

Consolidated financial statements of

**The Corporation of the
Municipality of Clarington**

December 31, 2017

The Corporation of the Municipality of Clarington

December 31, 2017

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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 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, 2017, 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Markham, Canada
June 22, 2018



Chartered Professional Accountants
Licensed Public Accountants

**The Corporation of the Municipality of Clarington
Consolidated Statement of Financial Position
As at December 31, 2017**

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	46,113,946	30,102,915
Investments (Note 5)	69,844,049	67,649,346
Accounts receivable	8,377,648	12,330,745
Taxes receivable (Note 4)	7,945,850	7,169,253
Inventories for resale	44,500	38,357
Land for resale	424,918	146,389
Promissory notes receivable (Note 6)	8,321,000	8,321,000
Investment in Veridian Corporation (Note 7)	18,022,910	17,341,550
Total financial assets	159,094,821	143,099,555
Liabilities		
Accounts payable and accrued liabilities	10,898,037	12,933,440
Employee future benefits liabilities (Note 11)	8,629,892	8,417,965
Long-term liabilities (Note 12)	17,109,490	18,019,533
Deferred revenue - general	18,617,923	12,855,216
Deferred revenue - obligatory reserve funds (Note 8)	36,793,877	30,626,174
Total liabilities	92,049,219	82,852,328
Net financial assets	67,045,602	60,247,227
Non-financial assets		
Tangible capital assets (Note 17) (Schedule 1)	441,599,559	435,094,832
Prepaid expenses	887,067	908,305
Inventory supplies	300,628	366,906
Total non-financial assets	442,787,254	436,370,043
Accumulated surplus (Note 18)	509,832,856	496,617,270

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

**The Corporation of the Municipality of Clarington
Consolidated Statement of Operations
For the year ended December 31, 2017**

	Budget	2017 Actual	2016 Actual
	\$	\$	\$
Revenues	(Note 20)		
Taxation and user charges			
Property taxation	55,046,686	55,771,084	52,642,988
Taxation from other governments	4,496,779	4,805,792	5,129,137
User charges	9,972,849	14,705,093	13,712,076
Grants			
Government of Canada	642,000	834,397	75,859
Province of Ontario	1,259,477	719,810	661,972
Other			
Deferred revenue earned	12,124,315	11,342,164	9,465,785
Investment income	341,300	1,228,171	2,236,241
Penalty and interest on taxes	1,250,000	1,209,919	1,255,671
Fines	401,000	415,251	584,651
Donations and contribution from others	1,085,500	608,870	577,213
Veridian Corporation			
Equity share of net income	-	1,375,912	1,420,928
Contributed tangible capital assets	7,707,558	7,707,558	11,401,892
Other income	-	131,919	55,522
Loss on disposal of tangible capital assets	-	(210,076)	(129,271)
Total revenues	94,327,464	100,645,864	99,090,664
Expenses			
General government	6,625,900	6,877,420	7,540,524
Protection to persons and property	18,192,680	17,806,877	17,509,068
Transportation services	27,298,182	29,351,507	27,990,071
Environmental services	3,332,021	3,878,877	3,569,429
Health services	383,815	418,527	549,000
Recreational and cultural services	25,006,209	24,639,160	24,315,110
Planning and development	5,416,713	4,457,910	4,293,871
Total expenses	86,255,520	87,430,278	85,767,073
Annual surplus	8,071,944	13,215,586	13,323,591
Accumulated surplus, beginning of year	496,617,270	496,617,270	483,293,679
Accumulated surplus, end of year	504,689,214	509,832,856	496,617,270

**The Corporation of the Municipality of Clarington
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2017**

	2017		2016
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	8,071,944	13,215,586	13,323,591
Amortization of tangible capital assets	17,917,171	19,399,201	18,663,084
Acquisition of tangible capital assets	(20,516,615)	(26,137,654)	(27,357,664)
Net book value of tangible capital assets			
disposals/adjustments	-	233,726	276,841
Decrease in prepaid expenses	-	21,238	31,831
Decrease in inventory supplies	-	66,278	263,281
Increase in net financial assets	5,472,500	6,798,375	5,200,964
Net financial assets, beginning of year	60,247,227	60,247,227	55,046,263
Net financial assets, end of year	65,719,727	67,045,602	60,247,227

**The Corporation of the Municipality of Clarington
Consolidated Statement of Cash Flows
For the year ended December 31, 2017**

	2017	2016
	\$	\$
Operating activities		
Annual surplus	13,215,586	13,323,591
Non cash items		
Amortization of tangible capital assets	19,399,201	18,663,084
Loss on sale of tangible capital assets	210,076	129,271
Equity share of Veridian Corporation net income	(1,375,912)	(1,420,928)
Contributed tangible capital assets recorded in revenue	(7,707,558)	(11,401,892)
Change in non-cash operating items		
Accounts receivable	3,953,097	(433,795)
Taxes receivable	(776,597)	307,229
Inventories for resale	(6,143)	6,388
Inventory of land for resale	(278,529)	10
Accounts payable and accrued liabilities	(2,035,403)	952,373
Employee future benefits liabilities	211,927	553,404
Deferred revenue - general	5,762,707	1,359,451
Deferred revenue - obligatory reserve funds	6,167,703	5,772,803
Prepaid expenses	21,238	31,831
Inventory supplies	66,278	263,281
	36,827,671	28,106,101
Capital activities		
Acquisition of tangible capital assets (net of contributed tangible capital assets)	(18,430,096)	(15,955,773)
Proceeds on disposal of tangible capital assets	23,650	147,570
	(18,406,446)	(15,808,203)
Investing activities		
Increase in investments	(2,194,703)	(11,880,996)
Dividends received from Veridian Corporation	694,552	645,864
	(1,500,151)	(11,235,132)
Financing activities		
Repayment of long term liabilities	(3,216,043)	(3,052,845)
Proceeds of debenture issue	2,306,000	990,000
	(910,043)	(2,062,845)
Net increase (decrease) of cash and cash equivalents	16,011,031	(1,000,079)
Cash and cash equivalents, beginning of year	30,102,915	31,102,994
Cash and cash equivalents, end of year	46,113,946	30,102,915

The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2017

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 | - Clarington Museums and Archives |
| - Board of Management for the Newcastle Central Business District Improvement Area | - Newcastle Arena Board |
| - Board of Management for the Orono Central Business District Improvement Area | - Newcastle Community Hall Board |
| - Clarington Public Library 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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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.

(xi) Comparative Figures

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

2. Trust funds

Trust funds administered by the Municipality amounting to \$1,762,373 (2016 – \$1,753,498) 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:

	School Boards	Regional Municipality of Durham
	\$	\$
2017		
Property taxes	30,433,637	82,926,919
Taxation from other governments	115,556	3,113,617
Total	30,549,193	86,040,536
2016		
Property taxes	29,235,694	79,811,252
Taxation from other governments	134,700	3,344,639
Total	29,370,394	83,155,891

The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2017

4. Taxes receivable

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

	2017	2016
	\$	\$
Current year	5,832,974	5,451,641
Arrears previous years	2,594,302	2,199,038
	8,427,276	7,650,679
Allowance for uncollectible taxes	(481,426)	(481,426)
	7,945,850	7,169,253

5. Investments

Total investments of \$69,844,049 (2016 - \$67,649,346) reported on the Consolidated Statement of Financial Position at cost plus accrued interest, have a market value of \$73,315,344 (2016 - \$70,891,135) 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

	2017	2016
	\$	\$
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
	8,321,000	8,321,000

Interest revenue earned from these notes receivable totaled \$407,980 (2016 - \$431,530). 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, 2017

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:

	2017	2016
	\$	\$
Financial position		
Assets		
Current	77,555,000	89,713,000
Capital and intangibles	269,380,000	252,736,000
Other	1,097,000	4,058,000
Regulatory balances	2,852,000	2,530,000
Total assets and regulatory balances	350,884,000	349,037,000
Liabilities		
Current	116,129,000	101,166,000
Long-term debt	65,021,000	85,532,000
Other	29,765,000	26,814,000
Total liabilities	210,915,000	213,512,000
Shareholders' Equity		
Share capital	67,260,000	67,260,000
Contributed capital	25,000	25,000
Retained earnings	62,942,000	57,855,000
Regulatory balances	9,742,000	10,385,000
Total shareholders' equity and regulatory balances	139,969,000	135,525,000
Total liabilities, equity and regulatory balances	350,884,000	349,037,000
Financial activities		
Revenues	332,431,000	390,273,000
Other income	2,927,000	3,397,000
Expenses	(326,153,000)	(379,850,000)
Net movements in regulatory balances, net of tax	989,000	(3,449,000)
Net income for the year	10,194,000	10,371,000

The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2017

7. Investment in Veridian Corporation (continued)

(b) Municipality's equity is represented by:

	2017	2016
	\$	
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	16,929,437	15,553,525
Net increase in value of investment	400,126	400,126
Accumulated dividends received	(9,453,148)	(8,758,596)
Total equity	26,343,910	25,662,550
Municipality of Clarington's investment represented by:		
Investment in Veridian Corporation	18,022,910	17,341,550
Promissory notes receivable	8,321,000	8,321,000
	26,343,910	25,662,550

(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 \$30,000,000 per occurrence, for liability insurance, \$21,000,000 for vehicle insurance and \$119,736,000 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, 2017 (2016 - \$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, 2017

7. Investment in Veridian Corporation (continued)

(d) Lease commitments - Veridian Corporation

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

	\$
2018	41,000
2019	33,000
2020	32,000
2021	24,000
2022	2,000
Thereafter	58,000
	<u>190,000</u>

8. Deferred revenue - obligatory reserve funds

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

	2017	2016
	\$	\$
Balance, beginning of year	<u>30,626,174</u>	24,853,371
Contributions		
Contributions from developers	13,490,047	12,262,031
Investment income	987,483	406,029
Federal Gas Tax	2,616,035	2,570,528
Provincial infrastructure	416,302	-
	<u>17,509,867</u>	15,238,588
Utilization:		
Transfers to operating	3,667,607	3,311,794
Acquisition of TCA - construction	7,674,557	6,153,991
	<u>11,342,164</u>	9,465,785
Change in deferred revenue during the year	<u>6,167,703</u>	5,772,803
Balance, end of year	<u>36,793,877</u>	30,626,174
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	2,198,198	1,168,947
Federal gas tax	434,626	455,635
Building code act	2,603,541	2,164,600
Provincial infrastructure	416,306	-
Development charges (Note 9)	31,141,206	26,836,992
Total deferred revenue – obligatory reserve funds	<u>36,793,877</u>	30,626,174

The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2017

9. Continuity of development charges reserve funds

	2017	2016
	\$	\$
Balance at the beginning of the year	26,836,992	21,973,671
Development charges collections	12,449,017	11,731,406
Investment income	975,210	278,125
Tangible capital assets acquisitions and construction	(5,110,919)	(3,083,968)
Operating expenses	(4,009,094)	(4,062,242)
Balance at the end of the year	31,141,206	26,836,992

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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million with respect to benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 (2016 – 9%) and 14.6% for wages in excess of CPP earning limit \$54,900 (2016 – 14.6%). The amount contributed to OMERS for 2017 was \$3,126,459 (2016 - \$2,941,832) 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, 2017 was \$1,147,924 (2016 - \$1,145,813).

(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, 2017

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, 2017 amounted to \$1,562 (2016 - \$10,157).

(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, 2017 based on data as at the valuation date and plan provisions. The accrued benefit obligation and net benefit costs (ie. the expense) for the 2017 fiscal year end was determined by this valuation.

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

- (i) Discount rate will be 4% 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 5.75% in fiscal 2017; 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:

	2017	2016
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	6,369,913	8,009,276
Employer current service cost	349,106	487,280
Interest cost	258,615	311,855
Benefits paid	(307,106)	(299,101)
Actuarial gain	-	(2,139,397)
Balance, end of year	6,670,528	6,369,913
Unamortized net actuarial gains	1,959,364	2,048,052
Employee future benefits liabilities, end of year	8,629,892	8,417,965

The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2017

12. Long-term liabilities

The net long term liabilities consist of several debentures that mature in the years 2018 to 2032.

- (a) At the end of the year, the outstanding principal amount of this liability is \$17,109,490 (2016 - \$18,019,533).

Maturity date	Interest rate	Regional By-law #	2017	2016
	%		\$	
	Note (i)			
July 12, 2017	2.25	32-2012	-	1,057,000
October 1, 2017	6.00	56,2007	-	820
November 21, 2018	5.20	65-2008	529,000	602,000
July 12, 2021	5.12	52-2006	382,890	467,113
August 21, 2022	4.60 to 4.75	07-2007	6,595,000	8,040,000
July 2, 2024	1.95 to 3.35	38-2014	1,033,000	1,167,000
July 2, 2029	1.95 to 3.80	38-2014	5,332,600	5,695,600
October 17, 2031	1.25 to 2.80	51-2016	931,000	990,000
April 13, 2032	1.70 to 3.30	56-2017	1,010,000	-
April 13, 2032	1.70 to 3.30	56-2017	1,296,000	-
			17,109,490	18,019,533

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:

	\$
2018	2,835,970
2019	2,393,930
2020	2,334,033
2021	1,858,842
2022	1,775,923
Thereafter	5,910,792
	17,109,490

- (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 \$615,285 (2016 - \$688,523) includes \$49 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, 2017

14. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$27,524,382 (2016 - \$29,441,625). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2017, \$3,503,619 (2016 - \$3,885,432) relating to these contracts had not been expended.

15. Related party transactions and balances - Veridian Corporation

	2017	2016
	\$	\$
Transactions		
Dividends received	694,552	645,864
Interest earned on promissory notes	407,980	431,530
Property taxes	35,556	36,942
Energy and services purchases	816,708	955,887
Balances		
Promissory notes receivable	8,321,000	8,321,000
Accounts payable and accrued liabilities	154,235	100,710

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, 2017

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 2017, there were contributed assets of \$7,707,558 (2016 - \$11,401,892).

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 2017 road network had 1,863 segments (2016 – 1,792), each of which has been assigned a value of a dollar for the road allowance itself.

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, 2017

18. Accumulated surplus

Accumulated surplus is comprised of the following:

	2017	2016
	\$	\$
Invested in tangible capital assets	441,599,559	435,094,832
General revenue fund	2,867,940	2,507,867
Capital fund	14,326,216	12,320,272
Inventory - surplus land	424,918	146,389
Long-term liabilities to be recovered from future revenue	(17,109,490)	(18,019,533)
Unfunded employee benefits and post-employment liabilities	(4,145,034)	(4,483,047)
Reserves set aside for specific purposes by Council:		
Tax write-off	-	456,045
Acquisition of capital assets	3,277,989	3,054,179
Legal/consulting issues	1,283,376	1,242,819
Election expenses	281,812	181,812
Fire prevention	83,730	85,969
Burketon park improvements	7,569	7,569
Samuel Wilmot nature area	49	49
Clarington Heritage Committee Board	8,222	7,781
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	4,537,136	3,971,628
Rate stabilization	4,337,108	3,087,958
Strategic capital	10,016,380	10,024,044
Recreation programs and facilities	617,503	574,564
Debenture repayment	278,746	280,120
Industrial development	533,508	497,726
Other cultural	136,049	129,685
Acquisition of capital assets	7,976,608	8,149,653
Newcastle Waterfront study	173,789	173,252
Municipal capital works	6,543,219	6,416,665
Other capital - unspecified	838,660	836,066
Road contributions	3,495,844	3,135,031
Westside Bridge/Bowmanville Marsh	44,579	57,194
Port Granby LLRW	176,852	176,305
Community Improvement Plan	179,101	174,548
Business Improvement Areas	224,158	223,465
Hampton Union Cemetery	101,473	101,159
Community Emergency Management	249,207	221,975
Equity in Veridian Corporation	26,343,910	25,662,550
Clarington Museum and Archives	122,170	120,679
Accumulated surplus	509,832,856	496,617,270

The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2017

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, 2017

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 February 6, 2017. 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	(191,005,348)
Less: taxation of school boards and The Regional Municipality of Durham	<u>113,286,356</u>
Approved operating budget revenues	(77,718,992)
Consolidated external agency budgets	(990,471)
Transfers from Deferred Obligatory Reserve Funds	(12,124,315)
PSAB reporting adjustments:	
Contributed tangible capital assets	(7,707,558)
Less: transfers from Reserves/ Reserve Funds /Capital Fund	4,213,872
Net operating budget revenues	<u>(94,327,464)</u>
Overall approved operating budget expenses	191,005,348
Less: taxation of school boards and The Regional Municipality of Durham	<u>(113,286,356)</u>
Approved operating budget expenses	77,718,992
Consolidated external agency budgets	1,437,892
PSAB reporting adjustments:	
Amortization of tangible capital assets	17,917,171
Non-tangible capital assets budget expenses	1,830,590
Unfunded accrual for employee future benefit liabilities	597,363
Less: transfers to Reserve / Reserve Funds / Capital Fund	(9,888,464)
Less: debt principal repayments	(3,358,024)
Net operating budget expenses	<u>86,255,520</u>
Net revenues before capital investment	<u>(8,071,944)</u>

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Tangible Capital Assets – Schedule 1
For the year ended December 31, 2017**

2017

	General					Infrastructure							Total
	Land	Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cost													
Balance, beginning 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
Add: additions during the year	3,643,217	2,190,837	1,594,873	658,414	657,523	-	10,803,245	1,987,980	263,927	809,058	-	9,614,508	32,223,582
Less: disposals during the year	(449,575)	(33,502)	(29,862)	(340,573)	(913,395)	-	(1,113,296)	(2,734)	(82,012)	(399,903)	(18,598)	(5,807,330)	(9,190,780)
Balance, end transfers of year	66,296,291	31,822,986	106,915,111	9,722,196	12,161,894	3,042,876	391,551,977	81,385,588	2,394,965	11,261,174	32,525	11,940,406	728,527,989
Accumulated amortization													
Balance, beginning 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
Add: amortization during the year	-	855,299	3,234,340	617,036	1,072,442	-	11,647,635	1,091,818	77,952	800,668	2,011	-	19,399,201
Less: accumulated amortization on disposals	-	(33,205)	(25,195)	(340,573)	(909,850)	-	(1,072,457)	(711)	(82,012)	(391,625)	(15,498)	-	(2,871,126)
Balance, end of year	-	11,532,962	47,108,786	5,580,534	7,024,800	-	188,685,664	18,080,067	1,416,555	7,476,787	22,275	-	286,928,430
Net book value of tangible capital assets	66,296,291	20,290,024	59,806,325	4,141,662	5,137,094	3,042,876	202,866,313	63,305,521	978,410	3,784,387	10,250	11,940,406	441,599,559

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Tangible Capital Assets – Schedule 1
For the year ended December 31, 2017**

2016

	General					Infrastructure							Total
	Land	Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cost													
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
Accumulated amortization													
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
Net book value of tangible capital assets	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 Segmented Information – Schedule 2
For the year ended December 31, 2017**

	2017							
	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Operating revenue								
Grants	71,730	25,260	445,702	362,244	-	641,687	7,584	1,554,207
Tax revenues	60,576,876	-	-	-	-	-	-	60,576,876
Other revenues	5,792,646	2,746,482	11,228,571	279,382	422,106	9,081,469	1,256,567	30,807,223
Contributed tangible capital assets	-	-	3,066,286	1,457,572	-	3,183,700	-	7,707,558
Total operating revenue	66,441,252	2,771,742	14,740,559	2,099,198	422,106	12,906,856	1,264,151	100,645,864
Operating expenditures								
Salaries and wages	4,114,579	14,856,735	8,577,087	744,893	233,254	12,859,634	3,354,925	44,741,107
Operating materials and supplies	911,599	1,152,043	5,387,252	812,041	158,512	5,594,267	334,039	14,349,753
Contracted services	447,033	846,573	2,678,278	958,880	24,101	1,501,516	755,216	7,211,597
Rent and financial expenses	395,720	-	-	-	544	32,171	10,818	439,253
External transfers to others	-	10,000	-	-	-	664,081	-	674,081
Amortization expense	1,000,779	941,526	12,537,483	1,363,063	2,116	3,551,371	2,863	19,399,201
Interest on long-term liabilities	7,710	-	171,407	-	-	436,120	49	615,286
Total operating expenditures	6,877,420	17,806,877	29,351,507	3,878,877	418,527	24,639,160	4,457,910	87,430,278
Annual surplus (deficit)	59,563,832	(15,035,135)	(14,610,948)	(1,779,679)	3,579	(11,732,304)	(3,193,759)	13,215,586

**The Corporation of the Municipality of Clarington
Consolidated Schedule of Segmented Information – Schedule 2
For the year ended December 31, 2017**

2016

	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Operating revenue								
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
Total operating revenue	64,532,369	2,829,083	13,917,558	4,827,026	384,701	12,044,056	555,871	99,090,664
Operating expenses								
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
Total operating expenses	7,540,524	17,509,068	27,990,071	3,569,429	549,000	24,315,110	4,293,871	85,767,073
Annual surplus (deficit)	56,991,845	(14,679,985)	(14,072,513)	1,257,597	(164,299)	(12,271,054)	(3,738,000)	13,323,591