016)

In 2014, Council approved a capital project for the reconstruction and rehabilitation of roads in Caledon funded by external debt to be issued, through the Region of Peel for \$3.1 million. The ten-year debenture issued in 2016 requires annual principal payments of \$0.3 million with interest costs ranging from 1.15% to 2.5%. These costs have been included in the Town's operating budget.

Enhanced Roads Programs (2018)

In 2015 and 2016, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel for \$7.0 million. The ten-year debenture was issued in 2018 and requires annual debt repayments ranging from \$0.6 million to \$0.8 million with interest costs ranging from 1.8% to 3.05%. These debt payments have been included in the calculation of the Town's updated annual repayment limit.

Enhanced Roads Program (2019)

In 2018, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel of \$3.61 million. The ten-year debenture was issued in 2019 and requires annual debt repayments of \$0.4 million with interest costs ranging from 1.9% to 2.25%. These debt payments have been included in the calculation of the Town's updated annual repayment limit.

Enhanced Roads Programs (2020)

In 2019, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel of \$4.1 million. The ten-year debenture was planned to be issued in 2020 but due to a lack of opportunity to debenture as a result of the pandemic, this was delayed to February 2021. The ten-year debenture was issued in 2021 and requires annual debt repayments of \$0.4 million with interest costs ranging from 0.25% to 1.5%. These debt payments have been included in the calculation of the Town's updated annual repayment limit.

Enhanced Roads Programs (2021)

In 2017, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel of \$4.0 million. The ten-year debenture was issued in 2021 and requires annual debt repayments of \$0.4 million with interest costs ranging from 0.8% to 2.3%. These debt payments have been included in the calculation of the Town's updated annual repayment limit.

Non-Material Leases

These are fixed payments over a term that the Town has agreements with which includes leases for an OPP office and photocopiers. These are financing agreements that the Town has entered into which are also calculated as part of the ARL.

Annual Repayment Limit (ARL)

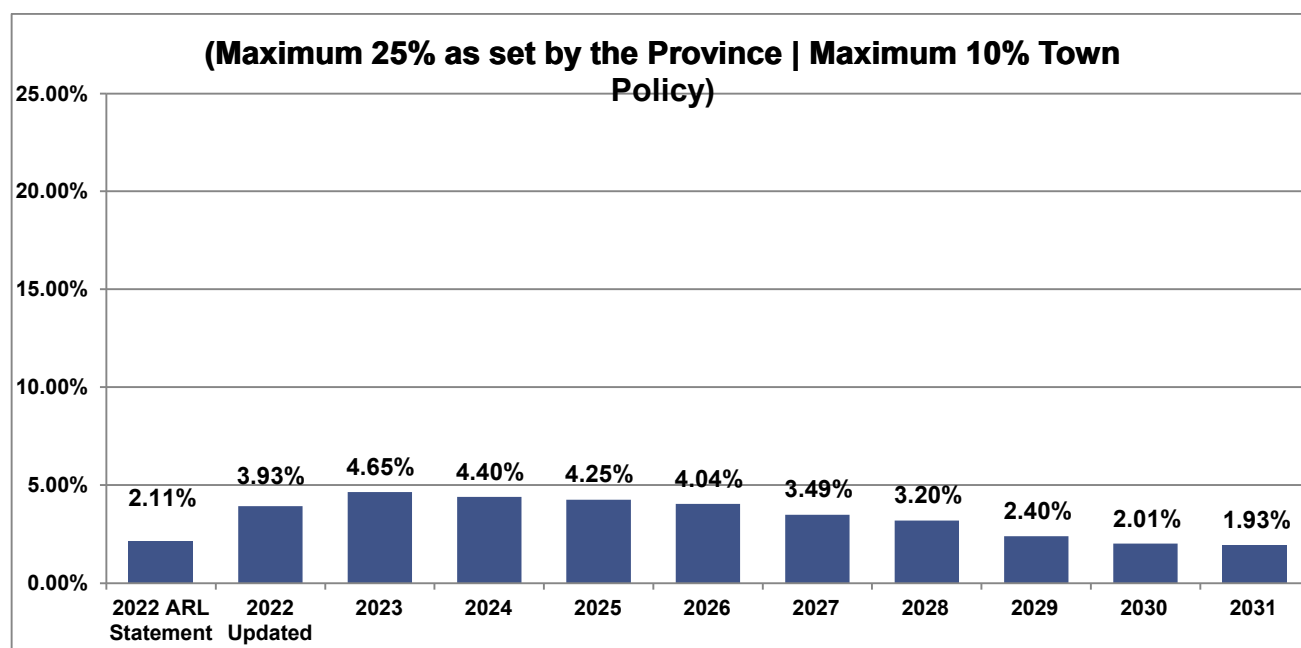
The Province provides each municipality with an ARL statement, in accordance with Regulation 403/02 of Section 401 of the Municipal Act 2001, outlining the percentage of net revenues the municipality is currently using to service debt. The calculation of the ARL for a municipality in 2022 is based on its analysis of data contained in the 2020 Financial Information Return (FIR). The Town of Caledon's 2022 ARL statement report indicates that the Town has net debt charges of \$2.0 million or approximately 2.1% of the Town's net revenues. This leaves a balance of 22.9% (25% - 2.1%) or approximately \$21 million of the ARL available.

The Treasurer is required to calculate an updated ARL and disclose it to Council in order to assist Council in decisions as part of the budget process for capital programs and debt. An update of the ARL/debt servicing costs as a percentage of net revenues based on the recommended debentures and projections included the following updates and assumptions such as:

- Photocopier and OPP Property lease costs;
- 2021 Roads Project of \$4.1 million to be debentured in 2023;
- Future debentures assumed: 2021 Streetlight LED Retrofit program of \$3.4 million beginning in 2023;
- Future debenture assumed: Caledon East Community Complex Phase 4 Expansion of \$4.6 million to fund the tax portion of the project beginning in 2023;
- Future debenture assumed: 2022 Roads Rehabilitation, Castlederg Sideroad, Bridge and Culvert Construction, Storm Sewer lining of \$6.8 million in 2023;
- Assessment growth revenue projections based on the same assumptions used in the 2022 budget
- As outlined in Staff Report 2022-0026 the Southwestern Ontario Integrated Fibre Technology (SWIFT) loan guarantee of \$955,000 is required to be included in the ARL update. This commitment will continue to be reflected in the Annual Repayment Limit until the Town is removed from the loan guarantee.

After updating the annual financial debt and obligation repayment limit calculations, the Treasurer for the Town of Caledon certifies that the Town is projected to remain below both the Provincial limit (25%) and the Town's internal debt repayment limits (10%).

The chart below shows the projected ARL adjusted for the current debt rates from the Region of Peel and assumptions above:



There is a gradual increase in debt servicing costs from 2022 to 2025 due to projected debt related to the Town's existing infrastructure and a planned 20 year debenture for the expansion of the Caledon East Community Centre as outlined above. In 2026 onwards we show a projected decrease in debt as previously issued 10 year debt issuances are repaid. As shown in the chart above, the Town is projected to be below both the Town's debt policy of debt payments not exceeding 10% of net revenues and the Provincial ARL of 25% of net revenues.

CONCLUSION

Through on-going collaboration and regular consultation with Council, staff will continue to present a well-balanced annual budget each year based on seven financial principles to ensure fiscal sustainability. These principles include the use of:

- A 10-year capital forecast and assessment growth model to better match expenditures with revenues in order to mitigate significant fluctuations in taxes
- Reserve funding geared towards specific purposes including keeping municipal infrastructure in a state of good repair
- Matching reserve fund contributions to fund future debt obligations
- Asset management plans to guide asset maintenance and replacement
- Borrowing only when necessary and at affordable levels
- Innovative approaches to financing to better reduce external debt levels
- Prudent investing strategies to maximize investment returns

With a focused approach on the seven financial principles, the Town plans to continue to maintain its strong financial position well into the future.



Hillary Bryers, MBA, CPA, CGA
Acting Treasurer
Finance
July 11, 2023

TOWN OF CALEDON

Financial Information



INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
The Corporation of the Town of Caledon

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Caledon (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2022, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information – Annual Report

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

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

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

We obtained the Annual Financial Report prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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 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 Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

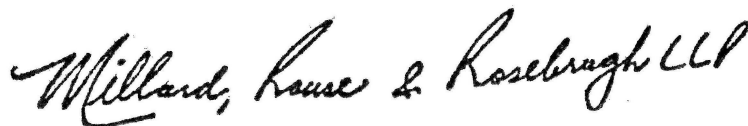
Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 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 Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Town 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.

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.



July 11, 2023
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF CALEDON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at December 31 | 2022 | 2021 |
|--|-------------|---------------------|
| | | (Restated - Note 2) |
| Financial Assets | | |
| Cash and cash equivalents (Note 3) | 89,477,874 | 165,424,655 |
| Short-term investments (Note 4) | 51,486,029 | 12,271,397 |
| Taxes receivables (Note 5) | 11,685,687 | 13,888,258 |
| Trade and other receivable (Note 6) | 9,471,500 | 8,664,418 |
| Long-term investments (Note 7) | 71,391,463 | 44,183,018 |
| | 233,512,553 | 244,431,746 |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 39,618,443 | 42,079,606 |
| Deferred revenue (Note 8) | 113,935,471 | 112,944,728 |
| Post-employment benefits (Note 9) | 375,900 | 221,126 |
| Long-term liabilities (Note 10) | 20,850,277 | 23,000,277 |
| | 174,780,091 | 178,245,737 |
| Net Financial Assets | 58,732,462 | 66,186,009 |
| Non-Financial Assets | | |
| Tangible capital assets - net (Note 11) | 574,504,736 | 494,494,242 |
| Inventories of supplies | 646,309 | 630,459 |
| Prepaid expenses | 530,994 | 818,650 |
| | 575,682,039 | 495,943,351 |
| Total Net Assets | 634,414,501 | 562,129,360 |
| Accumulated Surplus - End of Year (Note 12) | 634,414,501 | 562,129,360 |

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

| For the year ended December 31 | 2022 Budget (Note 19) | 2022 Actual | 2021 Actual |
|--|-----------------------------|--------------------|---------------------|
| | | | (Restated - Note 2) |
| Revenue | | | |
| Taxation (Note 15) | 83,378,466 | 83,603,056 | 79,928,027 |
| Fees and user charges (Note 16) | 11,960,617 | 9,886,823 | 9,589,490 |
| Canada grants | 8,923,026 | 5,188,982 | 4,615,619 |
| Ontario grants | 5,206,064 | 2,486,185 | 6,047,026 |
| Licenses, permits and rents | 6,513,939 | 6,249,040 | 4,735,299 |
| Fines, penalties and interest on taxes | 6,513,609 | 6,566,797 | 5,412,415 |
| Other income (Note 17) | 7,028,915 | 28,731,923 | 15,294,038 |
| Development charges and other fees | 58,965,277 | 42,427,626 | 29,204,172 |
| | 188,489,913 | 185,140,432 | 154,826,086 |
| Expenses | | | |
| General government | 15,446,652 | 15,437,926 | 12,408,262 |
| Protection services | 25,679,596 | 25,138,661 | 22,872,883 |
| Transportation services | 32,435,244 | 33,764,336 | 30,099,736 |
| Environmental services | 1,111,887 | 1,238,226 | 1,155,480 |
| Social and family services | 59,565 | 50,438 | 48,840 |
| Recreation and cultural services | 31,142,103 | 29,257,095 | 23,710,821 |
| Planning and development | 6,997,759 | 7,347,297 | 5,809,160 |
| Interest on corporate debt (Note 10 a) | 3,010,612 | 621,312 | 578,081 |
| | 115,883,418 | 112,855,291 | 96,683,263 |
| Annual Surplus from Operations | 72,606,495 | 72,285,141 | 58,142,823 |
| Accumulated Surplus - Beginning of Year | 562,129,360 | 562,129,360 | 503,986,537 |
| Accumulated Surplus - End of Year (Note 12) | 634,735,855 | 634,414,501 | 562,129,360 |

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

| For the year ended December 31 | 2022 Budget (Note 19) | 2022 Actual | 2021 Actual |
|---|-----------------------------|--------------------|---------------------------------|
| Annual Surplus from Operations | 72,606,495 | 72,285,141 | (Restated-Note 2) 58,142,823 |
| Amortization of tangible capital assets | 21,500,000 | 20,015,965 | 18,977,185 |
| Acquisition of tangible capital assets (net of changes in construction in progress) | (18,751,144) | (84,137,101) | (57,922,808) |
| (Gain)/Loss on disposal of tangible capital assets | - | (1,499,105) | 19,940 |
| Contributed tangible capital assets | - | (16,358,396) | (9,037,398) |
| Proceeds on disposal of tangible capital assets | - | 1,968,143 | 285,731 |
| Other | - | 271,806 | 29,129 |
| Increase/(Decrease) in Net Financial Assets | 75,355,351 | (7,453,547) | 10,494,602 |
| Net Financial Assets - Beginning of Year | 66,186,009 | 66,186,009 | 55,691,407 |
| Net Financial Assets - End of Year | 141,541,360 | 58,732,462 | 66,186,009 |

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON
CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended December 31 | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash Provided By (Used In) | | |
| Operating Activities | | |
| Annual Surplus from operations | 72,285,141 | 58,142,823 |
| Items not involving cash | | |
| Amortization of tangible capital assets | 20,015,965 | 18,977,185 |
| Contributed tangible capital assets | (16,358,396) | (9,037,398) |
| Loss/(Gain) on disposal of tangible capital assets | (1,499,105) | 19,940 |
| | <u>74,443,605</u> | <u>68,102,550</u> |
| Changes in non-cash working capital items (Note 14) | <u>351,649</u> | <u>22,780,845</u> |
| Capital Activities | | |
| Acquisition of tangible capital assets (Net of changes in Construction in Progress) | (84,137,101) | (57,922,808) |
| Proceeds on disposal of tangible capital assets | 1,968,143 | 285,731 |
| | <u>(82,168,958)</u> | <u>(57,637,077)</u> |
| Investing Activities | | |
| Net (purchase)/redemption of investments | (66,423,077) | 36,493,137 |
| Financing Activities | | |
| Proceeds of debenture | - | 8,100,000 |
| Repayment of long-term liabilities | (2,150,000) | (1,966,088) |
| | <u>(2,150,000)</u> | <u>6,133,912</u> |
| Net Change in Cash and Cash Equivalents | <u>(75,946,781)</u> | <u>75,873,367</u> |
| Cash and Cash Equivalents - Beginning of Year | <u>165,424,655</u> | <u>89,551,288</u> |
| Cash and Cash Equivalents - End of Year | <u>89,477,874</u> | <u>165,424,655</u> |

See accompanying notes

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Corporation of the Town of Caledon 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, 2001 and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Caledon (the "Town") are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

(a) Reporting Entities

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is composed of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. These consolidated financial statements include:

Town of Caledon Library Board
Town of Caledon Business Improvement Area
Town of Caledon Provincial Offences Office

Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

Reporting Entities

(ii) Non-Consolidated Entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

The Regional Municipality of Peel
The Peel District School Board
The Dufferin-Peel Catholic District School Board
Conseil Scolaire Viamonde
Conseil Scolaire Catholique mon Avenir

(b) Basis of Accounting

(i) Accrual Basis of Accounting

Expenses and related sources of financing 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 include short-term, highly liquid investments with a term to maturity of 90 days or less after year-end and includes funds held at the Region of Peel.

(iii) Inventory Held for Resale

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(iv) Non-Financial Assets, Tangible Capital 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 Change in Net Financial Assets for the year.

Tangible Capital Assets

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 | No amortization | | |
| Land improvements | 10-50 years | Information technology | 2-7 years |
| Buildings | 40-75 years | Fibre Optic Cabling System | 25 years |
| Building improvements | 10-40 years | Roads | 7-50 years |
| Vehicles | 5-20 years | Machinery and equipment | 2-25 years |
| Furniture and fixtures | 5-10 years | Bridges, culverts, storm sewers and storm ponds | 20-75 years |

Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land, historical artifacts and artwork is the only category where nominal values were assigned.

(v) Investments

Investments are recorded at the lower of cost and amortized cost. Any discount or premium is amortized over the remaining term of the investments. When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

(vi) Reserves and Reserve Funds

Certain amounts, as approved by Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to/from reserves and reserve funds are an adjustment to the respective funds when approved.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(vii) Deferred Revenue - Unearned User Charges and Fees

Deferred revenue represents user charges and fees which have been collected but for which the related services have not yet been performed. These receipts will be recognized as revenues in the fiscal year the services are performed.

(viii) Deferred Revenue - Obligatory Reserve Funds

Revenues restricted by legislation, regulation or agreement and not available for general municipal purposes are reported as deferred revenue on the consolidated statement of financial position. The fees are recognized as revenue and reported on the consolidated statement of operations in the year the related costs incurred.

(ix) Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Town is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

(x) Taxation and Related Revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxes are recorded at estimated amount when they meet the definition of an asset, have been authorized and the taxable event occurs. Tax receivables are recognized net of an allowance for anticipated uncollectible amounts. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(xi) Investment Income

Investment income earned on available funds (other than obligatory reserve funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(xii) Government Transfers

Government transfers, which include entitlements and legislative grants, 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 consist of grants and subsidies received for various operating and capital programs.

(xiii) Region and School Boards

The municipality collects taxation revenue on behalf of the Regional Municipality of Peel and the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of Peel and the school boards are not reflected in these financial statements.

(xiv) Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

(xv) Post-Employment Benefits

The municipality provides post-employment health, dental and life insurance benefits to eligible Caledon Firefighters. The cost of the benefits earned by employees are actuarially determined using the accrued benefit method.

(xvi) Pension Plan

The municipality is an employer of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As such, the municipality's contributions due during the year are expensed as incurred.

(xvii) Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as useful life and valuation of tangible capital assets, allowance for doubtful accounts, contributed assets, accrued liabilities and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

2. PRIOR PERIOD ADJUSTMENT

A correction has been made to the Town's componentized facility asset data. Using Building Condition Assessments with the Town's Tangible Capital Asset (TCA) inventory, componentized replacement costs were calculated to determine the deflated historical valuation of each facility asset. These valuations provide a more accurate representation of the estimated historical cost and net book value. This has required a restatement of the 2021 year-end financial information. The impact of the above noted prior period adjustment is as follows:

| | 2021 |
|---|-------------|
| Statement of Financial Position | |
| Increase to Tangible Capital Assets | 7,802,058 |
| Change in Non-Financial Assets | 7,802,058 |
| Accumulated Surplus - Beginning of year, as previously reported | 496,925,513 |
| Increase to Tangible Capital Assets | 7,061,024 |
| Accumulated Surplus - Beginning of year, as restated | 503,986,537 |
| Statement of Operations | |
| Decrease to amortization expense | (741,034) |
| Net increase in Annual Surplus | (741,034) |

3. CASH AND CASH EQUIVALENTS

| | 2022 | 2021 |
|--------------|------------|-------------|
| Unrestricted | 89,477,874 | 165,424,655 |

Included in unrestricted cash and cash equivalents are funds held in high interest savings accounts in the amount of \$70,147,497 (2021 - \$143,912,467).

4. SHORT-TERM INVESTMENTS

| | 2022 | 2021 |
|---|------------|------------|
| Short-term interest bearing investments | 49,245,896 | 12,271,397 |
| Short-term Provincial Government bond | 2,240,133 | - |
| | 51,486,029 | 12,271,397 |

Short-term investments have interest rates ranging from 2.00% to 4.59% and a market value of \$51,431,829 (2021 - \$12,271,697) at the end of the year. The Provincial Government bond, which is maturing in December 2023, has a cost that exceeds market value of \$54,200. This investment is intended to be held to maturity and has a fixed maturity amount. Therefore the decline in market value for this bond is considered temporary.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

5. TAXES RECEIVABLE

| | 2022 | 2021 |
|---------------------------------|------------|------------|
| Taxes receivable | 12,333,792 | 14,518,394 |
| Allowance for doubtful accounts | (648,105) | (630,136) |
| | 11,685,687 | 13,888,258 |

6. TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|---------------------------------|-----------|-----------|
| Accounts receivable | 9,510,516 | 8,707,322 |
| Allowance for doubtful accounts | (39,016) | (42,904) |
| | 9,471,500 | 8,664,418 |

7. LONG-TERM INVESTMENTS

| | 2022 | 2021 |
|--|------------|------------|
| Long-term Provincial Government bond | - | 2,196,785 |
| Long-term interest bearing investments | 69,820,559 | 40,503,158 |
| Restricted - sinking fund | 1,570,904 | 1,483,075 |
| | 71,391,463 | 44,183,018 |

The long-term investments have interest rates ranging from 1.17% to 5.23% and maturity dates from June 2024 to May 2029. The market value of the long-term investments is \$66,925,709 (2021 - \$42,390,165). There are long-term investments where the total cost exceeds market value by \$2,894,850 (2021-\$474,450) however these investments are intended to be held to maturity and have a fixed maturity amount, therefore the decline in market value is considered temporary.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

8. DEFERRED REVENUE

| | Balance at December 31 2021 | Contributions Received | Investment Income | Revenue Recognized | Credits Provided | Balance at December 31 2022 |
|-------------------------------------|-----------------------------------|---------------------------|----------------------|-----------------------|---------------------|-----------------------------------|
| Obligatory Reserve Funds | | | | | | |
| Heritage grant | 2,853 | 8,954 | 7 | - | - | 11,814 |
| Development charges | 85,511,885 | 43,761,701 | 186,880 | (42,427,625) | (7,127,100) | 79,905,741 |
| Recreational land | 11,602,039 | 4,045,199 | 28,838 | (1,603,024) | - | 14,073,052 |
| Provincial gas tax | 665,906 | 385,473 | 2,147 | - | - | 1,053,526 |
| Deferred grants | 36,089 | - | 90 | - | - | 36,179 |
| Building stabilization | 5,824,645 | 520,879 | 14,327 | (40,843) | - | 6,319,008 |
| Canada-Community Building fund | 7,234,564 | 3,859,692 | 18,546 | (3,510,668) | - | 7,602,134 |
| | 110,877,981 | 52,581,898 | 250,835 | (47,582,160) | (7,127,100) | 109,001,454 |
| User Charges and Fees | | | | | | |
| Deferred memberships | 174,749 | 3,377,418 | - | (3,079,028) | - | 473,139 |
| Deferred revenue | 1,775,688 | 2,944,403 | - | (565,401) | - | 4,154,690 |
| Aggregate Levy | 116,310 | 426,989 | - | (237,111) | - | 306,188 |
| | 2,066,747 | 6,748,810 | - | (3,881,540) | - | 4,934,017 |
| | 112,944,728 | 59,330,708 | 250,835 | (51,463,700) | (7,127,100) | 113,935,471 |

9. POST-EMPLOYMENT BENEFITS

The Town entered into an agreement with the Caledon Professional Firefighters Association in 2015 to provide post retirement employment benefits including health, dental and life insurance effective December 31, 2018 to age 65. Using the information contained in an independent actuarial valuation dated November 30th, 2022, management has estimated the post retirement benefits liability for 2022 at \$375,900 (2021 - \$221,126) as follows:

| | 2022 Medical, Dental, Life Insurance | 2021 Medical, Dental, Life Insurance |
|--|--|--|
| Liability as at January 1 | 221,126 | 198,397 |
| Current period service cost | 17,700 | 17,345 |
| Retirement interest expense | 5,674 | 5,384 |
| Prior Service Cost | 238,100 | - |
| Accrued Benefit Obligation as at December 31 | 482,600 | 221,126 |
| (Gains) Losses | (106,700) | - |
| Liability as at December 31 | 375,900 | 221,126 |

The Town established a Firefighter Post-Retirement Benefits Reserve in the amount of \$221,651 (2021 - \$198,822) to partially fund this liability.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

10. LONG-TERM LIABILITIES

The Town has long-term debt managed and issued by the Region of Peel. The Town has the responsibility for the payment of principal and interest charges and/or annual contribution towards sinking funds that would be used to extinguish the debt at maturity. The total long-term liabilities reported on the consolidated statement of financial position include the following:

| | 2022 | 2021 |
|--|------------|------------|
| 2010 sinking fund debenture. The long-term debt has an interest rate of 5.1% and a maturity date of June 29, 2040. At the end of the year the outstanding principal amount of the liability is: | 5,381,277 | 5,381,277 |
| Long-term debt, issued in 2016 in the amount of \$3,100,000, has annual principal payments of \$310,000 with interest rates ranging from 1.15% to 2.5% and a maturity date of June 1, 2026. At the end of the year the outstanding principal amount of the liability is: | 1,240,000 | 1,550,000 |
| Long-term debt, issued in 2018 in the amount of \$7,000,000, has annual principal payments ranging from \$624,000 to \$789,000 with interest rates ranging from 1.80% to 3.05% and a maturity date of March 27, 2028. At the end of the year the outstanding principal amount of the liability is: | 4,412,000 | 5,081,000 |
| Long-term debt, issued in 2019 in the amount of \$3,610,000, has annual principal payments of \$361,000 with interest rates ranging from 1.90% to 2.25% and a maturity date of October 15, 2029. At the end of the year the outstanding principal amount of the liability is: | 2,527,000 | 2,888,000 |
| Long-term debt, issued in 2021 in the amount of \$8,100,000, has annual principal payments of \$810,000 with interest rates ranging from 0.25% to 2.3% and a maturity date of 2031. At the end of the year the outstanding principal amount of the liability is: | 7,290,000 | 8,100,000 |
| Long-term liabilities | 20,850,277 | 23,000,277 |
| Less: sinking fund assets | 1,436,534 | 1,332,158 |
| Net long-term liabilities | 19,413,743 | 21,668,119 |

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

10. LONG-TERM LIABILITIES (CONTINUED)

The following table outlines the principal and interest requirements on the long-term debt.

| | Principal | Interest | Total |
|--|------------|-----------|------------|
| 2023 | 2,262,949 | 569,986 | 2,832,935 |
| 2024 | 2,280,949 | 531,078 | 2,812,027 |
| 2025 | 2,299,949 | 488,870 | 2,788,819 |
| 2026 | 2,320,949 | 443,406 | 2,764,355 |
| 2027 | 2,032,949 | 398,898 | 2,431,847 |
| 2028 - 2032 | 5,230,744 | 1,541,262 | 6,772,006 |
| Thereafter | 767,590 | 2,203,794 | 2,971,384 |
| Interest to be earned on sinking funds | 3,654,198 | - | 3,654,198 |
| | 20,850,277 | 6,177,294 | 27,027,571 |

- (a) Interest expense in the amount of \$621,312 (2021 - \$578,081) has been recognized on the consolidated statement of operations.

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

Principal payments include sinking fund contributions and projected interest earned on the sinking funds.

- (b) For the 2010 debt issuance, the Town is contributing \$95,949 annually to a sinking fund held at the Region of Peel. It is anticipated that the principal will be fully funded by maturity in 2040 of \$5,381,277 with the combined sinking fund contributions and investment income. The balance in the restricted fund is \$1,436,534 (2021 - \$1,332,158).
- (c) The Town has a Demand Operating Credit of \$24,000,000 that can be used for temporary borrowing of money to meet current expenditures of the Town in accordance with the approved Temporary Borrowing By-law. The year-end balance of the Demand Operating Credit is Nil.

THE CORPORATION OF THE TOWN OF CALEDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS

| | Land and Improvements | Buildings and Building Improvements | Furniture and Fixtures | Machinery, Equipment, Information Technology | Vehicles | Bridges, Culverts and Storm Ponds | Roads | Construction in Progress | Total 2022 | Total 2021 Restated (Note 2) |
|---|--------------------------|---|---------------------------|---|-------------|---|-------------|-----------------------------|--------------|------------------------------------|
| Cost | | | | | | | | | | |
| Balance, beginning of year | 95,647,569 | 159,146,403 | 9,550,972 | 17,812,646 | 29,314,105 | 92,871,140 | 387,221,114 | 39,549,006 | 831,112,955 | 769,096,822 |
| Additions during the year | 20,281,353 | 11,465,854 | 806,307 | 2,356,354 | 8,850,528 | 7,018,737 | 25,166,476 | 40,854,325 | 116,799,934 | 77,321,920 |
| Disposals/transfers during the year | (21,398) | (202,825) | (327,137) | (129,368) | (3,001,203) | - | (5,959,175) | (16,304,437) | (25,945,543) | (15,305,787) |
| Balance, end of year | 115,907,524 | 170,409,432 | 10,030,142 | 20,039,632 | 35,163,430 | 99,889,877 | 406,428,415 | 64,098,894 | 921,967,346 | 831,112,955 |
| Accumulated Amortization | | | | | | | | | | |
| Balance, beginning of year | 10,579,018 | 54,663,237 | 6,888,020 | 13,314,766 | 15,743,554 | 34,010,974 | 201,419,144 | - | 336,618,713 | 322,326,404 |
| Amortization during the year | 1,364,678 | 5,284,971 | 731,779 | 1,301,246 | 2,090,140 | 1,314,626 | 7,928,525 | - | 20,015,965 | 18,977,185 |
| Accumulated amortization on disposal | (18,032) | (108,923) | (324,116) | (82,992) | (2,946,261) | - | (5,691,744) | - | (9,172,068) | (4,684,876) |
| Balance, end of year | 11,925,664 | 59,839,285 | 7,295,683 | 14,533,020 | 14,887,433 | 35,325,600 | 203,655,925 | - | 347,462,610 | 336,618,713 |
| Net Book Value of Tangible Capital Assets | 103,981,860 | 110,570,147 | 2,734,459 | 5,506,612 | 20,275,997 | 64,564,277 | 202,772,490 | 64,098,894 | 574,504,736 | 494,494,242 |

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS (Continued)

- a) **Assets under construction:**
Assets under construction having a value of \$64,098,894 (2021 - \$39,549,006) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) **Contributed tangible capital assets:**
Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was \$16,358,396 (2021 - \$9,037,398). These assets consist of storm water management ponds, storm sewers, parklands, street lights, roads, sidewalks and curbs.

12. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following amounts:

| | 2022 | 2021 (Restated - Note 2) |
|---|--------------------|-----------------------------|
| General purposes (Includes Caledon Library Board) | 17,219,063 | 19,832,589 |
| Caledon Business Improvement Area (Operations) | 15,615 | 18,843 |
| Invested in Tangible Capital Assets | 574,504,736 | 494,494,242 |
| Reserves and Reserve Funds (Note 13) | 42,675,087 | 47,783,686 |
| | 634,414,501 | 562,129,360 |

13. RESERVES AND RESERVE FUNDS

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Reserves set aside by Council: | | |
| Contingencies | 10,773,237 | 11,042,593 |
| Current purposes | 73,626 | 73,443 |
| Capital purposes | 7,269,164 | 6,187,450 |
| | 18,116,027 | 17,303,486 |
| Reserve funds set aside by Council: | | |
| Capital asset replacement fund | 12,276,132 | 17,426,312 |
| Current purposes | 11,721,931 | 12,434,886 |
| Capital purposes | 560,921 | 558,192 |
| Community Improvement Plan | 76 | 60,810 |
| | 24,559,060 | 30,480,200 |
| | 42,675,087 | 47,783,686 |

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

14. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

| | 2022 | 2021 |
|--|-------------|-------------|
| (Increase) Decrease in taxes receivable | 2,202,571 | (732,099) |
| (Increase) Decrease in trade and other receivables | (807,082) | (2,491,436) |
| (Increase) Decrease in inventories | (15,850) | (115,646) |
| Decrease (Increase) in prepaid expenses | 287,656 | 144,775 |
| Increase (Decrease) in accounts payable | (2,461,163) | 17,171,476 |
| Increase in post-employment benefits | 154,774 | 22,729 |
| Increase in deferred revenue | 990,743 | 8,781,046 |
| | 351,649 | 22,780,845 |

15. TAXATION

Property tax billings are prepared by the Town based on an assessment roll prepared by Municipal Property Assessment Corporation (MPAC) based upon Current Value Assessment (CVA). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and the requisition made by the Region of Peel in respect of regional services. The Town is required to collect education taxes on behalf of the Province of Ontario. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

During the year, the following taxation revenue was raised and remitted to the Regional Municipality of Peel and the school boards:

| | 2022 | 2021 |
|---|--------------|--------------|
| Taxation revenue | 200,531,092 | 191,217,985 |
| Amount levied and remitted to Regional Municipality of Peel | (61,180,301) | (57,736,957) |
| Amount levied and remitted to School Boards | (55,747,735) | (53,553,001) |
| Net taxation | 83,603,056 | 79,928,027 |

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

16. FEES AND USER CHARGES

| | 2022 Budget | 2022 Actual | 2021 Actual |
|---------------------------------------|----------------|----------------|----------------|
| Recreation | 5,811,237 | 3,374,049 | 1,270,678 |
| Planning and development | 2,040,080 | 3,179,111 | 4,861,510 |
| Public works | 2,997,168 | 1,725,564 | 2,115,405 |
| Administration and general governance | 755,053 | 880,962 | 825,198 |
| Fire services | 339,079 | 720,616 | 515,043 |
| Library services | 18,000 | 6,521 | 1,656 |
| | 11,960,617 | 9,886,823 | 9,589,490 |

17. OTHER INCOME

| | 2022 Budget | 2022 Actual | 2021 Actual |
|---|----------------|----------------|----------------|
| Investment income | 2,469,143 | 5,912,957 | 3,026,554 |
| Donations, contributions and agreements | 158,817 | 256,138 | 82,035 |
| Recovery from other municipalities | 1,996,377 | 3,635,080 | 1,855,593 |
| Developer contributions | 1,976,675 | 16,769,061 | 10,016,402 |
| Other | 427,903 | 2,158,687 | 313,454 |
| | 7,028,915 | 28,731,923 | 15,294,038 |

18. PENSION AGREEMENTS

The Ontario Municipal Employees Retirement System (OMERS) provides pension services to more than half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of the valuation disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial funding deficit of \$6,678 million. OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town of Caledon does not recognize any share of the OMERS pension surplus or deficit. Matching contributions made by the Town to OMERS for 2022 were \$4,031,142 (2021 - \$3,365,004) on behalf of 533 contributing employees. The contribution rate for 2022 was 9% to 15.8% depending on normal retirement age and income level (2021 - 9% to 15.8%).

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. BUDGET AMOUNTS

Under Public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and changes in net financial assets for comparative purposes.

The Town's 2022 budget was approved by council on December 14, 2021 on the fund basis of accounting where revenues balance to expenses. Also on December 14, 2021, council received and approved a report on the full accrual accounting impact of the 2022 budget based on assumptions such as the timing of capital expenses, recognition of deferred revenues, and projections on tangible capital asset amortization. The budget data included in the Town's financial statements incorporate the same assumptions to convert the Town's fund accounting budget to a full accrual accounting budget.

20. TRUST FUNDS

The trust funds administered by the municipality amounting to \$12,254,071 (2021 - \$11,121,649) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2022, the trust fund balances are as follows:

| | 2022 | 2021 |
|-------------------------|------------|------------|
| Cemetery Perpetual Care | 14,974 | 14,972 |
| Developer Deposits | 12,232,152 | 11,099,732 |
| Heritage | 6,945 | 6,945 |
| | 12,254,071 | 11,121,649 |

21. CONTRACTUAL COMMITMENTS

The Town of Caledon has entered into the following contracts:

- The lease of photocopiers at all Town locations at an approximate cost of \$44,979 per year. The lease will expire November 2023.
- The annual lease cost for the OPP portion of the Orangeville Courthouse is \$10,473 which expires May 2023.
- The Town agreed to execute a loan guarantee agreement on February 16, 2021 for the Town's portion of the Southwestern Ontario Integrated Fibre Technology project in the amount of \$955,000. The risk of having to fulfil this guarantee is considered very low since Southwestern Ontario Integrated Fibre Technology is being funded by the Province of Ontario.

The Town of Caledon has entered into contracts worth approximately \$14,212,215 as of December 31, 2022 for capital project spending in 2023 and beyond on various transportation services, protection services, and recreation and cultural services capital projects.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

22. CONTINGENCIES

A number of claims relating to properties expropriated by the Town are pending. It is not possible, at this time, for the Town to predict with certainty the outcome of such litigation. Management is of the opinion, based upon information presently available, that it is unlikely that any asset or liability, to the extent not provided for, would be material in relation to the Town's financial position.

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the Town or on behalf of the Town. In the opinion of management, the amounts of these claims would not have a significant effect on the financial position or results of operations of the Town if disposed of favourably or unfavourably.

A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

The Town has been served with various claims as a result of accidents and other incidents. The Town is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

23. GOVERNMENT TRANSFERS

Government transfers include monetary transfers based on cost-sharing agreements between the three levels of government. Some funds are transferred when the Town provides evidence that the qualifying expenditures have been incurred. The Town also receives government transfers once certain criteria have been met or with conditions that the funds are used for specific programs or expenses (entitlements with conditions). Any transfers received where the transfer conditions have not been met by year-end are recorded as deferred revenue (see Note 8).

The following kinds of transfers were included in revenue:

| | 2022 | 2021 |
|----------------------------------|-----------|------------|
| Grants with stipulation criteria | 6,975,866 | 9,967,645 |
| Other grants | 699,300 | 695,000 |
| | 7,675,166 | 10,662,645 |

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. PROVINCIAL OFFENCES ADMINISTRATION

Effective March 29, 1999, the Corporation of the Town of Caledon assumed the responsibilities of the Provincial Offences Act (POA) from the Ministry of the Attorney General.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobiles Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal by-laws and other minor offences.

The revenues of the operations of the Caledon East POA administration facility and revenues collected on behalf of the Town at other POA court locations in the Province of Ontario consisting of fines and charges amount to \$3,352,439 for the year ended December 31, 2022 (2021 - \$2,421,330).

Pursuant to a Memorandum of Understanding, the Town of Caledon also provides administration and court support for the serviced municipalities within the County of Dufferin. A cost recovery fee is deducted from revenue transferred to the serviced municipalities. For the year ended December 31, 2022, cost recovery fees of \$712,622 (2021 - \$688,251) were collected from serviced municipalities within the County of Dufferin.

25. COVID-19 PANDEMIC

Throughout the coronavirus pandemic, the Town's operations have been impacted with 2022 beginning the recovery phase. The Town continues to closely monitor its operations and is actively working to minimize the current and future impact of this unprecedented situation. Measures in place to combat the health threat of the virus have caused material disruption to Town services with demand for some services not yet back to full capacity. Library, Recreation centres and other Town facilities have been closed to the public on and off throughout the pandemic and continue to move forward in the recovery phase. Council has approved COVID-19 Tax Relief application programs for 2021 and 2022 tax instalments to provide relief to taxpayers. At the time of financial statement preparation, it is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results of the Municipality.

26. SUBSEQUENT EVENT

In June 2023, the Province of Ontario passed Bill 112, the Hazel McCallion Act (Peel Dissolution) to dissolve the Region of Peel on January 1, 2025. Through this legislation, the Town of Caledon will become a single tier municipality. A Transition Board was appointed on July 5, 2023 to oversee the process with the Province of Ontario expected to make regulations in 2024 to determine how the transition of services will work. Until those regulations are made, the Town is unable to determine the impacts of this legislation.

27. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE TOWN OF CALEDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

28. SEGMENTED INFORMATION

The Town of Caledon is a diversified municipal government that provides a wide range of services to its citizens such as fire, recreation, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Engineering, Facilities and Operation Services

Engineering, facilities and Operation Services is responsible for the design, construction and maintenance of Town roads, storm sewers, facilities, storm water management, sidewalks, streetscapes, streetlights and engineering design standards.

Fire and Emergency Services

As one of the largest volunteer Fire Services in Ontario, this department prides itself on protecting life, property and the environment.

Parks and Recreation

Offers barrier-free, accessible structured and non-structured active living and leisure activities for all ages and abilities and oversees the design, construction and maintenance of Town parks, trails, paths and sports fields.

Library Services

Caledon Public Library offers seven branches and one self-serve electronic locker location available to the public 24 hours a day to meet the informational and educational needs of residents and to promote lifelong learning, literacy and the love of reading.

Corporate Services

As the liaison between Council and staff, the CAO and Clerk ensure Council directives are carried out. Corporate Services includes Customer Service, Information Technology, Energy & Environment, Legal Services including Planning Law, Legislative Services, the Provincial Offences Court, enforcement of bylaws and the administration of animal services.

Planning and Building Services

Planning is responsible for long term policy planning through its Official Plan, the Town's zoning bylaw, development applications, and heritage resources as required under the *Planning Act*. Building Services is responsible for the process and review of permit applications and enforcement of the *Building Code Act* and the Ontario Building Code.

Other

Other includes:

- Finance which is responsible for the Town's operating and capital budgets; billing and collection of municipal, regional and local school board property taxes and development charges; includes Purchasing and Risk Management Division.
- People Services provides human resource advice, counsel and solutions to meet the goals and challenges facing Town staff.
- Communications, Corporate initiatives and Economic Development which enhances and promotes the corporate reputation of the Town, attracts and retains business and investments and provides support to tourism, promotion and investments.

THE CORPORATION OF THE TOWN OF CALEDON
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
For the year ended December 31, 2022

| | Engineering, Facilities and Operations Services | Fire and Emergency Services | Parks and Recreation | Library Services | Corporate Services | Planning and Building Services | Other | Total 2022 |
|---|--|-----------------------------------|-------------------------|---------------------|-----------------------|--------------------------------------|------------|-------------|
| Revenue | | | | | | | | |
| Taxation | 33,691,640 | 10,361,428 | 13,402,023 | 3,259,480 | 13,126,262 | 5,390,423 | 4,371,800 | 83,603,056 |
| Fees and user charges | 1,725,564 | 720,616 | 3,374,049 | 6,521 | 531,063 | 3,529,010 | - | 9,886,823 |
| Specific grants | 4,609,461 | 2,411 | 1,531,058 | 113,329 | 153,819 | 522,395 | 742,694 | 7,675,167 |
| Other revenue | 23,522,901 | 193,471 | 382,828 | 3,811 | 4,475,726 | 4,302,003 | 8,667,020 | 41,547,760 |
| Development charges and other fees | 16,164,377 | 6,692,458 | 18,318,913 | 840,937 | - | 410,941 | - | 42,427,626 |
| | 79,713,943 | 17,970,384 | 37,008,871 | 4,224,078 | 18,286,870 | 14,154,772 | 13,781,514 | 185,140,432 |
| Expenses | | | | | | | | |
| Salaries and benefits | 8,997,287 | 9,354,967 | 11,266,653 | 3,617,840 | 10,928,591 | 7,435,249 | 6,545,536 | 58,146,123 |
| Interest on debt | 621,312 | - | - | - | - | - | - | 621,312 |
| Materials and supplies | 10,923,661 | 1,602,909 | 3,850,475 | 578,752 | 4,857,646 | 955,543 | 473,465 | 23,242,451 |
| Contracted services | 1,748,073 | 848,012 | 1,285,353 | 248,532 | 4,238,963 | 801,906 | 322,384 | 9,493,223 |
| Other transfers | (1,842) | - | - | - | 206,786 | 168,457 | 45,885 | 419,286 |
| Rents and financial expenses | 522,833 | - | - | 49,837 | 344,261 | - | - | 916,931 |
| Amortization on tangible capital assets | 11,224,759 | 1,684,959 | 5,177,238 | 545,582 | 1,383,108 | - | 319 | 20,015,965 |
| | 34,036,083 | 13,490,847 | 21,579,719 | 5,040,543 | 21,959,355 | 9,361,155 | 7,387,589 | 112,855,291 |
| Net Surplus (Deficit) | 45,677,860 | 4,479,537 | 15,429,152 | (816,465) | (3,672,485) | 4,793,617 | 6,393,925 | 72,285,141 |

THE CORPORATION OF THE TOWN OF CALEDON
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
For the year ended December 31, 2021

| | Engineering, Facilities and Operation Services | Fire and Emergency Services | Parks and Recreation | Library Services | Corporate Services | Planning and Building Services | Other | Total 2021 |
|---|---|-----------------------------------|-------------------------|---------------------|-----------------------|--------------------------------------|-----------|-------------|
| (Restated-Note 2) | | | | | | | | |
| Revenue | | | | | | | | |
| Taxation | 33,180,936 | 10,431,184 | 11,675,597 | 3,154,384 | 12,701,068 | 5,357,977 | 3,426,881 | 79,928,027 |
| Fees and user charges | 2,115,404 | 515,043 | 1,270,678 | 1,656 | 464,420 | 5,222,289 | - | 9,589,490 |
| Specific grants | 9,374,097 | - | 286,118 | 79,356 | 124,242 | 80,993 | 717,839 | 10,662,645 |
| Other revenue | 11,702,302 | 112,522 | (164,821) | 2,025 | 4,088,583 | 4,290,819 | 5,410,322 | 25,441,752 |
| Development charges and other fees | 21,157,843 | 846,780 | 6,245,993 | 558,046 | - | 395,510 | - | 29,204,172 |
| | 77,530,582 | 11,905,529 | 19,313,565 | 3,795,467 | 17,378,313 | 15,347,588 | 9,555,042 | 154,826,086 |
| Expenses | | | | | | | | |
| Salaries and benefits | 7,795,221 | 8,209,662 | 8,232,758 | 3,312,760 | 10,327,815 | 6,516,775 | 4,423,172 | 48,818,163 |
| Interest on debt | 555,643 | 22,438 | - | - | - | - | - | 578,081 |
| Materials and supplies | 9,114,926 | 1,668,194 | 2,820,878 | 317,833 | 3,069,527 | 829,354 | 398,875 | 18,219,587 |
| Contracted services | 1,897,298 | 807,913 | 771,171 | 214,488 | 4,054,104 | 877,626 | 317,588 | 8,940,188 |
| Other transfers | 27,475 | - | - | - | 236,039 | 239,794 | 43,774 | 547,082 |
| Rents and financial expenses | 354,975 | - | 209 | 49,801 | 197,992 | - | - | 602,977 |
| Amortization on tangible capital assets | 10,373,977 | 1,681,301 | 4,990,939 | 526,242 | 1,404,407 | - | 319 | 18,977,185 |
| | 30,119,515 | 12,389,508 | 16,815,955 | 4,421,124 | 19,289,884 | 8,463,549 | 5,183,728 | 96,683,263 |
| Net Surplus (Deficit) | 47,411,067 | (483,979) | 2,497,610 | (625,657) | (1,911,571) | 6,884,039 | 4,371,314 | 58,142,823 |

TOWN OF CALEDON

Statistics

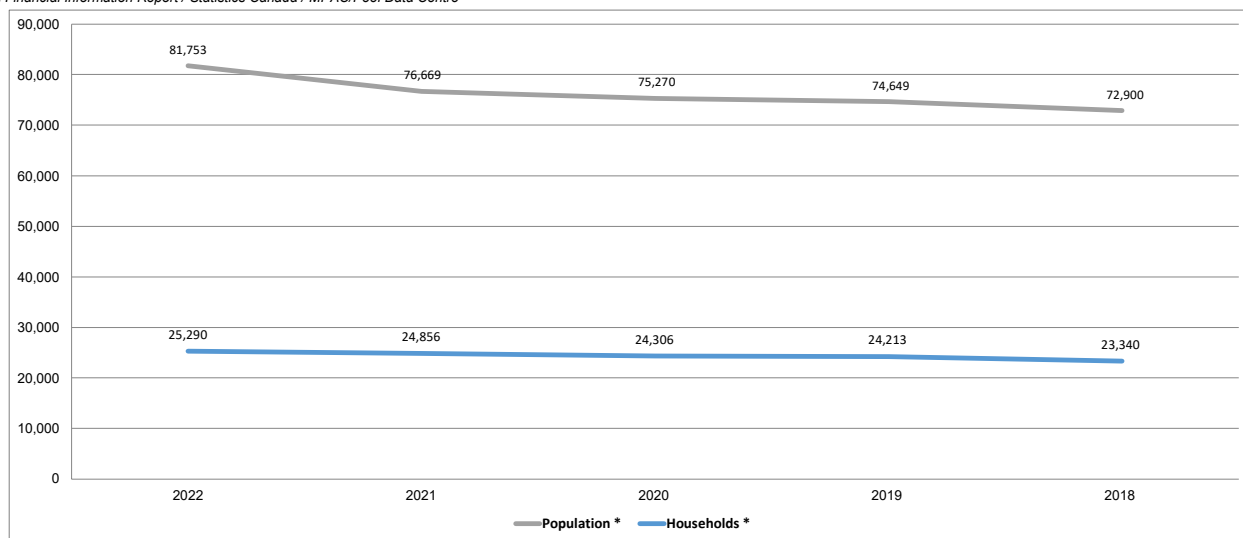


FIVE YEAR REVIEW SUMMARY

| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------|------|------|------|------|------|
|-------------|------|------|------|------|------|

| MUNICIPALITY STATISTICS | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Population * | 81,753 | 76,669 | 75,270 | 74,649 | 72,900 |
| Households * | 25,290 | 24,856 | 24,306 | 24,213 | 23,340 |
| Area in hectares * | 68,717 | 68,717 | 68,717 | 68,717 | 68,717 |
| Construction activity (value) awarded | \$ 14,212,215 | \$ 29,436,371 | \$ 21,180,085 | \$ 16,297,799 | \$ 11,470,448 |

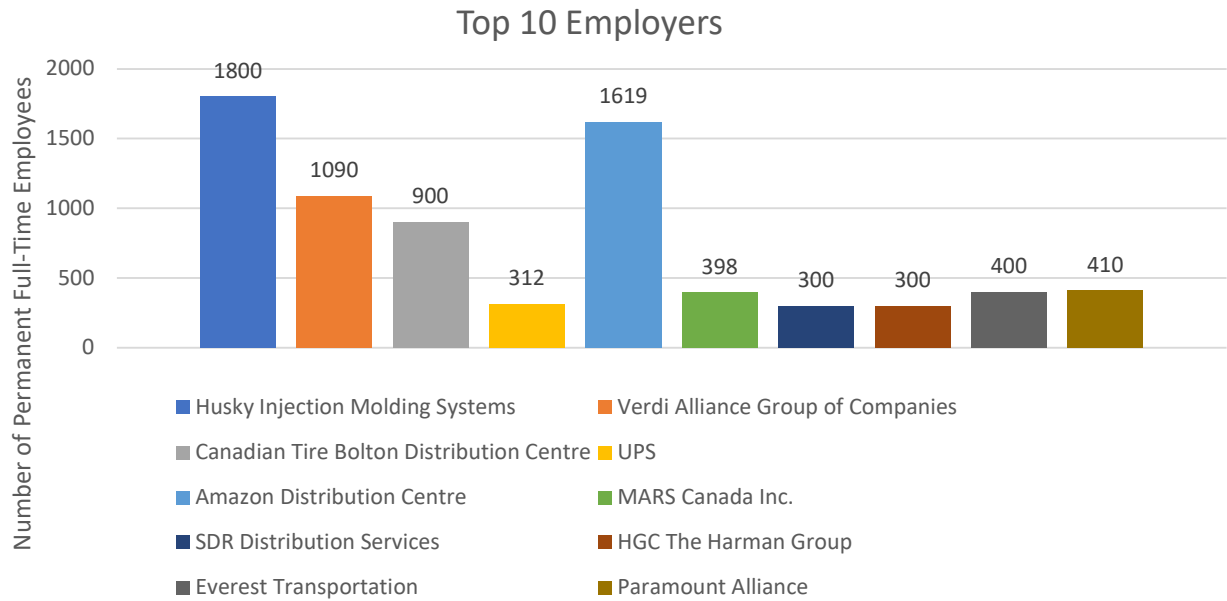
* from Financial Information Report / Statistics Canada / MPAC/Peel Data Centre



| Staffing Statistics | | | | | |
|---|-------|-------|-------|-------|-------|
| Approved Full Time Staff | 502 | 455 | 415 | 398 | 386 |
| per 1000 people | 0.61% | 0.59% | 0.55% | 0.53% | 0.53% |
| Part Time/Casual Staff/Volunteer Firefighters | 648 | 645 | 760 | 895 | 903 |

| Taxable Assessment upon which the year's rates of taxation were set | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Residential, farm, multi-residential | 17,622,967,402 | 17,109,035,753 | 16,873,095,683 | 15,728,674,650 | 14,656,785,251 |
| Commercial, industrial and other | 3,095,207,199 | 2,801,806,039 | 2,658,700,100 | 2,517,453,566 | 2,360,193,467 |
| Total Taxable Assessment | 20,718,174,601 | 19,910,841,792 | 19,531,795,783 | 18,246,128,216 | 17,016,978,718 |
| <i>Total per capita</i> | <i>253,424</i> | <i>259,699</i> | <i>259,490</i> | <i>244,426</i> | <i>233,429</i> |

| Top 10 Corporate Taxpayers | |
|----------------------------|--|
| 1. | CANADIAN TIRE PROPERTIES INC |
| 2. | ONTARI HOLDINGS LTD |
| 3. | UNITED PARCEL SERVICE CANADA LTD |
| 4. | AMB AIRPORT ROAD CANCO INC |
| 5. | ANATOLIA REAL ESTATE CORP |
| 6. | GREYCAN 4 PROPERTIES GP INC; GREYPAN EQUITIES INC |
| 7. | BOLTON HOLDINGS SOUTH INC; BOLTCOL HOLDINGS SOUTH LP |
| 8. | BOLTON HOLDINGS NORTH INC; BOLTCOL HOLDINGS NORTH LP |
| 9. | 12333 AIRPORT RD HOLDINGS ULC |
| 10. | PIRET (86 PILLSWORTH) HOLDING INC |



FIVE YEAR REVIEW SUMMARY

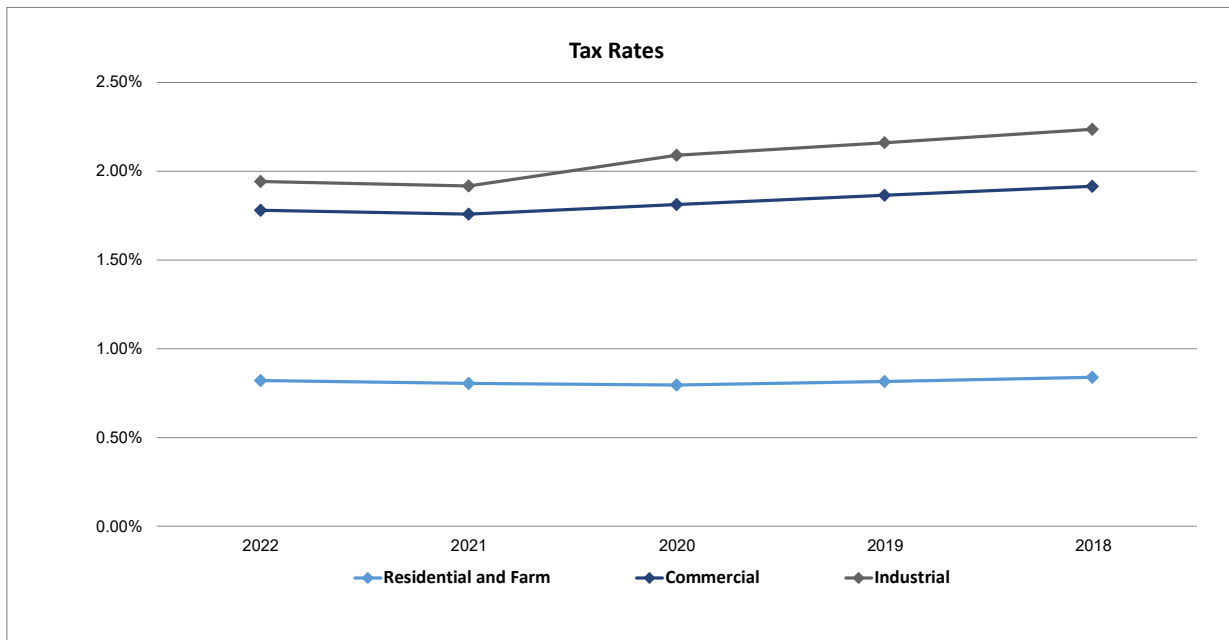
| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------|------|------|------|------|------|
|-------------|------|------|------|------|------|

TAX RATE STATISTICS

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Residential and Farm | | | | | |
| Town purposes (including Broadband Levy) | 0.387906% | 0.377034% | 0.372394% | 0.377318% | 0.375524% |
| Region purposes | 0.280278% | 0.275190% | 0.271283% | 0.278689% | 0.294530% |
| School purposes | 0.153000% | 0.153000% | 0.153000% | 0.161000% | 0.170000% |
| Total - Residential and Farm | 0.821184% | 0.805224% | 0.796677% | 0.817007% | 0.840054% |

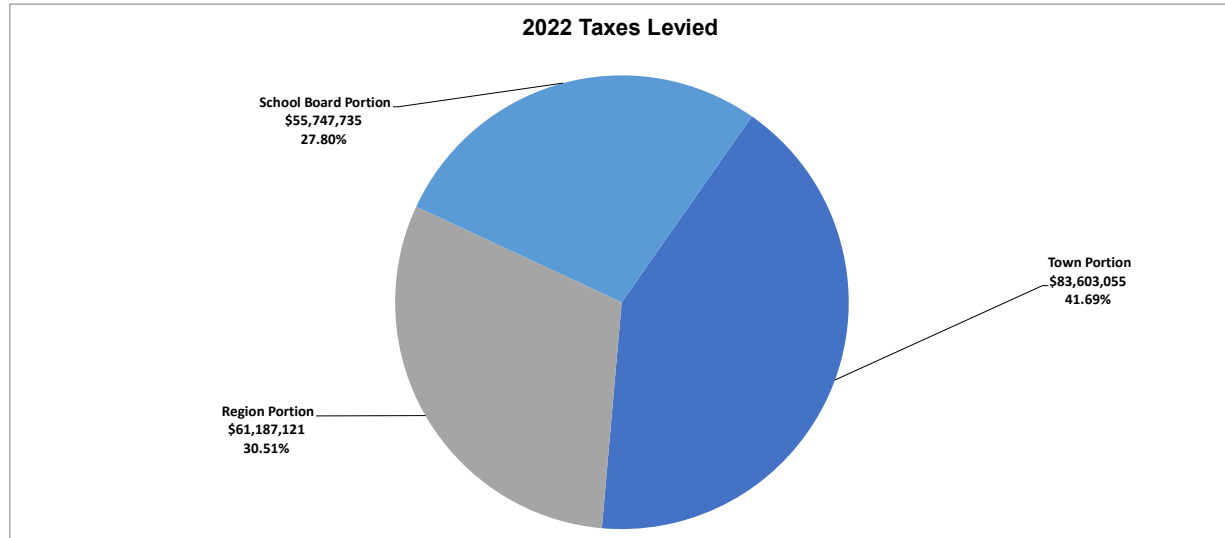
| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Commercial | | | | | |
| Town purposes (including Broadband Levy) | 0.522717% | 0.508066% | 0.501814% | 0.508449% | 0.502635% |
| Region purposes | 0.377684% | 0.370828% | 0.365563% | 0.375543% | 0.394225% |
| School purposes | 0.880000% | 0.880000% | 0.944727% | 0.981594% | 1.018727% |
| Total - Commercial | 1.780401% | 1.758894% | 1.812104% | 1.865586% | 1.915587% |

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Industrial | | | | | |
| Town purposes (including Broadband Levy) | 0.617172% | 0.599874% | 0.592492% | 0.600326% | 0.597066% |
| Region purposes | 0.445932% | 0.437837% | 0.431621% | 0.443404% | 0.468289% |
| School purposes | 0.880000% | 0.880000% | 1.066032% | 1.117296% | 1.171562% |
| Total - Industrial | 1.943104% | 1.917711% | 2.090145% | 2.161026% | 2.236917% |



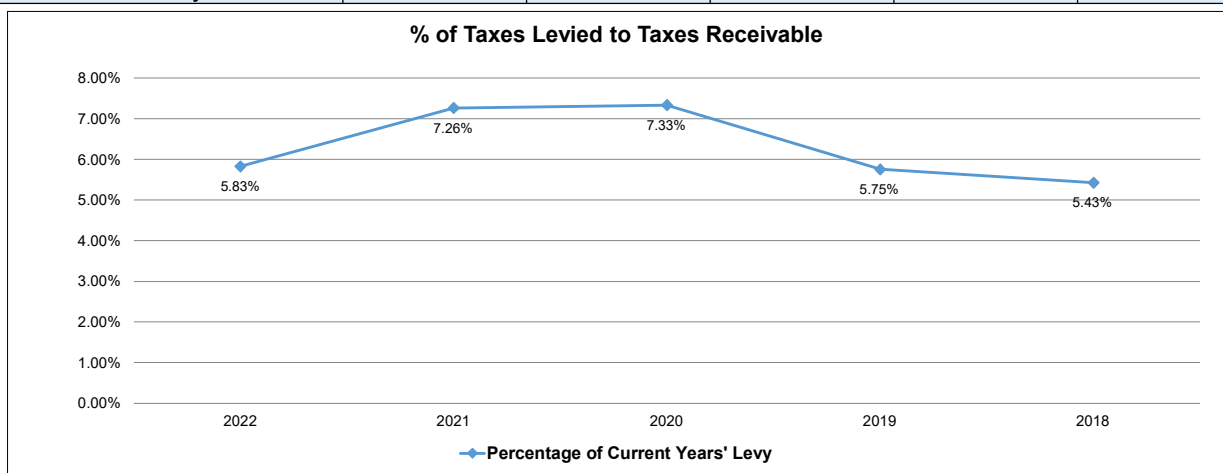
FIVE YEAR REVIEW SUMMARY

| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| TAX INFORMATION | | | | | |
| Taxes Levied | | | | | |
| Town portion | \$ 83,603,055 | \$ 79,928,029 | \$ 74,558,462 | \$ 70,531,730 | \$ 64,850,482 |
| Region portion | 61,187,121 | 57,745,217 | 53,919,259 | 51,890,018 | 50,503,343 |
| School Board portion | 55,747,735 | 53,553,005 | 50,896,544 | 49,741,810 | 48,220,550 |
| Total | \$ 200,537,911 | \$ 191,226,251 | \$ 179,374,265 | \$ 172,163,558 | \$ 163,574,375 |



| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Taxes Collected | | | | | |
| Town collection | \$ 81,524,163 | \$ 75,673,079 | \$ 72,992,963 | \$ 68,790,136 | \$ 63,749,639 |
| Taxes transferred to the Region | 58,904,546 | 55,232,397 | 53,174,425 | 50,808,834 | 49,999,938 |
| Taxes transferred to the School Boards | 52,875,712 | 49,431,393 | 50,253,239 | 49,014,162 | 47,650,733 |
| Total | \$ 193,304,421 | \$ 180,336,869 | \$ 176,420,627 | \$ 168,613,132 | \$ 161,400,310 |

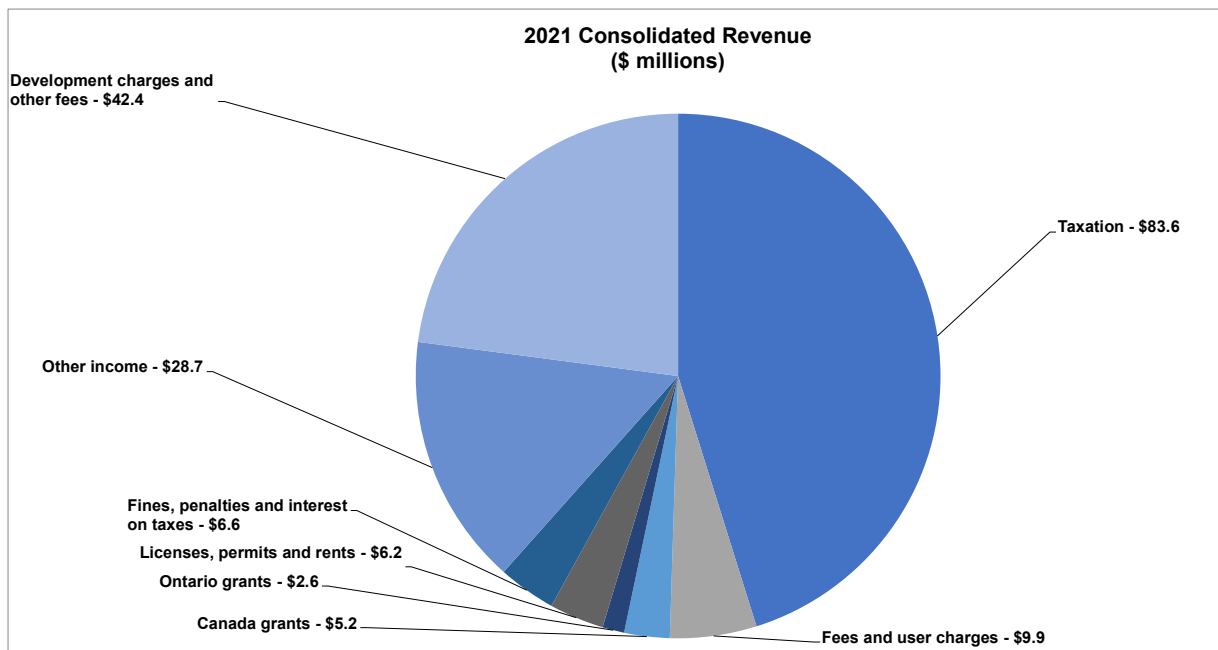
| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Taxes Receivable, End of Year | | | | | |
| Taxes Receivable | \$ 11,685,687 | \$ 13,888,258 | \$ 13,156,160 | \$ 9,906,864 | \$ 8,875,112 |
| <i>Taxes Receivable per capita</i> | <i>142.94</i> | <i>181.15</i> | <i>174.79</i> | <i>132.71</i> | <i>121.74</i> |
| Percentage of Current Years' Levy | 5.83% | 7.26% | 7.33% | 5.75% | 5.43% |



FIVE YEAR REVIEW SUMMARY

| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| FINANCIAL INFORMATION | | | | | |
| Consolidated Revenues | | | | | |
| Taxation | \$ 83,603,056 | \$ 79,928,027 | \$ 74,558,462 | \$ 70,531,730 | \$ 64,850,482 |
| Fees and user charges | 9,886,823 | 9,589,490 | 8,946,382 | 9,524,846 | 10,997,349 |
| Canada grants | 5,188,982 | 4,615,619 | 9,046,484 | 2,632,436 | 3,347,378 |
| Ontario grants | 2,486,185 | 6,047,026 | 3,801,071 | 1,706,072 | 2,132,827 |
| Licenses, permits and rents | 6,249,040 | 4,735,299 | 3,736,453 | 3,747,099 | 3,815,509 |
| Fines, penalties and interest on taxes | 6,566,797 | 5,412,415 | 2,886,899 | 5,560,258 | 5,415,054 |
| Other income | 28,731,923 | 15,294,038 | 13,398,683 | 31,217,666 | 23,769,517 |
| Development charges and other fees | 42,427,626 | 29,204,172 | 17,915,060 | 17,824,857 | 15,896,634 |
| Total | \$ 185,140,432 | \$ 154,826,086 | \$ 134,289,494 | \$ 142,744,964 | \$ 130,224,750 |

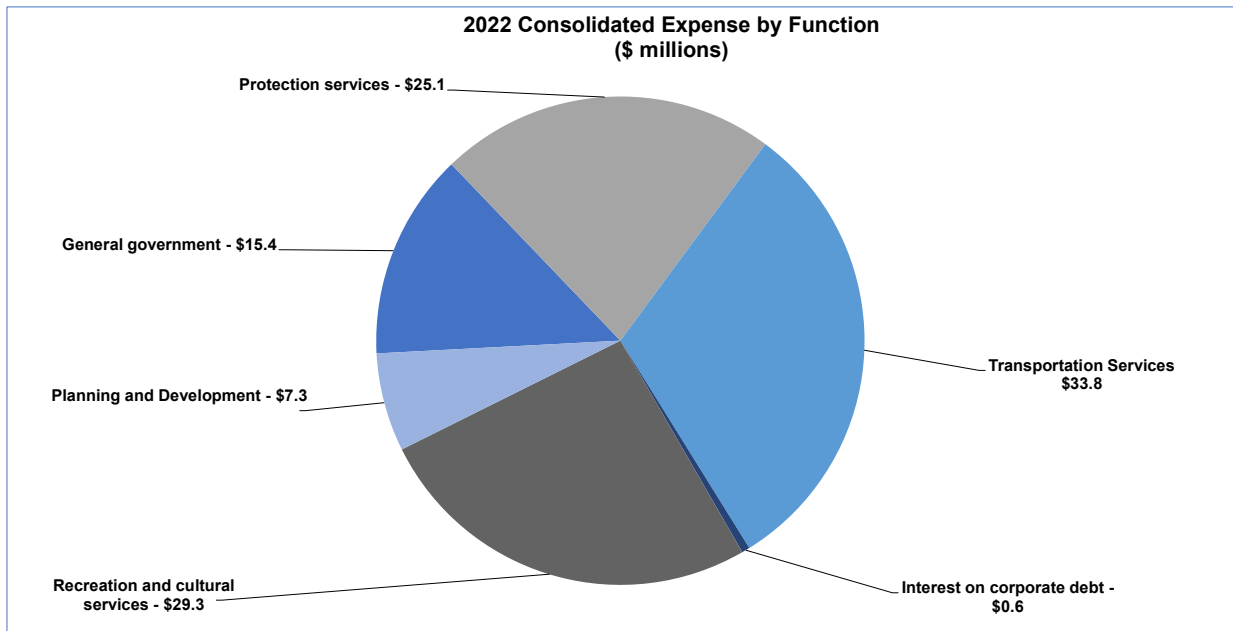
Fluctuations in revenue occur throughout the 5-year period mainly due to the revenue (see other income line above) associated with the Town assumptions of public infrastructure (subdivisions, roads, parks, storm sewers, streetlights, sidewalks etc.) built by developers. This type of revenue fluctuates based on the timing of assumptions. Fluctuations in Development Charges occur over the 5-year period due to the timing of growth related infrastructure spending associated with roads, bridges, recreation facilities, fire stations, etc.



FIVE YEAR REVIEW SUMMARY

| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Consolidated Expense by Function | | | | | |
| General government | \$ 15,437,926 | \$ 12,408,262 | \$ 11,637,392 | \$ 10,678,884 | \$ 11,203,643 |
| Protection services | 25,138,661 | 22,872,883 | 20,967,371 | 21,867,791 | 20,841,803 |
| Transportation services | 33,764,336 | 30,099,736 | 28,625,760 | 25,798,786 | 24,688,354 |
| Interest on corporate debt | 621,312 | 578,081 | 589,605 | 695,733 | 765,787 |
| Environmental services | 1,238,226 | 1,155,480 | 1,109,636 | 918,057 | 880,165 |
| Social and family services | 50,438 | 48,840 | 55,970 | 52,628 | 46,324 |
| Recreation and cultural services | 29,257,095 | 23,710,821 | 20,899,348 | 23,823,349 | 23,518,696 |
| Planning and Development | 7,347,297 | 5,809,160 | 5,654,670 | 7,137,683 | 5,606,929 |
| Total | \$ 112,855,291 | \$ 96,683,263 | \$ 89,539,752 | \$ 90,972,911 | \$ 87,551,701 |

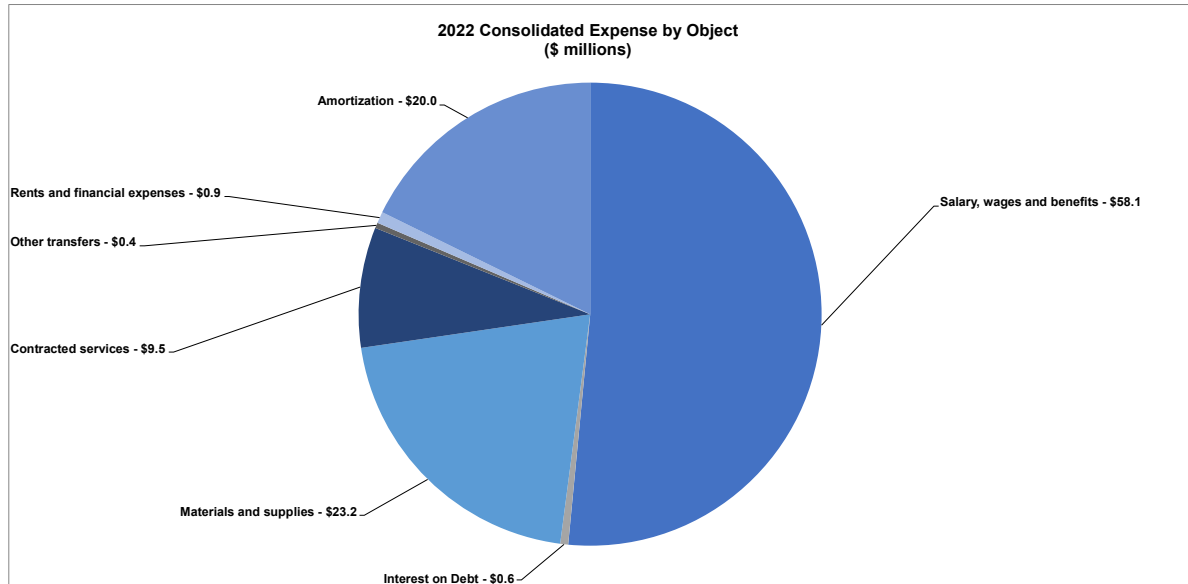
*(Gain)/ Loss on disposal and Amortization has been consolidated to the functional groups



FIVE YEAR REVIEW SUMMARY

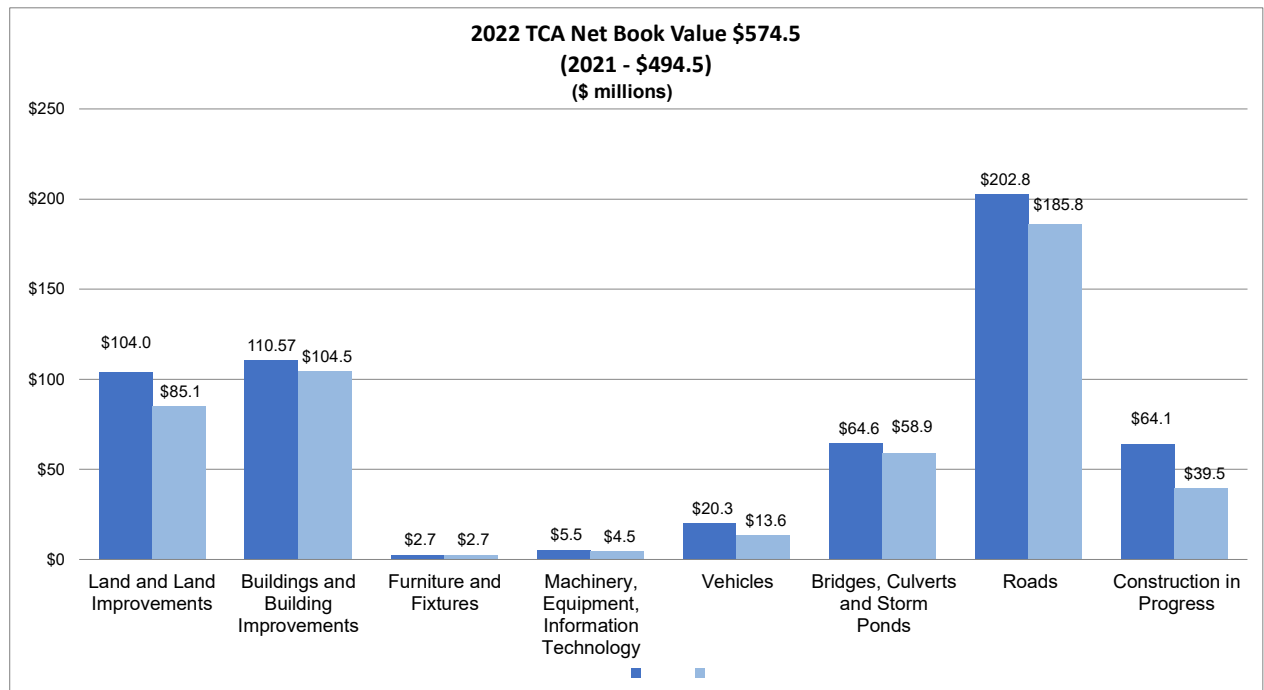
| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|
| FINANCIAL INFORMATION | | | | | |
| Consolidated Expenses by Object | | | | | |
| Salary, wages and benefits | \$ 58,146,123 | \$ 48,818,163 | \$ 42,915,600 | \$ 46,938,967 | \$ 45,337,192 |
| Interest on Debt | 621,312 | 578,081 | 589,605 | 695,733 | 765,787 |
| Materials and supplies | 23,242,451 | 18,219,585 | 18,474,073 | 17,905,089 | 17,346,434 |
| Contracted services | 9,493,223 | 8,940,188 | 8,130,617 | 6,778,646 | 6,096,783 |
| Other transfers | 419,286 | 547,082 | 176,695 | 375,499 | 392,166 |
| Rents and financial expenses | 916,931 | 602,977 | 736,049 | 1,400,259 | 1,586,159 |
| Amortization | 20,015,965 | 18,977,185 | 18,517,113 | 16,878,718 | 16,027,180 |
| Total | \$ 112,855,291 | \$ 96,683,261 | \$ 89,539,752 | \$ 90,972,911 | \$ 87,551,701 |

Expenses maintained steady growth mainly due to the increasing population with the exception of 2020 due to the impact of the pandemic on operations. The 5 year Caledon population growth rate of 8.3% (Ontario average 6.2%) has a positive correlation to the expense growth rate due to a higher demand for Town managed services and maintenance required for Town infrastructure.



FIVE YEAR REVIEW SUMMARY

| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Long-Term Liabilities | 2022 | 2021 | 2020 | 2019 | 2018 |
| Gross long term debt | \$ 20,850,277 | \$ 23,000,277 | \$ 16,866,365 | \$ 18,178,365 | \$ 17,975,365 |
| <i>Per capita</i> | 255.04 | 299.99 | 224.08 | 243.52 | 246.58 |
| Interest on Long-term debt | \$ 621,312 | \$ 578,081 | \$ 589,605 | \$ 695,733 | \$ 765,787 |
| <i>Per capita</i> | 7.60 | 7.54 | 7.83 | 9.32 | 10.50 |
| Sources of Debt Repayment | | | | | |
| Debt Retirement Fund * | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reserves | 252,378 | 440,158 | 308,904 | 2,637,455 | 2,638,735 |
| Development Charges | - | 403,940 | 47,535 | 47,535 | 47,535 |
| Tax Supported | 2,518,934 | 1,601,978 | 1,592,701 | 1,417,744 | 709,517 |
| Total - Funding | \$ 2,771,312 | \$ 2,446,076 | \$ 1,949,140 | \$ 4,102,733 | \$ 3,395,787 |
| FIR schedule 81 | | | | | |
| Provincial ARL | \$ 21,299,284 | \$ 19,078,028 | \$ 18,544,213 | \$ 17,423,507 | \$ 17,013,968 |
| ARL as a % of Net Revenues | 2.11% | 4.42% | 3.99% | 4.05% | 3.80% |
| Tangible Capital Asset Net Book Value | | | | | |
| Land and Land Improvements | \$ 103,981,860 | \$ 85,068,550 | \$ 83,227,688 | \$ 79,840,049 | \$ 76,982,717 |
| Buildings and Building Improvements | 110,570,147 | 104,483,166 | 108,173,945 | 79,004,924 | 69,206,800 |
| Furniture and Fixtures | 2,734,459 | 2,662,953 | 2,798,017 | 1,972,959 | 1,911,179 |
| Machinery, Equipment, Information Technology | 5,506,612 | 4,497,879 | 4,294,812 | 4,472,489 | 4,721,746 |
| Vehicles | 20,275,997 | 13,570,551 | 11,057,259 | 10,953,700 | 11,186,636 |
| Bridges, Culverts and Storm Ponds | 64,564,277 | 58,860,166 | 54,028,071 | 47,853,226 | 26,182,192 |
| Roads | 202,772,490 | 185,801,970 | 173,025,895 | 159,363,127 | 148,834,181 |
| Construction in Progress | 64,098,894 | 39,549,007 | 10,165,231 | 28,866,462 | 23,793,161 |
| Total | \$ 574,504,736 | \$ 494,494,242 | \$ 446,770,918 | \$ 412,326,936 | \$ 362,818,612 |



| Fiscal Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Tangible Capital Asset Cost | | | | | |
| Assets - Beginning of Year | \$ 831,112,955 | \$ 769,097,070 | \$ 722,231,032 | \$ 665,147,186 | \$ 619,596,367 |
| Additions | 116,799,934 | 77,321,672 | 75,803,824 | 66,422,679 | 51,583,471 |
| Disposals and Transfers | (25,945,543) | (15,305,787) | (28,937,786) | (9,338,833) | (6,032,652) |
| Assets - End of Year | \$ 921,967,346 | \$ 831,112,955 | \$ 769,097,070 | \$ 722,231,032 | \$ 665,147,186 |

| | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Tangible Capital Asset Amortization | | | | | |
| Accumulated Amortization - Beginning of Year | \$ 336,618,713 | \$ 322,326,152 | \$ 309,904,096 | \$ 302,328,574 | \$ 292,096,095 |
| Amortization during the year | 20,015,965 | 18,977,438 | 17,671,891 | 16,035,688 | 15,136,621 |
| Accumulated Amortization on disposal | (9,172,068) | (4,684,876) | (5,249,836) | (8,460,166) | (4,904,142) |
| Accumulated Amortization - End of Year | \$ 347,462,610 | \$ 336,618,713 | \$ 322,326,152 | \$ 309,904,096 | \$ 302,328,574 |

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Book Value of Tangible Capital Assets | \$ 574,504,736 | \$ 494,494,242 | \$ 446,770,918 | \$ 412,326,936 | \$ 362,818,612 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|

| | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Financial Assets | | | | | |
| Net Financial Assets - Beginning of Year | \$ 66,186,009 | \$ 55,691,407 | \$ 44,716,528 | \$ 36,629,077 | \$ 33,796,552 |
| Net Financial Assets | (7,453,547) | 10,494,602 | 10,974,879 | 8,087,451 | 2,832,525 |
| Net Financial Assets - End of Year | \$ 58,732,462 | \$ 66,186,009 | \$ 55,691,407 | \$ 44,716,528 | \$ 36,629,077 |

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ACCUMULATED SURPLUS & TANGIBLE CAPITAL ASSETS | | | | | |
| Accumulated Surplus - Beginning of Year | \$ 562,129,360 | \$ 507,131,166 | \$ 463,226,647 | \$ 412,341,409 | \$ 368,734,016 |
| Annual Surplus | 72,285,141 | 54,998,194 | 43,904,519 | 50,885,238 | 43,607,393 |
| Accumulated Surplus - End of Year | \$ 634,414,501 | \$ 562,129,360 | \$ 507,131,166 | \$ 463,226,647 | \$ 412,341,409 |

| | | | | | |
|--------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| Trust Funds | \$ 12,254,071 | \$ 11,121,649 | \$ 9,810,828 | \$ 9,523,695 | \$ 6,474,571 |
|--------------------|----------------------|----------------------|---------------------|---------------------|---------------------|

Glossary

Accumulated surplus – the sum of the profits retained by a corporation.

Amortization - the process of allocating the cost of a tangible asset over its useful life.

Annual surplus – the amount by which the revenue of an organization exceeds its expenditures in a given year.

Annual deficit – the amount by which the expenditures of an organization exceed its revenues in a given year.

ARL – Annual Repayment Limit set by the Province that represents the maximum amount which the municipality had available as of a specific year to commit to payments relating to debt and financial obligation.

Fiscal year – a 2-month period (January 1 through December 31) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Net financial assets - the non-physical assets of a business less its liabilities.

Tangible capital assets – assets that have physical substance and are expected to be in use or possession of a business beyond the current accounting period.



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