

Consolidated financial statements of

**The Corporation of the  
Municipality of Clarington**

December 31, 2016

# The Corporation of the Municipality of Clarington

December 31, 2016

## Table of contents

Independent auditor's report .....	1 - 2
Consolidated statement of financial position .....	3
Consolidated statement of operations .....	4
Consolidated statement of change in net financial assets.....	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements .....	7 - 25
Consolidated schedule of tangible capital assets – Schedule 1 .....	26 - 27
Consolidated schedule of segmented information – Schedule.....	28 - 29

# Independent auditor's report

Grant Thornton LLP  
Suite 200  
15 Allstate Parkway  
Markham, ON  
L3R 5B4  
T (416) 366-0100  
F (905) 475-8906  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Clarington (“the Municipality”), which comprise the consolidated statement of financial position as at December 31, 2016, 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the consolidated 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 Municipality'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 consolidated 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Markham, Canada  
July 4, 2017



Chartered Professional Accountants  
Licensed Public Accountants

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Financial Position  
as at December 31, 2016**

	2016	2015
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	30,102,915	31,102,994
Investments (Note 5)	67,649,346	55,768,350
Accounts receivable	11,849,319	10,757,972
Taxes receivable (Note 4)	7,650,679	7,957,908
Inventories for resale	38,357	44,745
Land for resale	146,389	146,399
Promissory notes receivable (Note 6)	8,321,000	8,321,000
Investment in Veridian Corporation (Note 7)	17,341,550	16,566,486
<b>Total financial assets</b>	<b>143,099,555</b>	<b>130,665,854</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	12,933,440	11,981,067
Employee future benefits liabilities (Note 11)	8,417,965	7,864,561
Long-term liabilities (Note 12)	18,019,533	20,082,378
Deferred revenue - general	12,855,216	10,838,214
Deferred revenue - obligatory reserve funds (Note 8)	30,626,174	24,853,371
<b>Total liabilities</b>	<b>82,852,328</b>	<b>75,619,591</b>
<b>Net financial assets</b>	<b>60,247,227</b>	<b>55,046,263</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 17) (Schedule 1)	435,094,832	426,677,093
Prepaid expenses	908,305	940,136
Inventory supplies	366,906	630,187
<b>Total non-financial assets</b>	<b>436,370,043</b>	<b>428,247,416</b>
<b>Accumulated surplus (Note 18)</b>	<b>496,617,270</b>	<b>483,293,679</b>

Contingencies (Note 13) and contractual commitments (Note 14)

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Operations  
year ended December 31, 2016**

	2016	2015
Budget	Actual	Actual
\$	\$	\$
<b>Revenues</b>	<b>(Note 20)</b>	
Taxation and user charges		
Property taxation	52,131,541	49,857,811
Taxation from other governments	3,758,488	3,868,203
User charges	9,766,517	12,084,251
Grants		
Government of Canada	226,073	306,827
Province of Ontario	349,371	1,814,492
Other		
Deferred revenue earned	13,105,641	9,248,195
Investment income	343,400	1,923,787
Penalty and interest on taxes	1,300,000	1,293,353
Fines	302,000	632,088
Donations and contribution from others	1,099,246	1,758,756
Veridian Corporation		
Equity share of net income	-	1,298,800
Contributed tangible capital assets	11,401,892	17,251,553
Other income	-	11,435
Loss on redemption of investments	-	(39,210)
Loss on disposal of tangible capital assets	-	(80,280)
<b>Total revenues</b>	<b>93,784,169</b>	<b>101,230,061</b>
<b>Expenses</b>		
General government	6,923,163	7,386,653
Protection to persons and property	17,584,834	17,027,270
Transportation services	26,345,960	25,902,708
Environmental services	3,097,275	3,197,663
Health services	376,806	473,389
Recreational and cultural services	24,279,485	23,954,114
Planning and development	4,439,119	4,489,243
<b>Total expenses</b>	<b>83,046,642</b>	<b>82,431,040</b>
<b>Annual surplus</b>	<b>10,737,527</b>	<b>18,799,021</b>
<b>Accumulated surplus, beginning of year</b>	<b>483,293,679</b>	<b>464,494,658</b>
<b>Accumulated surplus, end of year</b>	<b>494,031,206</b>	<b>483,293,679</b>

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Change in Net Financial Assets  
For the year ended December 31, 2016**

	2016		2015
	Budget	Actual	Actual
	\$	\$	\$
<b>Annual surplus</b>	<b>10,737,527</b>	<b>13,323,591</b>	18,799,021
Amortization of tangible capital assets	17,275,655	18,663,084	17,951,922
Acquisition of tangible capital assets	(19,992,056)	(27,357,664)	(36,314,321)
Net book value of tangible capital assets disposals/adjustments	-	276,841	224,280
Decrease in prepaid expenses	-	31,831	31,115
Decrease (increase) in inventory supplies	-	263,281	(175,775)
<b>Increase in net financial assets</b>	<b>8,021,126</b>	<b>5,200,964</b>	516,242
Net financial assets, beginning of year	55,046,263	55,046,263	54,530,021
Net financial assets, end of year	63,067,389	60,247,227	55,046,263

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Cash Flows  
For the year ended December 31, 2016**

	2016	2015
	\$	\$
<b>Operating activities</b>		
Annual surplus	13,323,591	18,799,021
Non cash items		
Amortization of tangible capital assets	18,663,084	17,951,922
Loss on sale of tangible capital assets	129,271	80,280
Equity share of Veridian Corporation net income	(1,420,928)	(1,298,800)
Contributed tangible capital assets recorded in revenue	(11,401,892)	(17,251,553)
Change in non-cash operating items		
Increase in accounts receivable	(433,795)	(5,204,995)
Decrease in taxes receivable	307,229	31,546
Decrease (increase) in inventories for resale	6,388	(7,494)
Decrease in inventory of land for resale	10	-
Increase (decrease) in accounts payable and accrued liabilities	952,373	(2,178,355)
Increase in employee future benefits liabilities	553,404	403,571
Increase in deferred revenue - general	1,359,451	813,158
Increase in deferred revenue - obligatory reserve funds	5,772,803	5,565,468
Decrease in prepaid expenses	31,831	31,115
Decrease (increase) in inventory supplies	263,281	(175,775)
	<b>28,106,101</b>	<b>17,559,109</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets (net of contributed tangible capital assets)	(15,955,773)	(19,062,768)
Proceeds on disposal of tangible capital assets	147,570	144,000
	<b>(15,808,203)</b>	<b>(18,918,768)</b>
<b>Investing activities</b>		
Increase in investments	(11,880,996)	(912,446)
Dividends received from Veridian Corporation	645,864	741,200
	<b>(11,235,132)</b>	<b>(171,246)</b>
<b>Financing activities</b>		
Repayment of long term liabilities	(3,052,845)	(2,952,853)
Proceeds of debenture issue	990,000	-
	<b>(2,062,845)</b>	<b>(2,952,853)</b>
Net decrease in cash and cash equivalents	(1,000,079)	(4,483,758)
Cash and cash equivalents, beginning of year	31,102,994	35,586,752
<b>Cash and cash equivalents, end of year</b>	<b>30,102,915</b>	<b>31,102,994</b>



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

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

## 1. Significant accounting policies

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS").

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 Historic Downtown Bowmanville Business Improvement Area
- Board of Management for the Newcastle Central Business District Improvement Area
- Board of Management for the Orono Central Business District Improvement Area
- Clarington Public Library Board
- 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 PSAS for investments in government business partnerships. Under the modified equity basis of accounting, the business partnership's accounting principles are not adjusted to conform to those of the Municipality and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of 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.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 1. Significant accounting policies (continued)

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

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

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

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

### (v) Trust funds

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

## (b) Basis of accounting

### (i) Accrual basis of accounting

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

### (ii) Cash and cash equivalents

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

### (iii) Investments

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.

### (iv) Non-financial assets

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

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

(a) Tangible capital assets ("TCA")

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

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

#### **Amortization**

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

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.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

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

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

#### **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.

(b) Intangible assets

Intangible assets are not recognized in the consolidated financial statements.

(c) Inventories

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

### (v) Reserves and reserve funds

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

### (vi) Deferred revenues

Deferred revenues 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) Employee future benefits

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

### (viii) Contaminated sites

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

### (viii) Contaminated sites (continued)

contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the Municipality's statement of operations.

### (ix) Revenue Recognition

#### Taxation

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

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

#### Government transfers

Government transfers are recognized 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.

#### User fees and service charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

#### Other

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

#### Investment income

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

### (x) 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.

## 2. Trust funds

Trust funds administered by the Municipality amounting to \$1,744,941 (2015 – \$1,676,048) have not been included in the “Consolidated Statement of Financial Position” nor have their financial activities been included in the “Consolidated Statement of Operations”.

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

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

	<b>School Boards</b>	<b>Regional Municipality of Durham</b>
	\$	\$
<b>2016</b>		
Property taxes	<b>29,235,694</b>	<b>79,811,252</b>
Taxation from other governments	<b>134,700</b>	<b>3,344,639</b>
<b>Total</b>	<b>29,370,394</b>	<b>83,155,891</b>
<b>2015</b>		
Property taxes	28,923,461	77,333,767
Taxation from other governments	122,304	2,615,850
<b>Total</b>	<b>29,045,765</b>	<b>79,949,617</b>

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 4. Taxes receivable

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

	2016	2015
	\$	\$
Current year	5,451,641	5,549,360
Arrears previous years	2,199,038	2,408,548
	<b>7,650,679</b>	<b>7,957,908</b>

## 5. Investments

Total investments of \$67,649,346 (2015 - \$55,768,350) reported on the Consolidated Statement of Financial Position at cost plus accrued interest, have a market value of \$70,891,135 (2015 - \$58,803,578) 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.

## 6. Promissory notes receivable

	2016	2015
	\$	\$
Promissory note receivable from Veridian Corporation maturing December 31, 2018 and bearing interest at the greater of 6% or the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity	2,355,000	2,355,000
Promissory note receivable from Veridian Connection Inc. maturing November 1, 2039 and bearing interest at 4.47% from January 1, 2015 to December 31, 2019 and then the Ontario Energy Board deemed long-term debt rate for each successive five year period thereafter	5,966,000	5,966,000
	<b>8,321,000</b>	<b>8,321,000</b>

Interest revenue earned from these notes receivable totaled \$431,530 (2015 - \$384,510). 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, 2016

## 7. 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:

	2016	2015
	\$	\$
<b>Financial position</b>		
<b>Assets</b>		
Current	89,713,000	84,500,000
Capital and intangibles	252,736,000	231,368,000
Other	4,058,000	6,325,000
Regulatory balances	2,530,000	3,170,000
<b>Total assets and regulatory balances</b>	<b>349,037,000</b>	<b>325,363,000</b>
<b>Liabilities</b>		
Current	101,166,000	100,133,000
Long-term debt	85,532,000	78,600,000
Other	26,814,000	19,460,000
<b>Total liabilities</b>	<b>213,512,000</b>	<b>198,193,000</b>
<b>Shareholders' Equity</b>		
Share capital	67,260,000	67,260,000
Contributed capital	25,000	25,000
Retained earnings	57,855,000	52,232,000
Regulatory balances	10,385,000	7,653,000
<b>Total shareholders' equity and regulatory balances</b>	<b>135,525,000</b>	<b>127,170,000</b>
<b>Total liabilities, equity and regulatory balances</b>	<b>349,037,000</b>	<b>325,363,000</b>
<b>Financial activities</b>		
Revenues	390,273,000	334,820,000
Other income	3,397,000	4,102,000
Expenses	(379,850,000)	(327,907,000)
Net movements in regulatory balances, net of tax	(3,449,000)	(1,465,000)
<b>Net income for the year</b>	<b>10,371,000</b>	<b>9,550,000</b>



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 7. Investment in Veridian Corporation (continued)

(b) Municipality's equity is represented by:

	2016	2015
	\$	\$
Promissory notes receivable (Note 6)	8,321,000	8,321,000
Initial investment in shares of the Corporation	10,146,495	10,146,495
Accumulated net income	15,553,525	14,132,597
Net increase in value of investment	400,126	400,126
Accumulated dividends received	(8,758,596)	(8,112,732)
<b>Total equity</b>	<b>25,662,550</b>	<b>24,887,486</b>
Municipality of Clarington's investment represented by:		
Investment in Veridian Corporation	17,341,550	16,566,486
Promissory notes receivable	8,321,000	8,321,000
	<b>25,662,550</b>	<b>24,887,486</b>

(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. MEARIE also provides vehicle and property insurance to the Corporation.

Insurance premiums charged to each member electric utility consist of a levy per \$1,000 of service revenue subject to a credit or surcharge based on each electric utility's claims experience. The maximum coverage is \$24,000,000 per occurrence, for liability insurance, \$15,000,000 for vehicle insurance and \$98,685,000 for property insurance; plus \$10,000,000 excess coverage on top of the regular liability and vehicle coverage.

### (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, 2016 (2015 - \$1,212,000), based on management's best estimate of the future transformation connection revenue shortfall. Hydro One is expected to perform a true-up based on actual load at the end of the tenth and fifteenth anniversaries of the in-service date.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 7. Investment in Veridian Corporation (continued)

(d) Lease commitments - Veridian Corporation

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

	\$
2017	41,000
2018	41,000
2019	33,000
2020	32,000
2021	33,000
Thereafter	60,000
	<u>240,000</u>

## 8. Deferred revenue - obligatory reserve funds

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

	2016	2015
	\$	\$
Balance, beginning of year	<u>24,853,371</u>	19,287,903
Contributions		
Contributions from developers	12,262,031	12,041,512
Investment income	406,029	324,029
Federal Gas Tax	2,570,528	2,448,122
	<u>15,238,588</u>	14,813,663
Utilization:		
Transfers to operating	3,311,794	3,751,168
Transfers to capital	6,153,991	5,497,027
	<u>9,465,785</u>	9,248,195
Change in deferred revenue during the year	<u>5,772,803</u>	5,565,468
Balance, end of year	<u>30,626,174</u>	24,853,371
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	1,168,947	604,629
Federal gas tax	455,635	919,630
Building code act	2,164,600	1,355,441
Development charges	26,836,992	21,973,671
Total deferred revenue – obligatory reserve funds	<u>30,626,174</u>	24,853,371

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 9. Continuity of development charges reserve funds

	2016	2015
	\$	\$
Balance at the beginning of the year	21,973,671	17,314,598
Development charges collections	11,731,406	11,684,527
Investment income	278,125	261,770
Tangible capital assets acquisitions and construction	(3,083,968)	(3,282,422)
Operating expenses	(4,062,242)	(4,004,802)
Balance at the end of the year	26,836,992	21,973,671

## 10. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"). OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million with respect to benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are joint responsibility of Ontario municipal organizations and their employees. As a result the Municipality does not recognize any share of the Plan surplus or deficit.

The Municipality recognizes the expense related to this plan as contributions are made. The contribution rate was 9% for wages up to \$54,900 (2015 – 9%) and 14.6% for wages in excess of CPP earning limit \$54,900 (2015 – 14.6%). The amount contributed to OMERS for 2016 was \$2,941,832 (2015 - \$2,778,309) for current services and is included as an expense on the statement of operations.

## 11. Employee future benefits liabilities

### (a) Accumulated sick leave entitlement

#### (i) Firefighters

The Municipality provides two sick leave accumulation plans for firefighters. Plan A accumulates at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination or death, at the rate of 50% of the accumulated credit, to a maximum of one-half a year's salary. Plan B – accumulates at the rate of one day per month once the employees complete five years of service. The estimated liability at December 31, 2016 was \$1,145,813 (2015 - \$1,073,105).

#### (ii) Other

During the 1993 fiscal year, the Municipality negotiated an agreement with all employees (except firefighters) to terminate the sick leave benefit plan which had been in effect for many years. The Municipality agreed to pay to those employees covered by the plan and who had at least five-years service with the Municipality a cash equivalent of 50% of sick leave days accumulated to July 1, 1993 to a

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 11. Employee future benefits liabilities (continued)

### (ii) Other (continued)

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, 2016 amounted to (\$10,157) (2015 - \$6,408).

### (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.

An actuarial valuation was performed as at December 31, 2016 based on data as at the valuation date and plan provisions. The accrued benefit obligation and net benefit costs (ie. the expense) for the 2016 fiscal year end was determined by this valuation.

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

- (i) Discount rate will be 3.75% per annum.
- (ii) Future inflation rates will be 2.50%.
- (iii) Dental cost trend rates will escalate at 2.75% per annum starting 2017.
- (iv) Extended health care trend rates will escalate at 6% in fiscal 2018 decreasing by .25% per annum to an ultimate rate of 4.50% per annum thereafter.

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

	2016	2015
	\$	\$
<b>Accrued benefit obligation</b>		
Balance, beginning of year	8,009,276	7,883,075
Employer current service cost	487,280	486,118
Interest cost	311,855	287,385
Benefits paid	(299,101)	(437,729)
Actuarial gain	(2,139,397)	(209,573)
Balance, end of year	6,369,913	8,009,276
Unamortized net actuarial gains (losses)	2,048,052	(144,715)
<b>Employee future benefits liabilities, end of year</b>	<b>8,417,965</b>	<b>7,864,561</b>

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 12. Long-term liabilities

The net long term liabilities consist of several debentures that mature in the years 2017 to 2031.

- (a) At the end of the year, the outstanding principal amount of this liability is \$18,019,533 (2015 - \$20,082,378).

Maturity date	Interest rate	Regional By-law #	2016	2015
	%		\$	\$
	Note (i)			
July 12, 2017	2.25	32-2012	<b>1,057,000</b>	2,096,000
October 1, 2017	6.00	56-2007	<b>820</b>	1,594
November 21, 2018	5.05 to 5.20	65-2008	<b>602,000</b>	671,000
July 12, 2021	5.12	52-2006	<b>467,113</b>	547,184
August 21, 2022	4.55 to 4.75	07-2007	<b>8,040,000</b>	9,421,000
July 22, 2024	1.65 to 3.35	38-2014	<b>1,167,000</b>	1,298,000
July 2, 2029	1.65 to 3.80	38-2014	<b>5,695,600</b>	6,047,600
October 17, 2031	1.15 to 2.80	51-2016	<b>990,000</b>	-
			<b>18,019,533</b>	20,082,378

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

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

	\$
2017	3,216,043
2018	2,700,590
2019	2,262,184
2020	2,200,016
2021	1,722,099
Thereafter	5,918,601
	<b>18,019,533</b>

- (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 \$688,523 (2015 - \$778,908) includes \$96 tile drainage and is reported on the Consolidated Statement of Operations.

## 13. 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.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 14. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$29,441,625 (2015 - \$35,857,996). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2016, \$3,885,432 (2015 - \$2,985,171) relating to these contracts had not been expended.

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

	2016	2015
	\$	\$
Transactions		
Dividends received	645,864	741,200
Interest earned on promissory notes	431,530	384,510
Property taxes	36,942	37,037
Energy and services purchases	955,887	814,727
Balances		
Promissory notes receivable	8,321,000	8,321,000
Accounts payable and accrued liabilities	100,710	96,825

## 16. Guarantees

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

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 16. Guarantees (continued)

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.

## 17. 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 of the 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 2016, there were contributed assets of \$11,401,892 (2015 - \$17,251,553).

### 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 2016 road network had 1792 segments (2015 – 1,788), 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 361 segments valued at \$10 each.

### iii) Works of Art and Historical Treasures

The Municipality has one historical collection. The Clarington Museums and Archives collection is 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, 2016

## 18. Accumulated surplus

Accumulated surplus is comprised of the following:

	2016	2015
	\$	\$
Invested in tangible capital assets	435,094,832	426,677,093
General revenue fund	2,507,867	1,215,260
Capital fund	12,320,272	10,771,446
Inventory - surplus land	146,389	146,399
Long-term liabilities to be recovered from future revenue	(18,019,533)	(20,082,378)
Unfunded employee benefits and post-employment liabilities	(4,483,047)	(4,418,470)
Reserves set aside for specific purposes by Council:		
Tax write-off	456,045	381,045
Acquisition of capital assets	3,054,179	3,162,044
Legal/consulting issues	1,242,819	1,213,920
Election expenses	181,812	91,812
Fire prevention	85,969	75,694
Burketon park improvements	7,569	7,569
Samuel Wilmot nature area	49	49
Clarington Heritage Committee Board	7,781	9,752
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	3,817,117	3,910,811
Rate stabilization	3,087,958	3,802,534
Strategic capital	10,024,044	9,980,071
Recreation programs and facilities	574,564	574,555
Debenture repayment	280,120	271,883
Industrial development	497,726	553,758
Other cultural	129,685	119,508
Acquisition of capital assets	8,149,653	8,955,438
Newcastle Waterfront study	173,252	167,663
Municipal capital works	6,416,665	5,971,687
Other capital - unspecified	836,066	809,986
Road contributions	3,135,031	3,119,953
Westside Bridge/Bowmanville Marsh	57,194	55,348
Port Granby LLRW	176,305	170,617
Community Improvement Plan	174,548	156,433
Business Improvement Areas	223,465	221,206
Hampton Union Cemetery	101,159	97,896
Community Emergency Management	221,975	96,187
Benefits Cost Stabilization	154,511	-
Equity in Veridian Corporation	25,662,550	24,887,486
Clarington Museum and Archives	120,679	119,424
<b>Accumulated surplus</b>	<b>496,617,270</b>	<b>483,293,679</b>



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 19. Segmented information

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

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

### i) General government

Functions of the General government segment include Municipal Council; Clerks-council/committee support, municipal elections, records management, vital statistics; Administration; Legal services; Corporate Management; Finance Administration; Communication; Procurement services; Human Resources; Information technology; Corporate health and safety; Risk management; Internal audit, Asset management and Building services.

### ii) Protection to persons and property

Functions of the Protection to persons and property segment include Emergency and fire services-emergency response, emergency planning, fire prevention public education, fire suppression, communication, training and the operation of the municipal operations emergency centre; Animal services protection and control; Municipal law enforcement; Licensing; Building permitting and inspection and Property standards.

### iii) Transportation services

Functions of the Transportation services segment include Engineering services-subdivision design, development and municipal servicing review, subdivision construction inspection, traffic and transportation, pavement management and right of way management; Operations-roadways, bridges, sidewalks, roadside and streetlights maintenance; winter snow clearing program; fleet maintenance; parking and school crossing guards

### iv) Environmental services

Functions of the Environmental services segment include Operations-stormwater management, erosion control and resale of waste diversion goods.

### v) Health services

Functions of the Health services segment include the Operations-maintenance and operation of Municipality's active and abandoned cemeteries and crematorium; Clerks-cemetery records management and sale of cemetery plots, permits and headstones.

### vi) Recreation and cultural services

Functions of the Recreation and cultural services include Community Services-administration of all recreation programs, aquatic and arena facilities operation and maintenance, maintenance of community recreational facilities; community grants, community development, Clarington Library, Clarington Museum and other external cultural agencies; Operations-operation and maintenance of parks.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 19. Segmented information (continued)

### vii) Planning and development

Functions of the Planning and development segment include the development of planning policies, urban design, development approvals, heritage preservation, real estate, geomatics; Business improvement areas; tourism information and promotion; and the tile drainage program, carried out under the Tile Drainage Act.

## 20. Budget amounts

The budget by-law was adopted by Council on March 21, 2016. The budget was prepared on a modified accrual basis. In accordance with Canadian Public Sector Accounting Standards (PSAS) the budget should be presented on a full accrual basis. As a result, the budget figures presented in the Statements of Operations and Changes in Net Financial Assets represent the budget approved by Council with the following adjustments:

	\$
Overall approved operating budget revenues	(183,216,696)
Less: taxation of school boards and The Regional Municipality of Durham	<u>109,827,504</u>
Approved operating budget revenues	(73,389,192)
Consolidated external agency budgets	(1,117,112)
Transfers from Deferred Obligatory Reserve Funds	(13,105,641)
PSAB reporting adjustments:	
Contributed tangible capital assets	(11,401,892)
Non-tangible capital assets budget revenues	-
Less: transfers from Reserves/ Reserve Funds /Capital Fund	5,229,668
<b>Net operating budget revenues</b>	<b><u>(93,784,169)</u></b>
Overall approved operating budget expenses	183,216,696
Less: taxation of school boards and The Regional Municipality of Durham	<u>(109,827,504)</u>
Approved operating budget expenses	73,389,192
Consolidated external agency budgets	1,554,198
PSAB reporting adjustments:	
Amortization of tangible capital assets	17,275,655
Non-tangible capital assets budget expenses	1,466,394
Unfunded accrual for employee future benefit liabilities	475,796
Less: transfers to Reserve / Reserve Funds / Capital Fund	(7,983,322)
Less: debt principal repayments	(3,131,271)
<b>Net operating budget expenses</b>	<b><u>83,046,642</u></b>
<b>Net revenues before capital investment</b>	<b><u>(10,737,527)</u></b>

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2016

## 21. Subsequent Events

A brownfield property in the Municipality of Clarington was the subject of tax arrears since the early 1990's. All attempts to sell the property as part of a tax sale were unsuccessful due to on-site contamination.

When the property vested with the Municipality, the taxes owing were written-off including Regional and School Board portions. As per the *Municipal Act, 2001 s. 353*, the proportionate share of sale proceeds will have to be repaid upon sale of the property.

This property received a Record of Site Condition in August 2016. The disposal of the site was recommended and was listed on the open market. In April 2017, the property was sold for proceeds in excess of the original taxes owing. A total of \$154,193 collectively is to be repaid to the Region and School Boards from the proceeds of the sale.

The Corporation of the Municipality of Clarington  
Consolidated Schedule of Tangible Capital Assets – Schedule 1  
For the year ended December 31, 2016

2016

	General					Infrastructure							Total
	Land	Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Cost</b>													
Balance, beginning of year	60,187,682	29,027,356	103,649,128	9,051,663	12,182,119	3,042,876	370,015,676	75,236,731	2,389,283	10,315,474	51,123	8,307,868	683,456,979
Add: additions during the year	2,914,967	942,661	2,179,729	881,797	796,121	-	14,303,694	4,178,070	137,849	1,197,418	-	6,479,084	34,011,390
Less: disposals during the year	-	(304,366)	(478,757)	(529,105)	(560,474)	-	(2,457,342)	(14,459)	(314,082)	(660,873)	-	(6,653,724)	(11,973,182)
Balance, end transfers of year	63,102,649	29,665,651	105,350,100	9,404,355	12,417,766	3,042,876	381,862,028	79,400,342	2,213,050	10,852,019	51,123	8,133,228	705,495,187
<b>Accumulated amortization</b>													
Balance, beginning of year	-	10,111,997	41,188,597	5,264,160	6,308,232	-	169,340,244	15,961,892	1,663,157	6,909,093	32,514	-	256,779,886
Add: amortization during the year	-	881,707	3,051,258	569,016	1,114,450	-	11,134,270	1,030,663	68,398	810,074	3,248	-	18,663,084
Less: accumulated amortization on disposals	-	(282,836)	(340,214)	(529,105)	(560,474)	-	(2,364,028)	(3,595)	(310,940)	(651,423)	-	-	(5,042,615)
Balance, end of year	-	10,710,868	43,899,641	5,304,071	6,862,208	-	178,110,486	16,988,960	1,420,615	7,067,744	35,762	-	270,400,355
<b>Net book value of tangible capital assets</b>	63,102,649	18,954,783	61,450,459	4,100,284	5,555,558	3,042,876	203,751,542	62,411,382	792,435	3,784,275	15,361	8,133,228	435,094,832

The Corporation of the Municipality of Clarington  
Consolidated Schedule of Tangible Capital Assets – Schedule 1  
For the year ended December 31, 2015

2015

	General					Infrastructure							Total
	Land	Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Cost</b>													
Balance, beginning of year	56,176,176	25,147,267	98,678,534	8,697,645	11,285,187	3,042,876	351,699,612	69,970,519	2,389,283	10,236,417	53,856	13,011,576	650,388,948
Add: additions during the year	4,011,506	4,081,524	5,642,228	752,759	1,571,311	-	19,324,376	5,318,413	-	309,339	6,566	6,717,867	47,735,889
Less: disposals during the year	-	(201,435)	(671,634)	(398,741)	(674,379)	-	(1,008,312)	(52,201)	-	(230,282)	(9,299)	(11,421,575)	(14,667,858)
Balance, end transfers of year	60,187,682	29,027,356	103,649,128	9,051,663	12,182,119	3,042,876	370,015,676	75,236,731	2,389,283	10,315,474	51,123	8,307,868	683,456,979
<b>Accumulated amortization</b>													
Balance, beginning of year	-	9,298,061	38,939,771	5,073,650	5,864,189	-	159,724,189	15,026,764	1,595,891	6,291,356	36,103	-	241,849,974
Add: amortization during the year	-	993,668	2,893,101	589,251	1,079,294	-	10,556,233	943,677	67,266	826,202	3,230	-	17,951,922
Less: accumulated amortization on disposals	-	(179,732)	(644,275)	(398,741)	(635,251)	-	(940,178)	(8,549)	-	(208,465)	(6,819)	-	(3,022,010)
Balance, end of year	-	10,111,997	41,188,597	5,264,160	6,308,232	-	169,340,244	15,961,892	1,663,157	6,909,093	32,514	-	256,779,886
<b>Net book value of tangible capital assets</b>	60,187,682	18,915,359	62,460,531	3,787,503	5,873,887	3,042,876	200,675,432	59,274,839	726,126	3,406,381	18,609	8,307,868	426,677,093

The Corporation of the Municipality of Clarington  
Consolidated Schedule of Segmented Information – Schedule 2  
For the year ended December 31, 2016

2016

	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating revenue</b>								
Grants	-	57,338	485,496	545	-	194,452	-	737,831
Tax revenues	57,772,125	-	-	-	-	-	-	57,772,125
Other revenues	6,760,244	2,771,745	8,444,360	216,291	384,701	10,045,604	555,871	29,178,816
Contributed tangible capital assets	-	-	4,987,702	4,610,190	-	1,804,000	-	11,401,892
<b>Total operating revenue</b>	<b>64,532,369</b>	<b>2,829,083</b>	<b>13,917,558</b>	<b>4,827,026</b>	<b>384,701</b>	<b>12,044,056</b>	<b>555,871</b>	<b>99,090,664</b>
<b>Operating expenses</b>								
Salaries and wages	4,615,844	14,912,830	8,422,696	732,924	226,712	12,653,336	3,321,394	44,885,736
Operating materials and supplies	662,977	976,555	4,779,351	580,527	305,255	5,701,572	464,317	13,470,554
Contracted services	338,824	743,434	3,220,062	563,593	14,687	1,426,493	498,855	6,805,948
Rent and financial expenses	537,310	-	-	-	230	32,169	6,346	576,055
External transfers to others	-	10,000	-	-	-	667,173	-	677,173
Amortization expense	1,385,569	866,249	11,391,191	1,692,385	2,116	3,322,711	2,863	18,663,084
Interest on long-term liabilities	-	-	176,771	-	-	511,656	96	688,523
<b>Total operating expenses</b>	<b>7,540,524</b>	<b>17,509,068</b>	<b>27,990,071</b>	<b>3,569,429</b>	<b>549,000</b>	<b>24,315,110</b>	<b>4,293,871</b>	<b>85,767,073</b>
<b>Annual surplus (deficit)</b>	<b>56,991,845</b>	<b>(14,679,985)</b>	<b>(14,072,513)</b>	<b>1,257,597</b>	<b>(164,299)</b>	<b>(12,271,054)</b>	<b>(3,738,000)</b>	<b>13,323,591</b>

**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Segmented Information – Schedule 2  
For the year ended December 31, 2015**

2015

	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and culture	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating revenue</b>								
Grants	-	62,678	1,813,561	-	-	225,080	20,000	<b>2,121,319</b>
Tax revenues	53,726,014	-	-	-	-	-	-	<b>53,726,014</b>
Other revenues	5,574,086	2,687,286	8,451,641	24,510	409,754	10,230,098	753,800	<b>28,131,175</b>
Contributed tangible capital assets	34,446	14,331	7,959,034	4,790,813	-	4,452,929	-	<b>17,251,553</b>
<b>Total operating revenue</b>	<b>59,334,546</b>	<b>2,764,295</b>	<b>18,224,236</b>	<b>4,815,323</b>	<b>409,754</b>	<b>14,908,107</b>	<b>773,800</b>	<b>101,230,061</b>
<b>Operating expenditures</b>								
Salaries and wages	3,582,531	14,419,650	8,007,997	639,692	279,270	12,076,575	3,481,031	<b>42,486,746</b>
Operating materials and supplies	1,830,994	1,054,829	4,255,150	546,054	184,035	5,936,966	462,079	<b>14,270,107</b>
Contracted services	208,371	704,075	2,561,011	462,799	5,231	1,679,178	528,012	<b>6,148,677</b>
Rent and financial expenses	356,385	-	-	-	2,737	39,500	13,301	<b>411,923</b>
External transfers to others	-	11,372	-	-	-	371,385	-	<b>382,757</b>
Amortization expense	1,408,372	837,344	10,897,361	1,549,118	2,116	3,252,930	4,681	<b>17,951,922</b>
Interest on long-term liabilities	-	-	181,189	-	-	597,580	139	<b>778,908</b>
<b>Total operating expenditures</b>	<b>7,386,653</b>	<b>17,027,270</b>	<b>25,902,708</b>	<b>3,197,663</b>	<b>473,389</b>	<b>23,954,114</b>	<b>4,489,243</b>	<b>82,431,040</b>
<b>Annual surplus (deficit)</b>	<b>51,947,893</b>	<b>(14,262,975)</b>	<b>(7,678,472)</b>	<b>1,617,660</b>	<b>(63,635)</b>	<b>(9,046,007)</b>	<b>(3,715,443)</b>	<b>18,799,021</b>