

Consolidated financial statements of

**The Corporation of the  
Municipality of Clarington**

December 31, 2012

# The Corporation of the Municipality of Clarington

December 31, 2012

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# Independent auditor's report

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To the Members of Council, Inhabitants and Ratepayers of the **Corporation of the Municipality of Clarington**

We have audited the accompanying financial statements of The Corporation of the Municipality of Clarington ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

## **Management's responsibility for the financial statements**

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

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Markham, Canada  
July 11, 2013

Chartered Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Clarington

## Consolidated statement of financial position

as at December 31, 2012

	2012	2011
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	42,533,112	29,610,807
Investments (Note 6)	39,344,817	35,352,592
Accounts receivable	6,903,053	7,220,249
Taxes receivable (Note 5)	10,948,471	10,918,627
Inventories for resale	50,127	47,883
Land for resale	146,409	146,409
Promissory notes receivable (Note 7)	8,321,000	8,321,000
Investment in Veridian Corporation (Note 8)	14,834,934	14,088,566
<b>Total financial assets</b>	<b>123,081,923</b>	<b>105,706,133</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	9,132,076	9,404,572
Employee future benefits liabilities (Note 12)	6,225,904	5,441,135
Net long-term liabilities (Note 13)	21,843,144	24,205,167
Deferred revenue - general	8,296,099	7,463,930
Deferred revenue - obligatory reserve funds (Note 9)	18,904,583	18,612,066
<b>Total liabilities</b>	<b>64,401,806</b>	<b>65,126,870</b>
<b>Net financial assets</b>	<b>58,680,117</b>	<b>40,579,263</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 18) (Schedule 1)	392,650,969	390,547,884
Prepaid expenses	615,556	624,846
Inventory supplies	397,288	327,147
<b>Total non-financial assets</b>	<b>393,663,813</b>	<b>391,499,877</b>
<b>Accumulated surplus (Note 19)</b>	<b>452,343,930</b>	<b>432,079,140</b>

# The Corporation of the Municipality of Clarington

## Consolidated statement of operations year ended December 31, 2012

	2012		2011
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation and user charges			
Property taxation	42,246,594	<b>42,566,183</b>	40,137,797
Taxation from other governments	3,015,762	<b>3,168,000</b>	3,221,290
User charges	9,280,556	<b>11,014,016</b>	12,058,349
Grants			
Government of Canada	103,000	<b>10,084,452</b>	416,648
Province of Ontario	238,320	<b>389,547</b>	719,315
Other			
Deferred revenue earned	8,475,160	<b>10,773,794</b>	11,335,731
Investment income	228,288	<b>2,240,991</b>	2,198,269
Penalty and interest on taxes	1,200,000	<b>1,736,246</b>	1,782,915
Fines	223,946	<b>409,182</b>	413,135
Donations and contributions from others	131,000	<b>4,813,338</b>	1,695,614
Veridian Corporation			
Equity share of net income	-	<b>1,385,568</b>	1,273,096
Contributed tangible capital assets	4,660,994	<b>4,660,994</b>	6,577,189
Other income	-	<b>6,553</b>	-
Loss on disposal of tangible capital assets	-	<b>(341,214)</b>	(308,582)
<b>Total revenues</b>	<b>69,803,620</b>	<b>92,907,650</b>	<b>81,520,766</b>
<b>Expenses</b>			
General government	4,995,703	<b>5,196,362</b>	5,424,526
Protection to persons and property	14,083,749	<b>13,773,084</b>	13,924,696
Transportation services	23,402,563	<b>24,529,997</b>	22,568,745
Environmental services	1,138,199	<b>1,305,451</b>	1,427,311
Health services	312,994	<b>292,441</b>	287,038
Recreational and cultural services	22,360,217	<b>23,245,931</b>	22,926,178
Planning and development	4,281,431	<b>4,299,594</b>	4,128,579
<b>Total expenses</b>	<b>70,574,856</b>	<b>72,642,860</b>	<b>70,687,073</b>
<b>Annual surplus (deficit)</b>	<b>(771,236)</b>	<b>20,264,790</b>	<b>10,833,693</b>
Accumulated surplus, beginning of year			
As previously reported		<b>432,944,547</b>	421,245,447
Prior period adjustment (Note 2)		<b>(865,407)</b>	-
As restated		<b>432,079,140</b>	421,245,447
<b>Accumulated surplus, end of year</b>		<b>452,343,930</b>	<b>432,079,140</b>

# The Corporation of the Municipality of Clarington

## Consolidated statement of change in net financial assets

for the year ended December 31, 2012

	2012		2011
	Budget	Actual	Actual
	\$	\$	\$
<b>Annual surplus</b>	(771,236)	<b>20,264,790</b>	10,833,693
Amortization of tangible capital assets	15,386,404	<b>15,880,653</b>	15,659,692
Acquisition of tangible capital assets	(18,320,723)	<b>(18,324,952)</b>	(20,193,001)
Loss on sale of tangible capital assets	-	<b>341,214</b>	308,582
Decrease (increase) in prepaid expenses	-	<b>9,290</b>	(34,032)
Increase (decrease) in inventory supplies	-	<b>(70,141)</b>	10,363
<b>(Increase) decrease in net financial assets</b>	<b>(3,705,555)</b>	<b>18,100,854</b>	6,585,297
<b>Net financial assets, beginning of year</b>		<b>40,579,263</b>	33,993,966
<b>Net financial assets, end of year</b>		<b>58,680,117</b>	40,579,263

# The Corporation of the Municipality of Clarington

Consolidated statement of cash flow  
year ended December 31, 2012

	2012	2011
	\$	\$
<b>Operating activities</b>		
Annual surplus	<b>20,264,790</b>	10,833,693
Non cash items		
Amortization of tangible capital assets	<b>15,880,653</b>	15,659,692
Loss on sale of tangible capital assets	<b>341,214</b>	308,582
Equity share of Veridian Corporation net income	<b>(1,385,568)</b>	(1,273,096)
Contributed tangible capital assets recorded in revenue	<b>(4,660,994)</b>	(5,711,782)
Change in non-cash operating items		
Decrease in accounts receivable	<b>317,196</b>	1,815,708
Decrease (increase) in taxes receivable	<b>(29,844)</b>	1,337,110
(Increase) in inventories for resale	<b>(2,244)</b>	(8,557)
Decrease in accounts payable and accrued liabilities	<b>(272,496)</b>	(1,629,706)
Increase in employee future benefits liabilities	<b>784,769</b>	719,416
Increase in deferred revenue - general	<b>832,169</b>	2,002,911
Increase in deferred revenue - obligatory reserve funds	<b>292,517</b>	4,796,127
Decrease (increase) in prepaid expenses	<b>9,290</b>	(34,032)
(Increase) decrease in inventory supplies	<b>(70,141)</b>	10,363
	<b>32,301,311</b>	28,826,429
<b>Capital activities</b>		
Acquisition of tangible capital assets	<b>(13,723,157)</b>	(14,565,919)
Proceeds on disposal of tangible capital assets	<b>59,199</b>	84,700
	<b>(13,663,958)</b>	(14,481,219)
<b>Investing activities</b>		
Increase in investments	<b>(3,992,225)</b>	(10,712,336)
Dividends received from Veridian Corporation	<b>639,200</b>	824,160
	<b>(3,353,025)</b>	(9,888,176)
<b>Financing activities</b>		
Repayment of net-long term liabilities	<b>(7,467,024)</b>	(5,334,765)
Proceeds of debenture issue	<b>5,105,000</b>	-
	<b>(2,362,024)</b>	(5,334,765)
Net increase (decrease) of cash and cash equivalents	<b>12,922,305</b>	(877,731)
Cash and cash equivalents, beginning of year	<b>29,610,807</b>	30,488,538
<b>Cash and cash equivalents, end of year</b>	<b>42,533,112</b>	29,610,807



# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

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

### 1. Significant accounting policies

The consolidated financial statements of the Corporation of the Municipality of Clarington are the representations of management prepared in accordance with local government accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Significant accounting policies adopted are as follows:

#### (a) (i) Reporting entity

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

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

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

#### (ii) Investment in Veridian Corporation

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

#### (iii) Accounting for region and school board transactions

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 1. Significant accounting policies (continued)

### (iv) Accounting for phase-in/capping provisions

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

### (v) Trust funds

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

### (b) Basis of accounting

#### (i) Accrual basis of accounting

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

#### (ii) Investments

Investments are recorded at the lower of cost plus accrued interest and market value. Any premium or discount on purchase of an investment is amortized over the life of the investment.

#### (iii) Non-financial assets

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

#### (a) Tangible capital assets ("TCA")

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

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

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 1. Significant accounting policies (continued)

#### (b) Basis of accounting (continued)

##### (iii) Non-financial assets (continued)

##### (a) Tangible capital assets ("TCA") (continued)

###### Amortization

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

The Municipality of Clarington has a capitalization threshold of \$5,000, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. The capitalization threshold for pooled items is \$50,000. Examples of pools are computer hardware, streetlights and storm water networks.

##### (b) Contribution of tangible capital assets

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

##### (c) Intangible assets

Intangible assets are not recognized in the consolidated financial statements.

##### (d) Inventories

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

#### (iv) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank, Government of Canada treasury bills, provincial government treasury bills and promissory notes, bankers' acceptances and bearer deposits with original maturities of less than 90 days.

#### (v) Reserves and reserve funds

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 1. Significant accounting policies (continued)

### (b) Basis of accounting (continued)

#### (vi) Deferred revenues

Deferred revenues represent externally restricted user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. In addition, any contributions received with external restrictions are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenses are incurred.

#### (vii) Pension and employee future benefits liabilities

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued and subject to payout when an employee leaves the Municipality's employment. Other post-employment benefits are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life ("ARSL") of all employees covered. The actuary determined ARSL to be 16.0 years.

#### (viii) Government transfers

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

#### (ix) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of financial assets, tangible capital assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts involving significant estimates include the recording of accrued liabilities and estimates relating to the useful life of tangible capital assets. Actual results could differ from these estimates.

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 2. Prior Year Adjustment

The Municipality of Clarington has restated certain non-financial assets and revenues for 2011 as a result of correction of tangible capital assets balances. The effect of the changes for 2011 is as follows:

Non-financial assets	
Tangible capital assets	
Previously reported	\$ 391,413,291
Prior year adjustment	<u>(865,407)</u>
Restated	<u>\$ 390,547,884</u>
Revenues	
Donations and contributions from others	
Previously reported	\$ 2,561,021
Prior year adjustment	<u>(865,407)</u>
Restated	<u>\$ 1,695,614</u>

### 3. Trust funds

Trust funds administered by the Municipality amounting to \$1,465,628 (2011 - \$11,554,836) have not been included in the "Consolidated Statement of Financial Position" nor have their financial activities been included in the "Consolidated Statement of Operations".

On March 31, 2012, a land transaction was completed between the Canadian Nuclear Safety Commission and the Municipality of Clarington, thereby releasing the Municipality of Clarington's obligation relating to the Host Community Fund agreement. The transaction resulted in the release to the Municipality of Clarington of the \$10,000,000 which was being held in trust pending issuance of a license by the Canadian Nuclear Safety Commission to Canada, to construct (at Canada's cost) the Port Granby low-level radioactive long-term waste management facility. The amount has been recognized as a grant in the current year.

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

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

	<b>School Boards</b>	<b>Region of Municipality of Durham</b>
	\$	\$
Property taxes	<b>27,689,665</b>	<b>70,407,605</b>
Taxation from other governments	<b>82,709</b>	<b>2,195,625</b>
<b>Total</b>	<b>27,772,374</b>	<b>72,603,230</b>

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 5. Taxes receivable

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

	<b>2012</b>	2011
	\$	\$
Current year	<b>6,660,696</b>	7,038,906
Arrears previous years	<b>4,287,775</b>	3,879,721
	<b>10,948,471</b>	10,918,627

### 6. Investments

Total investments of \$39,344,817 (2011 - \$35,352,592) reported on the Consolidated Statement of Financial Position at cost plus accrued interest, have a market value (including accrued interest) of \$40,867,947 (2011 - \$37,576,488) at the end of the year. The investments consist of investments pursuant to provisions of the Municipality's investment policy and comprise government bonds and guaranteed investment certificates (GICs) issued by various financial institutions. It is the Municipality's intention to hold these investments until maturity.

### 7. Promissory notes receivable

	<b>2012</b>	2011
	\$	\$
Promissory note receivable from Veridian Corporation maturing December 31, 2015 and bearing interest at the greater of 6% or the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity	<b>2,355,000</b>	2,355,000
Promissory note receivable from Veridian Connection Inc. maturing November 1, 2039 and bearing interest at 7.62% until April 30, 2010, then 5.57% from May 1, 2010 to December 31, 2014 and then the Ontario Energy Board deemed long-term debt rate for each successive five year period thereafter	<b>5,966,000</b>	5,966,000
	<b>8,321,000</b>	8,321,000

Interest revenue earned from these notes receivable totaled \$473,606 (2011 - \$479,614). The promissory note from Veridian Corporation is convertible into common shares at the rate of one Common share for every \$1,000 of principal amount at the option of the Municipality.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 8. Investment in Veridian Corporation

- (a) Veridian Corporation is a government business partnership which is jointly owned by the City of Pickering, Town of Ajax, Municipality of Clarington and the City of Belleville. The Municipality of Clarington owns 1,360 of the outstanding common shares of Veridian Corporation. This represents a 13.6% share of ownership. The Municipality is accounting for this investment using a modified equity basis in these financial statements. Veridian Corporation serves as the electric distribution utility for a number of communities including the four noted above, and conducts non-regulated utility service ventures through its subsidiaries.

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

	<b>2012</b>	2011
	\$	\$
<b>Financial position</b>		
Assets		
Current	<b>86,594,000</b>	79,455,000
Capital and intangibles	<b>191,528,000</b>	183,895,000
Other	<b>21,919,000</b>	19,296,000
<b>Total assets</b>	<b>300,041,000</b>	282,646,000
Liabilities		
Current	<b>49,230,000</b>	69,996,000
Long-term debt	<b>115,553,000</b>	86,649,000
Other	<b>26,202,000</b>	22,433,000
<b>Total liabilities</b>	<b>190,985,000</b>	179,078,000
Shareholders' Equity		
Share capital	<b>67,260,000</b>	67,260,000
Contributed capital	<b>25,000</b>	25,000
Retained earnings	<b>41,771,000</b>	36,283,000
<b>Total shareholders' equity</b>	<b>109,056,000</b>	103,568,000
<b>Total liabilities and shareholders' equity</b>	<b>300,041,000</b>	282,646,000
<b>Financial activities</b>		
Revenues	<b>295,957,000</b>	286,271,000
Other income	<b>132,000</b>	1,669,000
Expenses	<b>(285,633,000)</b>	(282,498,000)
(Loss)/earnings from discontinued operations	<b>(268,000)</b>	3,919,000
<b>Net income for the year</b>	<b>10,188,000</b>	9,361,000

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 8. Investment in Veridian Corporation (continued)

(b) Municipality of Clarington's equity represented by:

	2012	2011
	\$	\$
Promissory notes receivable (Note 7)	<b>8,321,000</b>	8,321,000
Initial investment in shares of the Corporation	<b>10,146,495</b>	10,146,495
Accumulated net income	<b>10,381,444</b>	8,995,876
Net increase in value of investment	<b>400,126</b>	400,126
Accumulated dividends received	<b>(6,093,132)</b>	(5,453,932)
<b>Total equity</b>	<b>23,155,933</b>	22,409,565
Municipality of Clarington's investment represented by:		
Investment in Veridian Corporation	<b>14,834,933</b>	14,088,565
Promissory notes receivable	<b>8,321,000</b>	8,321,000
	<b>23,155,933</b>	22,409,565

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

(i) *Insurance claims*

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

Insurance premiums charged to each member utility consist of a levy per \$1,000 of service revenue subject to a credit or surcharge based on each electric utility's claims experience. Insurance limits of \$30 million per occurrence are covered by MEARIE.

(ii) *Contractual obligation - Hydro One Networks Inc.*

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

To the extent that the cost of the project is not recoverable from future transformation connection revenues, VCI is obliged to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to VCI. The construction costs allocated to VCI for the project are \$9,975,000.

The Corporation has recorded a liability and a corresponding intangible asset for \$1,212,000 as at December 31, 2012 (2011 - \$1,212,000), based on management's best estimate of the present value of the future transformation connection revenue shortfall. Hydro One shall perform a true-up based on actual load at the end of the fifth, tenth and fifteenth anniversaries of the in-service date.



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 8. Investment in Veridian Corporation (continued)

### (iii) Environmental liability

In 2008, Environment Canada issued its final regulations governing the management of PCBs. Costs relating to future expenditures associated with the removal and destruction of PCB contaminated transformers and remediation of chemically contaminated lands has been estimated in the amount of \$206,000, which has been recorded as a liability at December 31, 2012. Because such expenditures are expected to be recoverable in future rates, the Corporation has recorded an equivalent amount as a regulatory asset.

### (d) Lease commitments - Veridian Corporation

Future minimum lease payment obligations under operating leases are as follows:

	\$
2013	32,000
2014	32,000
2015	32,000
2016	24,000
2017	2,000
Thereafter	70,000
	<hr/>
	192,000

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 9. Deferred revenue - obligatory reserve funds

The continuity of "deferred revenue - obligatory reserve funds" of the Municipality is summarized:

	<b>2012</b>	2011
	\$	\$
Balance, beginning of year	<b>18,612,066</b>	13,815,939
Contributions		
Contributions from developers	<b>8,381,883</b>	13,487,644
Investment income	<b>297,298</b>	257,088
Federal Gas Tax	<b>2,387,129</b>	2,387,129
	<b>11,066,310</b>	16,131,861
Decreases		
Total revenue recognized in the year	<b>10,773,794</b>	11,335,734
Change in deferred revenue during the year	<b>292,516</b>	4,796,127
Balance, end of year	<b>18,904,583</b>	18,612,066

Balance, end of year - analyzed as follows:

Federal gas tax	<b>487,731</b>	<b>973,404</b>
Building code act	<b>620,957</b>	<b>406,621</b>
Development charges	<b>17,795,895</b>	<b>17,232,041</b>
Total deferred revenue - obligatory reserve funds	<b>18,904,583</b>	<b>18,612,066</b>

### 10. Continuity of development charges reserve funds

	<b>2012</b>	2011
	\$	\$
Balance at the beginning of the year	<b>17,232,041</b>	12,028,287
Development charges collection	<b>8,249,144</b>	13,179,159
Investment income	<b>257,606</b>	195,871
Tangible capital assets acquisitions and construction	<b>(3,509,230)</b>	(3,600,351)
Operating expenses	<b>(4,433,666)</b>	(4,570,925)
Balance at the end of the year	<b>17,795,895</b>	17,232,041

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 11. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of approximately 324 employees. The plan is defined benefit plan that specifies the amount of retirement benefits to be received by employees based on length of service and rates of pay. Contributions to OMERS were \$2,202,767 (2011 - \$1,921,908) for current service.

### 12. Employee future benefits liabilities

#### (a) Accumulated sick leave entitlement

##### (i) Firefighters

The Municipality provides a sick leave accumulation plan for firefighters which accumulate at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination, or death, at the rate of 50% of the accumulated credit, to a maximum of one-half a year's salary. The estimated liability at December 31, 2012 was \$1,009,918 (2011 - \$962,059).

##### (ii) Other

During the 1993 fiscal year, the Municipality negotiated an agreement with all employees (except firefighters) to terminate the sick leave benefit plan which had been in effect for many years. The Municipality agreed to pay to those employees covered by the plan and who had at least five years service with the Corporation a cash equivalent of 50% of sick leave days accumulated to July 1, 1993 to a maximum of 120 days of salary. Remuneration for the buying out of sick days identified will be available to the employee at any time up to the time that the employee either leaves the Corporation or retires, at the rate of remuneration in effect at July 31, 1993. The estimated liability at December 31, 2012 amounted to \$1,763 (2011 - \$1,625).

#### (b) Post employment benefits - other

The Municipality makes available to qualifying employees who retire before the age of 65 (firefighters - age 60) the opportunity of continuing their coverage for benefits such as medical (extended health), dental, and life insurance benefits. Coverage ceases at age 65. Dependant upon the eligibility, the cost of this coverage may be a shared responsibility between the Municipality and the retired employees.

The accrued benefit obligation at December 31, 2012 and the changes in the accrued benefit obligation for the 2012 fiscal year was determined by actuarial valuation prepared as at October 31, 2010 to December 31, 2012.

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

- (i) Future cost of long-term debt (discount rate) will be 4.25% per year.
- (ii) Future inflation rates will be 2.50% for the next 5 years and 3.0% thereafter.
- (iii) Future dental premium rates will escalate at a 4.5% rate per year.
- (iv) Future Extended Health and Travel premium rates will escalate at 7.8% per year in 2011 grading down to 4.5% per year in and after 2031.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 12. Employee future benefits liabilities (continued)

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

	<b>2012</b>	2011
	\$	\$
<b>Accrued benefit obligation</b>		
Balance, beginning of year	<b>7,061,796</b>	6,518,049
Employer current service cost	<b>411,224</b>	393,035
Plan amendments	-	68,164
Interest cost	<b>368,144</b>	339,038
Benefits paid	<b>(141,705)</b>	(229,624)
Actuarial loss (gain)	<b>432,056</b>	(26,866)
Balance, end of year	<b>8,131,515</b>	7,061,796
Unamortized net actuarial losses	<b>(1,905,611)</b>	(1,620,661)
<b>Employee future benefits liabilities, end of year</b>	<b>6,225,904</b>	5,441,135

## 13. Net long-term liabilities

The net long term liabilities consist of several debentures that mature in the years 201 to 2022.

(a) At the end of the year, the outstanding principal amount of this liability is \$21,843,144 (2011 - \$24,205,168).

Regional By-law #	Maturity date	Interest rate	<b>2012</b>	2011
		%	\$	\$
		Note (i)		
56-2002	November 1, 2012	5.6	-	5,972,000
45-2004	July 15, 2014	5.25 to 5.45	<b>1,902,000</b>	2,122,000
52-2006	July 12, 2021	5.120	<b>764,481</b>	829,892
07-2007	August 21, 2022	4.30 to 4.75	<b>13,207,000</b>	14,358,000
65-2008	November 21, 2018	4.2 to 5.2	<b>861,000</b>	919,000
56-2007	October 1, 2017	6.0	<b>3,663</b>	4,275
32-2012	July 12, 2017	1.40 to 2.25	<b>5,105,000</b>	-
			<b>21,843,144</b>	24,205,167

Note (i) Interest rates gradually increase to the upper limits noted in the table.

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 13. Net long-term liabilities (continued)

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

	\$
2013	2,552,453
2014	4,070,059
2015	2,483,854
2016	2,569,845
2017	2,660,043
Thereafter	7,506,890
	<hr/> 21,843,144 <hr/>

- (c) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Total interest expense related to the net long-term liabilities amounted to \$1,124,494 (2011 - \$1,389,731, includes \$257 tile drainage) and is reported on the Consolidated Statement of Operations.

### 14. Contingencies

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

### 15. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$28,946,423 (2011 - \$31,713,719). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2012, \$5,099,312 (2011 - \$3,515,214) relating to these contracts had not been expended.

### 16. Related party transactions and balances - Veridian Corporation

	2012	2011
	\$	\$
Transactions		
Dividends received	<b>639,200</b>	824,160
Interest earned on promissory notes	<b>473,606</b>	479,614
Property taxes	<b>36,505</b>	36,055
Energy and services purchases	<b>683,537</b>	612,337
Balances		
Promissory notes receivable	<b>8,321,000</b>	8,321,000
Accounts payable and accrued liabilities	<b>76,408</b>	60,832

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2012

### 17. Guarantees

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

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

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

### 18. Tangible capital assets

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

Further information relating to tangible capital assets is as follows:

- i) Contributed tangible capital assets

The Municipality of Clarington records all tangible assets contributed by an external party at fair value on the earlier date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. For subdivision assets, the recorded date is considered to be the date of acceptance with the exclusion of streetlights with the recorded date as the date of completion. In 2012, there were contributed assets of \$4,660,994 (2011 - \$5,711,782).

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 18. Tangible capital assets (continued)

### ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one Canadian dollar (\$1.00) because of the difficulty of determining a tenable valuation. The most significant such assets are the Municipality's road allowances. The 2012 road network had 1673 segments (2010 - 1649), each of which has been assigned a value of a dollar for the road allowance itself. Others include unopened road allowances in existence since horse and carriage days. There were 362 segments valued at \$10 each.

### iii) Works of Art and Historical Treasures

The Municipality has two historical collections. One is the former Total Hockey collection currently insured for \$150,000 and the Clarington museum collection currently insured for \$350,000. Also included in historical treasures are the cenotaphs located in Bowmanville, Newcastle, Orono and Newtonville. Due to the rural history, there are several abandoned cemeteries located throughout the Municipality. The land is included in the Land asset account, however, all associated physical items are considered a historical treasure. This includes historical signs and cairns or concrete structures built for old headstones.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 19. Accumulated surplus

Accumulated surplus is comprised of the following:

	2012	2011
	\$	\$
Invested in tangible capital assets	<b>392,650,969</b>	390,547,885
General revenue fund	<b>3,223,871</b>	2,623,687
Capital fund	<b>9,211,575</b>	9,470,679
Inventory - surplus land	<b>146,409</b>	146,409
Net long-term liabilities to be recovered from future revenue	<b>(21,843,144)</b>	(24,205,167)
Unfunded employee benefits and post-employment liabilities	<b>(3,818,376)</b>	(3,354,895)
Reserves set aside for specific purposes by Council:		
Tax write-off	<b>206,045</b>	206,045
Acquisition of capital assets	<b>2,689,478</b>	2,306,197
Legal/consulting issues	<b>851,834</b>	790,618
Election expenses	<b>160,686</b>	85,686
Fire prevention	<b>107,132</b>	92,132
Waterfront trail	<b>17,818</b>	20,427
Burketon park improvements	<b>7,569</b>	7,569
Samuel Wilmont nature area	<b>523</b>	523
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	<b>2,729,698</b>	2,368,054
Rate stabilization	<b>5,919,954</b>	4,604,571
Strategic capital	<b>10,016,176</b>	-
Recreation programs and facilities	<b>751,476</b>	752,044
Debenture repayment	<b>278,455</b>	260,721
Industrial development	<b>366,153</b>	356,370
Other cultural	<b>142,064</b>	139,168
Acquisition of capital assets	<b>8,153,386</b>	8,193,288
Newcastle Waterfront study	<b>237,645</b>	231,293
Municipal capital works	<b>6,026,773</b>	5,551,521
Other capital - unspecified	<b>4,609,145</b>	1,870,391
Road contributions	<b>3,656,528</b>	4,077,511
Westside Bridge/Bowmanville Marsh	<b>79,271</b>	87,541
Port Granby LLRW	<b>179,513</b>	174,672
Community Improvement Plan	<b>78,996</b>	148,223
Business Improvement Areas	<b>194,912</b>	163,347
Equity in Veridian Corporation	<b>25,311,396</b>	24,362,631
<b>Accumulated surplus</b>	<b>452,343,930</b>	432,079,141



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2012

## 20. Segmented information

The Municipality provides a wide range of services to its residents. Segmented information has been provided in Schedule 2 for the following Municipal services:

- Protection to persons and property
- Transportation services
- Environmental services
- Recreational and cultural services
- Planning and development
- Health and social services
- General government

For each reported segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of general government.

## 21. Budget amounts

The budgets originally approved by the Municipality for 2012, adjusted as noted below, are reflected on the Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Financial Assets.

- An amount for amortization expense has been added and is based on the actual amortization expense recorded in the year, as amortization was not included in the original council approved budget.
- Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on actual amounts, as neither the cost of the contributed tangible capital assets nor the revenue was included in the original council approved budget.
- Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in Consolidated Statement of Operations under the appropriate functional expense category, while those recognized as tangible capital assets are included in the Consolidated Statement of Change in Net Financial Assets.

## 22. Comparative and budget amounts

Comparative and budget figures have been restated for purposes of these consolidated financial statements to comply with PSAB reporting requirements.

# The Corporation of the Municipality of Clarington

Consolidated schedule of tangible capital assets - Schedule 1  
year ended December 31, 2011

2011

	General					Infrastructure							Total
	Land	Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Roads	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>													
Balance, beginning of year	48,143,207	19,542,807	90,328,403	6,845,795	11,059,648	3,042,886	319,233,528	59,308,554	2,389,283	8,875,601	53,856	11,238,371	580,061,939
Add: additions during the year	3,190,651	878,990	3,874,996	109,644	791,300	-	10,642,529	3,084,852	-	954,704	-	5,832,272	29,359,938
Less: disposals during the year	-	-	(1,020,388)	(105,615)	(892,018)	-	(2,297,829)	-	-	(489,075)	-	(9,110,987)	(13,915,912)
Balance, end transfers of year	51,333,858	20,421,797	93,183,011	6,849,824	10,958,930	3,042,886	327,578,228	62,393,406	2,389,283	9,341,230	53,856	7,959,656	595,505,965
<b>Accumulated amortization</b>													
Balance, beginning of year	-	6,791,743	29,439,728	3,566,408	6,455,491	-	129,773,807	11,564,107	1,320,372	4,803,869	23,255	-	193,738,780
Add: amortization during the year	-	585,993	2,682,742	584,025	1,112,202	-	9,114,907	818,555	68,919	689,137	3,212	-	15,659,692
Less: accumulated amortization on disposals	-	-	(996,092)	(100,549)	(874,516)	-	(2,020,719)	-	-	(448,515)	-	-	(4,440,391)
Balance, end of year	-	7,377,736	31,126,378	4,049,884	6,693,177	-	136,867,995	12,382,662	1,389,291	5,044,491	26,467	-	204,958,081
<b>Net book value of tangible capital assets</b>	51,333,858	13,044,061	62,056,633	2,799,940	4,265,753	3,042,886	190,710,233	50,010,744	999,992	4,296,739	27,389	7,959,656	390,547,884

# The Corporation of the Municipality of Clarington

Consolidated schedule of tangible capital assets - Schedule 1  
year ended December 31, 2012

2012

	General					Infrastructure							Total
	Land	Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Roads	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Cost</b>													
Balance, beginning of year	51,333,858	20,421,797	93,183,011	6,849,824	10,958,930	3,042,886	327,578,228	62,393,406	2,389,283	9,341,230	53,856	7,959,656	595,505,965
Add: additions during the year	3,979,598	820,790	193,487	990,722	804,502	-	10,133,904	2,127,627	-	451,484	-	4,687,877	24,189,992
Less: disposals during the year	(35,995)	-	(13,501)	(172,957)	(446,393)	(10)	(1,949,415)	(6,423)	-	(266,949)	-	(5,867,103)	(8,758,746)
<b>Balance, end transfers of year</b>	<b>55,277,461</b>	<b>21,242,587</b>	<b>93,362,997</b>	<b>7,667,589</b>	<b>11,317,039</b>	<b>3,042,876</b>	<b>335,762,717</b>	<b>64,514,610</b>	<b>2,389,283</b>	<b>9,525,765</b>	<b>53,856</b>	<b>6,780,430</b>	<b>610,937,211</b>
<b>Accumulated amortization</b>													
Balance, beginning of year	-	7,377,736	31,126,378	4,049,884	6,693,177	-	136,867,995	12,382,662	1,389,291	5,044,491	26,467	-	204,958,081
Add: amortization during the year	-	619,897	2,746,728	600,135	916,581	-	9,341,868	853,136	68,888	730,208	3,212	-	15,880,653
Less: accumulated amortization on disposals	-	-	(13,501)	(172,957)	(444,776)	-	(1,653,083)	(6,423)	-	(261,752)	-	-	(2,552,492)
<b>Balance, end of year</b>	<b>-</b>	<b>7,997,633</b>	<b>33,859,606</b>	<b>4,477,062</b>	<b>7,164,982</b>	<b>-</b>	<b>144,556,780</b>	<b>13,229,375</b>	<b>1,458,179</b>	<b>5,512,948</b>	<b>29,679</b>	<b>-</b>	<b>218,286,242</b>
<b>Net book value of tangible capital assets</b>	<b>55,277,461</b>	<b>13,244,954</b>	<b>59,503,392</b>	<b>3,190,527</b>	<b>4,152,057</b>	<b>3,042,876</b>	<b>191,205,938</b>	<b>51,285,235</b>	<b>931,104</b>	<b>4,012,817</b>	<b>24,177</b>	<b>6,780,430</b>	<b>392,650,969</b>

# The Corporation of The Municipality of Clarington

Consolidated schedule of segmented information - Schedule 2

year ended December 31, 2012

								2012
	General Government	Protection to persons and property	Transportation services	Environmental services	Health and social services	Recreational and cultural services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating revenue</b>								
Grants	10,014,552	77,986	58,991	-	-	239,970	82,500	<b>10,473,999</b>
Tax revenues	45,734,183	-	-	-	-	-	-	<b>45,734,183</b>
Other revenues	9,166,400	2,824,795	7,385,321	294,558	185,421	11,471,470	710,509	<b>32,038,474</b>
Contributed tangible capital assets	-	-	1,726,761	738,040	-	2,196,193	-	<b>4,660,994</b>
<b>Total operating revenue</b>	<b>64,915,135</b>	<b>2,902,781</b>	<b>9,171,073</b>	<b>1,032,598</b>	<b>185,421</b>	<b>13,907,633</b>	<b>793,009</b>	<b>92,907,650</b>
<b>Operating expenses</b>								
Salaries and wages	3,099,532	11,567,831	7,880,400	23,451	184,313	11,512,547	3,076,966	<b>37,345,040</b>
Operating materials and supplies	687,861	1,108,603	5,466,407	57,453	92,401	6,059,827	743,229	<b>14,215,781</b>
Contracted services	209,841	448,087	1,023,368	210,520	14,319	749,326	470,939	<b>3,126,400</b>
Rent and financial expenses	475,770	11,679	20,801	247	244	38,394	3,646	<b>550,781</b>
External transfers to others	-	-	-	-	-	399,711	-	<b>399,711</b>
Amortization expense	723,358	636,884	10,139,021	1,013,780	1,164	3,361,889	4,557	<b>15,880,653</b>
Interest on net long-term liabilities	-	-	-	-	-	1,124,237	257	<b>1,124,494</b>
<b>Total operating expenses</b>	<b>5,196,362</b>	<b>13,773,084</b>	<b>24,529,997</b>	<b>1,305,451</b>	<b>292,441</b>	<b>23,245,931</b>	<b>4,299,594</b>	<b>72,642,860</b>
<b>Annual surplus (deficit)</b>	<b>59,718,773</b>	<b>(10,870,303)</b>	<b>(15,358,924)</b>	<b>(272,853)</b>	<b>(107,020)</b>	<b>(9,338,298)</b>	<b>(3,506,585)</b>	<b>20,264,790</b>

# The Corporation of The Municipality of Clarington

Consolidated schedule of segmented information - Schedule 2  
year ended December 31, 2011

								2011
	General Government	Protection to persons and property	Transportation services	Environmental services	Health and social services	Recreational and cultural services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating revenue</b>								
Grants	5,028	244,286	739,096	-	-	147,553	-	<b>1,135,963</b>
Tax revenues	43,359,087	-	-	-	-	-	-	<b>43,359,087</b>
Other revenues	4,604,128	3,927,330	9,607,886	428,131	236,571	10,935,699	708,783	<b>30,448,528</b>
Contributed tangible capital assets	-	-	2,304,520	2,830,569	-	1,442,100	-	<b>6,577,189</b>
<b>Total operating revenue</b>	<b>47,968,243</b>	<b>4,171,616</b>	<b>12,651,502</b>	<b>3,258,700</b>	<b>236,571</b>	<b>12,525,352</b>	<b>708,783</b>	<b>81,520,766</b>
<b>Operating expenditures</b>								
Salaries and wages	2,898,672	11,466,790	7,067,996	44,371	169,894	11,019,370	2,970,330	<b>35,637,423</b>
Operating materials and supplies	822,359	1,125,854	4,930,772	63,659	112,909	6,418,536	733,422	<b>14,207,511</b>
Contracted services	240,265	439,901	701,228	359,178	3,207	655,963	415,793	<b>2,815,535</b>
Rent and financial expenses	614,094	12,638	12,315	453	277	20,894	3,942	<b>664,613</b>
External transfers to others	-	-	-	-	-	312,565	-	<b>312,565</b>
Amortization expense	701,640	879,513	9,856,434	959,650	751	3,256,906	4,801	<b>15,659,695</b>
Interest on net long-term liabilities	147,496	-	-	-	-	1,241,944	291	<b>1,389,731</b>
<b>Total operating expenditures</b>	<b>5,424,526</b>	<b>13,924,696</b>	<b>22,568,745</b>	<b>1,427,311</b>	<b>287,038</b>	<b>22,926,178</b>	<b>4,128,579</b>	<b>70,687,073</b>
<b>Annual surplus (deficit)</b>	<b>42,543,717</b>	<b>(9,753,080)</b>	<b>(9,917,242)</b>	<b>1,831,389</b>	<b>(50,466)</b>	<b>(10,400,826)</b>	<b>(3,419,797)</b>	<b>10,833,693</b>