

Consolidated financial statements of

**The Corporation of the  
Municipality of Clarington**

December 31, 2010

# The Corporation of the Municipality of Clarington

December 31, 2010

## Table of contents

Independent auditor's report .....	1-2
Consolidated statement of financial position.....	3
Consolidated statement of operations .....	4
Consolidated statement of changes in net financial assets.....	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements .....	7-23
Consolidated schedule of tangible capital assets -Schedule 1.....	24-25
Consolidated schedule of segmented information -Schedule 2.....	26-27

# 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, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Corporation of the Municipality of Clarington as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The financial statements of the Municipality of Clarington for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements on August 30, 2010.



Markham, Canada  
July 4, 2011

Chartered Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Clarington

## Consolidated statement of financial position

as at December 31, 2010

	2010	2009
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	<b>30,488,537</b>	29,801,786
Investments (Note 6)	<b>24,640,255</b>	25,035,899
Accounts receivable	<b>9,035,957</b>	6,899,979
Taxes receivable (Note 5)	<b>12,255,738</b>	11,814,175
Inventories for resale	<b>39,326</b>	42,968
Land for resale	<b>146,409</b>	223,521
Promissory notes receivable (Note 7)	<b>8,321,000</b>	8,321,000
Investment in Veridian Corporation (Note 8)	<b>13,639,630</b>	13,196,195
<b>Total financial assets</b>	<b>98,566,852</b>	95,335,523
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>11,039,132</b>	9,337,072
Employee future benefits liabilities (Note 11)	<b>4,721,719</b>	3,822,465
Net long-term liabilities (Note 12)	<b>29,535,078</b>	32,348,198
Deferred revenue - general	<b>5,461,019</b>	5,533,704
Deferred revenue - obligatory reserve funds (Note 9)	<b>13,815,939</b>	11,778,692
<b>Total liabilities</b>	<b>64,572,887</b>	62,820,131
<b>Net financial assets</b>	<b>33,993,965</b>	32,515,392
<b>Non-financial assets</b>		
Tangible capital assets (Note 17) (Schedule 1)	<b>386,323,159</b>	377,889,999
Prepaid expenses	<b>590,813</b>	609,743
Inventory supplies	<b>337,510</b>	273,268
<b>Total non-financial assets</b>	<b>387,251,482</b>	378,773,010
<b>Accumulated surplus (Note 18)</b>	<b>421,245,447</b>	411,288,402

# The Corporation of the Municipality of Clarington

## Consolidated statement of operations year ended December 31, 2010

	2010		2009
	(unaudited)		
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation and user charges			
Property taxation	37,520,679	38,082,181	36,132,168
Taxation from other governments	3,105,381	3,266,401	3,367,444
User charges	7,250,294	9,805,861	8,404,223
Grants			
Government of Canada	-	2,735,275	158,871
Province of Ontario	76,000	3,003,323	535,196
Other			
Deferred revenue earned	10,837,368	9,572,950	8,613,613
Investment income	1,882,899	2,167,020	2,531,308
Penalty and interest on taxes	1,050,000	1,833,647	1,559,214
Fines	144,500	219,987	248,209
Donations and contribution from others	760,000	182,629	504,521
Veridian Corporation			
Equity share of net income	-	1,153,416	1,495,777
Contributed tangible capital assets	4,163,541	4,163,541	5,747,821
Other income	-	460,645	274,188
(Loss) gain on disposal of tangible capital assets	-	(878,739)	10,256
<b>Total revenues</b>	<b>66,790,662</b>	<b>75,768,137</b>	69,582,809
<b>Expenses</b>			
General government	9,434,889	10,110,357	8,635,853
Protection to persons and property	10,977,472	11,773,255	11,703,512
Transportation services	20,364,195	19,649,216	20,267,828
Environmental services	1,021,561	1,163,370	1,045,006
Health services	209,321	222,893	197,528
Recreational and cultural services	17,635,527	19,029,450	18,710,583
Planning and development	3,728,224	3,862,551	4,984,031
<b>Total expenses</b>	<b>63,371,189</b>	<b>65,811,092</b>	65,544,341
<b>Annual surplus</b>	<b>3,419,473</b>	<b>9,957,045</b>	4,038,468
<b>Accumulated surplus, beginning of year</b>			
As previously reported			409,166,607
Prior year adjustment (Note 2)			(1,916,673)
As restated	413,205,075	411,288,402	407,249,934
<b>Accumulated surplus, end of year</b>	<b>416,624,548</b>	<b>421,245,447</b>	411,288,402

# The Corporation of the Municipality of Clarington

Consolidated statement of change in net financial assets  
for the year ended December 31, 2010

	<b>2010</b>	2009	
	<b>(unaudited) Budget</b>	<b>Actual</b>	Actual
	\$	\$	\$
<b>Annual surplus</b>	<b>3,419,473</b>	<b>9,957,045</b>	4,038,468
Amortization of tangible capital assets	<b>15,246,955</b>	<b>15,246,985</b>	14,470,162
Acquisition of tangible capital assets	<b>(22,642,210)</b>	<b>(24,558,884)</b>	(20,757,060)
Loss (gain) on disposal of tangible capital assets	-	<b>878,739</b>	120,544
Decrease (increase) in prepaid expenses	-	<b>18,930</b>	(34,597)
(Increase) decrease in inventory supplies	-	<b>(64,242)</b>	43,276
(Increase) decrease in net financial assets	<b>(3,975,782)</b>	<b>1,478,573</b>	(2,119,207)
Net financial assets, beginning of year	<b>32,515,392</b>	<b>32,515,392</b>	34,634,599
Net financial assets, end of year	<b>28,539,610</b>	<b>33,993,965</b>	32,515,392

# The Corporation of the Municipality of Clarington

## Consolidated statement of cash flow year ended December 31, 2010

	2010	2009
	\$	\$
<b>Operating activities</b>		
Annual surplus	9,957,045	4,038,468
Non cash items		
Amortization of tangible capital assets	15,246,985	14,470,162
Loss (gain) on sale of tangible capital assets	878,739	(10,256)
Equity share of Veridian Corporation net income	(1,153,416)	(1,495,777)
Contributed tangible capital assets recorded in revenue	(4,163,541)	(5,747,821)
Change in non-cash operating items		
Increase in accounts receivable	(2,135,978)	(87,450)
Increase in taxes receivable	(441,563)	(1,828,202)
Decrease in inventories for resale	3,642	9,506
Decrease in inventories of land for resale	77,112	25,536
Increase in accounts payable and accrued liabilities	1,702,060	1,324,932
Increase in employee future benefits liabilities	899,254	469,514
(Decrease) increase) in deferred revenue - general	(72,685)	430,282
Increase (decrease) in deferred revenue - obligatory reserve funds	2,037,247	(1,423,971)
Decrease (increase) in prepaid expenses	18,930	(34,597)
(Increase) decrease in inventory supplies	(64,242)	43,276
	<b>22,789,589</b>	<b>10,183,602</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(20,395,342)	(15,009,239)
Proceeds on disposal of tangible capital assets	-	130,800
	<b>(20,395,342)</b>	<b>(14,878,439)</b>
<b>Investing activities</b>		
Decrease (increase) in investments	395,644	(781,809)
Dividends received from Veridian Corporation	709,980	1,115,200
	<b>1,105,624</b>	<b>333,391</b>
<b>Financing activities</b>		
Repayment of net-long term liabilities	(2,813,120)	(2,188,206)
Net increase (decrease) of cash and cash equivalents	<b>686,751</b>	<b>(6,549,652)</b>
Cash and cash equivalents, beginning of year	<b>29,801,786</b>	<b>36,351,438</b>
<b>Cash and cash equivalents, end of year</b>	<b>30,488,537</b>	<b>29,801,786</b>



# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2010

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

### 1. Significant accounting policies

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

Significant accounting policies adopted are as follows:

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

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

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

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

#### (ii) Investment in Veridian Corporation

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

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

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 1. Significant accounting policies (continued)

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

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

### (v) Trust funds

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

### (b) Basis of accounting

#### (i) Accrual basis of accounting

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

#### (ii) Investments

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

#### (iii) Non-financial assets

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

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

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

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 1. Significant accounting policies (continued)

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

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

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

###### Amortization

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

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

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

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

##### (c) Intangible assets

Intangible assets are not recognized in the consolidated financial statements.

##### (d) Inventories

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

### (iv) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank, Government of Canada treasury bills, provincial government treasury bills and promissory notes, bankers' acceptances and bearer deposits that mature within one year.

### (v) Reserves and reserve funds

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

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 1. Significant accounting policies (continued)

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

#### (vi) Deferred revenues

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

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

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued and subject to payout when an employee leaves the Municipality's employment. Other post-employment benefits are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life ("ARSL") of all employees covered. The actuary determined ARSL to be 16.6 years.

#### (viii) Government transfers

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

#### (ix) Use of estimates

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

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2010

### 2. Prior year adjustment

The Town has restated certain non-financial assets and accumulated surplus for 2009 as a result of ongoing reviews of initial valuations of tangible capital assets. The effect of the changes is as follows:

	<u>2009</u>
Non-financial assets	
Tangible capital assets	
Previously reported	\$ 379,806,672
Prior year adjustment	<u>(1,916,673)</u>
Restated	<u>\$ 377,889,999</u>
Accumulated surplus	
Previously reported	\$ 413,205,075
Prior year adjustment	<u>(1,916,673)</u>
Restated	<u>\$ 411,288,402</u>

### 3. Trust funds

Trust funds administered by the Municipality amounting to \$11,495,870 (2009 - \$11,468,740) have not been included in the "Consolidated Statement of Financial Position" nor have their financial activities been included in the "Consolidated Statement of Operations".

Included in trust funds is an amount of \$10,000,000 received in 2001 from Natural Resources Canada (Canada). This money is being held in trust pending the issuance of a licence by the Canadian Nuclear Safety Commission to Canada, to construct (at Canada's cost) the Port Granby low-level radioactive long-term waste management facility. Upon issuance of the above noted licence, the \$10,000,000 will become a grant to the Municipality of Clarington.

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

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

	<b>School Boards</b>	<b>Region of Municipality of Durham</b>
	\$	\$
Property taxes	<b>27,357,666</b>	<b>64,185,935</b>
Taxation from other governments	<b>70,933</b>	<b>2,070,278</b>
<b>Total</b>	<b>27,428,599</b>	<b>66,256,213</b>

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2010

### 5. Taxes receivable

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

	2010	2009
	\$	\$
Current year	<b>7,140,261</b>	6,925,613
Arrears previous years	<b>5,115,477</b>	4,888,562
	<b>12,255,738</b>	11,814,175

### 6. Investments

Total investments of \$24,640,255 (2009 - \$25,035,899) reported on the Consolidated Statement of Financial Position at cost plus accrued interest, have a market value (including accrued interest) of \$26,637,923 (2009 - \$27,074,310) at the end of the year. It is the Municipality's intention to hold these investments until maturity.

### 7. Promissory notes receivable

	2010	2009
	\$	\$
Promissory note receivable from Veridian Corporation maturing November 12, 2012 and bearing interest at 7.62% until April 30, 2010, then the greater of 6% or the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity (6% effective May 1, 2010)	<b>2,355,000</b>	2,355,000
Promissory note receivable from Veridian Connection Inc. maturing November 1, 2039 and bearing interest at 7.62% until April 30, 2010, then 5.57% from May 1, 2010 to December 31, 2014 and then the Ontario Energy Board deemed long-term debt rate for each successive five year period thereafter	<b>5,966,000</b>	5,966,000
	<b>8,321,000</b>	8,321,000

Interest revenue earned from these notes receivable totaled \$709,980 (2009 - \$632,396).

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, 2010

## 8. Investment in Veridian Corporation

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

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

	<b>2010</b>	2009
	\$	\$
<b>Financial position</b>		
Assets		
Current	<b>74,256,000</b>	78,839,000
Capital and intangibles	<b>173,846,000</b>	160,303,000
Other	<b>20,515,000</b>	19,350,000
<b>Total assets</b>	<b>268,617,000</b>	258,492,000
Liabilities		
Current	<b>58,286,000</b>	73,613,000
Long-term debt	<b>76,928,000</b>	60,794,000
Other	<b>33,136,000</b>	28,054,000
<b>Total liabilities</b>	<b>168,350,000</b>	162,461,000
Shareholders' Equity		
Share capital	<b>67,260,000</b>	67,285,000
Contributed capital	<b>25,000</b>	25,000
Retained earnings	<b>32,982,000</b>	29,721,000
<b>Total shareholders' equity</b>	<b>100,267,000</b>	97,031,000
<b>Total liabilities and shareholders' equity</b>	<b>268,617,000</b>	259,492,000
<b>Financial activities</b>		
Revenues	<b>256,203,000</b>	246,319,000
Other income	<b>6,165,000</b>	6,554,000
Expenses	<b>(253,852,000)</b>	(243,691,000)
Loss/earnings from discontinued operations	<b>(35,000)</b>	1,817,000
<b>Net income for the year</b>	<b>8,481,000</b>	10,999,000

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 8. Investment in Veridian Corporation (continued)

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

	2010	2009
	\$	\$
Promissory notes receivable (Note 7)	<b>8,321,000</b>	8,321,000
Initial investment in shares of the Corporation	<b>10,146,495</b>	10,146,495
Accumulated net income	<b>7,722,781</b>	6,569,366
Net increase in value of investment	<b>400,126</b>	400,126
Accumulated dividends received	<b>(4,629,772)</b>	(3,919,792)
<b>Total equity</b>	<b>21,960,630</b>	21,517,195
Municipality of Clarington's investment represented by:		
Investment in Veridian Corporation	<b>13,639,630</b>	13,196,195
Promissory notes receivable	<b>8,321,000</b>	8,321,000
	<b>21,960,630</b>	21,517,195

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

(i) *Insurance claims*

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

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

(ii) *Other claims*

An action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to Section 347 of the Criminal Code.

An Ad Hoc Committee of Electricity Distributor Association ("EDA") participated in a court-supervised mediation process to explore possible settlement of the case against the LDCs and reached a settlement in principle of this litigation on behalf of all LDCs in March 2010. In order to become effective, this tentative settlement required the consent and approval of all LDCs and approval of the Ontario Superior Court of Justice. As per the terms of the settlement:

- LDCs collectively pay \$17 million plus costs and taxes;
- Payment is not due until June 30, 2011; and
- LDCs are at liberty to seek OEB permission to recover settlement costs through rates and the EDA is investigating the best mechanism for obtaining OEB approval.



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 8. Investment in Veridian Corporation (continued)

(c) (continued)

(ii) *Other claims (continued)*

The settlement was approved by the Ontario Superior Court of Justice in the minutes of the settlement dated April 21, 2010, and the Corporation gave its consent to pay \$347,000 for its share of the costs and damages related to this class action.

On October 29, 2010, the OEB convened a generic proceeding on its own motion to determine whether amounts related to the settlement should be allowed to be recovered from ratepayers.

As per the Board's order dated February 22, 2011, the costs and damages arising from the settlement of this class action shall be recoverable from all ratepayers of the Affected Electricity Distributors.

The order allocates \$345,000 to the Corporation, as a share of its costs and damages and, accordingly, the Corporation has provided for this liability and a corresponding regulatory asset in the amount of \$345,000 as at December 31, 2010, and a request for the recovery of the same has been filed with the OEB.

(iii) *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, 2010, based on management's best estimate of the present value of the future transformation connection revenue shortfall.

(iv) *Environmental liability*

In 2008, Environment Canada issued its final regulations governing the management of PCBs. As at December 31, 2010, the cost of testing performed to date has been included within regulatory assets. Costs relating to future expenditures associated with the removal and destruction of PCB contaminated transformers and remediation of chemically-contaminated lands has been estimated in the amount of \$824,000, which has been recorded as a liability at December 31, 2010. Because such expenditures are expected to be recoverable in future rates, the Corporation has recorded an equivalent amount as a regulatory asset.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 8. Investment in Veridian Corporation (continued)

(d) Lease commitments - Veridian Corporation

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

	\$
2011	604,000
2012	165,000
2013	3,000
2014	2,000
2015	2,000
Thereafter	72,000
	<u>848,000</u>

## 9. Deferred revenue - obligatory reserve funds

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

	2010	2009
	\$	\$
Balance, beginning of year	<u>11,778,692</u>	13,202,663
Contributions		
Contributions from developers	<b>8,911,305</b>	4,552,452
Investment income	<b>304,485</b>	368,064
Federal Gas Tax	<b>2,394,407</b>	2,269,126
	<u>11,610,197</u>	7,189,642
Decreases		
Total revenue recognized in the year	<b>9,572,950</b>	8,613,613
Change in deferred revenue during the year	<u>2,037,247</u>	(1,423,971)
Balance, end of year - analyzed as follows:		
	2010	2009
	\$	\$
Federal gas tax	<b>1,784,609</b>	1,581,340
Building code act	<b>3,043</b>	145,987
Fire equipment	-	1,586,160
Development charges	<b>12,028,287</b>	8,465,205
Total deferred revenue - obligatory reserve funds	<u>13,815,939</u>	11,778,692

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2010

### 10. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of approximately 310 employees. The plan is defined benefit plan that specifies the amount of retirement benefits to be received by employees based on length of service and rates of pay. Contributions to OMERS were \$1,672,920 (2009 - \$1,432,764) for current service.

### 11. Employee future benefits liabilities

#### (a) Accumulated sick leave entitlement

##### (i) Firefighters

The Municipality provides a sick leave accumulation plan for firefighters which accumulate at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination, or death, at the rate of 50% of the accumulated credit, to a maximum of one-half a year's salary. The estimated liability at December 31, 2010 was \$891,067 (2009 - \$702,257).

##### (ii) Other

During the 1993 fiscal year, the Municipality negotiated an agreement with all employees (except firefighters) to terminate the sick leave benefit plan which had been in effect for many years. The Municipality agreed to pay to those employees covered by the plan and who had at least five years service with the Corporation a cash equivalent of 50% of sick leave days accumulated to July 1, 1993 to a maximum of 120 days of salary. Remuneration for the buying out of sick days identified will be available to the employee at any time up to the time that the employee either leaves the Corporation or retires, at the rate of remuneration in effect at July 31, 1993. The estimated liability at December 31, 2010 amounted to \$1,493 (2009 - \$2,166).

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

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

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

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

- (i) Future cost of long-term debt (discount rate) will be 5.0% per year.
- (ii) Future inflation rates will be 4.0% per year.
- (iii) Future dental premium rates will escalate at a 4.5% rate per year.
- (iv) Future Extended Health and Travel premium rates will escalate at 7.8% per year in 2011 grading down to 4.5% per year in and after 2031.

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 11. Employee future benefits liabilities (continued)

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

	2010	2009
	\$	\$
<b>Accrued benefit obligation</b>		
Balance, beginning of year	4,560,374	4,211,463
Employer current service cost	376,954	269,460
Plan amendments	338,321	-
Interest cost	317,748	219,841
Benefits paid	(284,655)	(90,190)
Actuarial loss (gain)	1,209,307	(50,200)
Balance, end of year	6,518,049	4,560,374
Unamortized net actuarial losses	(1,796,330)	(737,909)
<b>Employee future benefits liabilities, end of year</b>	<b>4,721,719</b>	<b>3,822,465</b>

## 12. Net long-term liabilities

(a) The net long-term liabilities reported on the "Consolidated Statement of Financial Position" is made up of the following:

The Municipality has assumed responsibility for payment of principal and interest charges on certain long-term liabilities issued by the Regional Municipality of Durham. Interest rates range from 2.65% to 5.75%. At the end of the year, the outstanding principal amount of this liability is \$29,535,075 (2009 - \$32,348,198).

	2010	2009	Interest rate
	\$	\$	%
Region By-law # 71-2001	3,085,000	3,755,000	5.500 to 5.750
Region By-law # 56-2002	6,794,000	7,573,000	4.100 to 5.600
Region By-law # 45-2004	2,331,000	2,530,000	2.800 to 5.450
Region By-law # 52-2006	892,078	951,198	5.120
Region By-law # 07-2007	15,458,000	16,509,000	4.30 to 4.75
Region By-law # 65-2008	975,000	1,030,000	2.65 to 5.20
	<b>29,535,078</b>	<b>32,348,198</b>	

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2010

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

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

	\$
2011	5,334,186
2012	7,466,411
2013	1,566,803
2014	3,066,371
2015	1,462,123
Thereafter	10,639,184
	<u>29,535,078</u>

- (c) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Total interest expense related to the net long-term liabilities amounted to \$1,555,640 (2009 - \$1,688,052) 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.

### 14. Contractual commitments

During the year the Municipality had work done on several major projects with contract values totaling approximately \$40,995,574 (2009 - \$43,630,881). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2010, \$3,129,331 (2009 - \$1,002,328) relating to these contracts had not been expended.

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

	2010	2009
	\$	\$
Transactions		
Interest earned on promissory notes	<b>709,980</b>	632,396
Property taxes	<b>35,451</b>	34,709
Energy and services purchases	<b>561,399</b>	597,279
Balances		
Promissory notes receivable	<b>8,321,000</b>	8,321,000
Accounts payable and accrued liabilities	<b>64,109</b>	102,629

# The Corporation of the Municipality of Clarington

## Notes to the consolidated financial statements

December 31, 2010

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

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

### 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 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. Prior years contributed assets are recorded based on the tangible capital asset valuation of inventory. In 2010, there were contributed assets of \$4,163,541 (2009 - \$5,747,821).

# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 17. Tangible capital assets (continued)

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

Certain assets have been assigned a nominal value of one Canadian dollar (\$1.00) because of the difficulty of determining a tenable valuation. The most significant such assets are the Municipality's road allowances. The 2010 road network had 1565 segments (2009 - 1556), 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 364 segments valued at \$10 each.

### iii) Works of Art and Historical Treasures

The Municipality has two historical collections. One is the former Total Hockey collection currently insured for \$150,000 and the Clarington museum collection currently insured for \$350,000. Also included in historical treasures are the cenotaphs located in Bowmanville, Newcastle, Orono and Newtonville. Due to the rural history, there are several abandoned cemeteries located throughout the Municipality. The land is included in the Land asset account, however, all associated physical items are considered a historical treasure. The 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, 2010

## 18. Accumulated surplus

Accumulated surplus is comprised of the following:

	<b>2010</b>	2009
	\$	\$
Invested in tangible capital assets	<b>386,323,159</b>	379,806,672
General revenue fund	<b>4,170,383</b>	1,544,217
Capital fund	<b>8,847,779</b>	11,877,364
Inventory - surplus land	<b>146,409</b>	223,521
Net long-term liabilities to be recovered from future revenue	<b>(29,535,078)</b>	(32,348,198)
Unfunded employee benefits and post-employment liabilities	<b>(3,050,636)</b>	(2,243,804)
Reserves set aside for specific purposes by Council:		
Tax write-off	<b>206,045</b>	206,045
Acquisition of capital assets	<b>2,231,826</b>	2,409,793
Legal/consulting issues	<b>539,221</b>	528,718
Hockey museum	<b>18,379</b>	21,209
Election expenses	<b>20,686</b>	177,431
Fire prevention	<b>75,632</b>	50,632
Waterfront trail	<b>20,585</b>	20,585
Burketon park improvements	<b>7,569</b>	7,569
Samuel Wilmont nature area	<b>28,523</b>	25,171
Reserve funds set aside for specific purposes by Council:		
General municipal purposes	<b>3,109,873</b>	2,862,064
Rate stabilization	<b>1,940,948</b>	2,628,878
Recreation programs and facilities	<b>567,531</b>	417,852
Debenture repayment	<b>266,955</b>	292,804
Industrial development	<b>325,092</b>	273,327
Other cultural	<b>145,830</b>	270,562
Acquisition of capital assets	<b>7,788,828</b>	6,853,314
Newcastle Waterfront study	<b>69,963</b>	67,973
Municipal capital works	<b>5,892,502</b>	6,791,046
Other capital - unspecified	<b>2,442,577</b>	2,397,486
Road contributions	<b>4,399,114</b>	4,413,248
Westside Bridge/Bowmanville Marsh	<b>101,480</b>	98,593
Port Granby LLRW	<b>157,404</b>	159,834
Community Improvement Plan	<b>115,532</b>	87,250
Business Improvement Areas	<b>160,095</b>	139,587
Equity in Veridian Corporation	<b>23,711,243</b>	23,144,332
<b>Accumulated surplus</b>	<b>421,245,447</b>	413,205,075



# The Corporation of the Municipality of Clarington

Notes to the consolidated financial statements

December 31, 2010

## 19. Segmented information

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

- Protection to persons and property
- Transportation services
- Environmental services
- Recreation and culture
- Planning and development
- Health and social service
- General government

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

## 20. Budget amounts

The budgets originally approved by the Municipality for 2010, adjusted as noted below, are reflected on the Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Financial Assets.

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

Budget figures have been restated for purposes of these consolidated financial statements to comply with PSAB reporting requirements and are not audited.

# The Corporation of the Municipality of Clarington

Consolidated schedule of tangible capital assets - Schedule 1  
For the year ended December 31, 2010

2010

	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	45,425,205	19,210,224	89,737,911	6,946,620	10,545,473	2,989,324	307,149,822	57,418,019	1,909,431	8,455,540	53,856	7,734,048	557,575,473
Add: additions during the year	2,718,002	332,583	1,445,386	94,785	628,990	53,563	12,517,407	1,902,139	525,518	836,188	-	5,248,524	26,303,085
Less: disposals during the year	-	-	(854,895)	(195,610)	(114,815)	-	(433,701)	(11,604)	(45,666)	(416,127)	-	(1,744,201)	(3,816,619)
Balance, end transfers of year	48,143,207	19,542,807	90,328,402	6,845,795	11,059,648	3,042,887	319,233,528	59,308,554	2,389,283	8,875,601	53,856	11,238,371	580,061,939
<b>Accumulated amortization</b>													
Balance, beginning of year	-	6,224,357	27,099,931	3,173,781	5,493,472	-	121,121,606	10,790,177	1,316,656	4,445,451	20,043	-	179,685,474
Add: amortization during the year	-	567,386	2,608,804	586,205	1,072,088	-	8,860,860	785,389	52,861	710,180	3,212	-	15,246,985
Less: accumulated amortization on disposals	-	-	(269,006)	(193,578)	(110,070)	-	(208,659)	(11,459)	(49,145)	(351,762)	-	-	(1,193,679)
Balance, end of year	-	6,791,743	29,439,729	3,566,408	6,455,490	-	129,773,807	11,564,107	1,320,372	4,803,869	23,255	-	193,738,780
<b>Net book value of tangible capital assets</b>	48,143,207	12,751,064	60,888,673	3,279,387	4,604,158	3,042,887	189,459,722	47,744,447	1,068,911	4,071,732	30,601	11,238,371	386,323,159

# The Corporation of the Municipality of Clarington

Consolidated schedule of tangible capital assets - Schedule 1  
For the year ended December 31, 2009

2009

	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	43,901,786	17,981,706	69,006,033	6,201,740	9,413,626	2,989,304	300,254,963	55,428,956	1,909,431	7,826,240	42,868	24,441,686	539,398,339
Add: additions during the year	1,523,419	1,325,410	20,907,452	1,073,700	1,579,542	20	7,612,633	1,989,062	-	1,442,473	10,988	5,712,789	43,177,488
Less: disposals during the year	-	(96,892)	(175,573)	(328,819)	(447,695)	-	(717,774)	-	-	(813,173)	-	(22,420,428)	(25,000,354)
Balance, end transfers of year	45,425,205	19,210,224	89,737,912	6,946,621	10,545,473	2,989,324	307,149,822	57,418,018	1,909,431	8,455,540	53,856	7,734,047	557,575,473
<b>Accumulated amortization</b>													
Balance, beginning of year	-	5,761,938	24,847,311	2,913,928	4,920,541	-	113,355,010	10,030,439	1,268,349	4,560,348	16,831	-	167,674,695
Add: amortization during the year	-	546,711	2,376,728	588,672	1,004,623	-	8,477,724	759,738	48,307	664,447	3,212	-	14,470,162
Less: accumulated amortization on disposals	-	(84,292)	(124,109)	(328,819)	(431,691)	-	(711,128)	-	-	(779,344)	-	-	(2,459,383)
Balance, end of year	-	6,224,357	27,099,930	3,173,781	5,493,473	-	121,121,606	10,790,177	1,316,656	4,445,451	20,043	-	179,685,474
<b>Net book value of tangible capital assets</b>	45,425,205	12,985,867	62,637,982	3,772,840	5,052,000	2,989,324	186,028,216	46,627,841	592,775	4,010,089	33,813	7,734,047	377,889,999

# The Corporation of The Municipality of Clarington

Consolidated schedule of segmented information - Schedule 2  
year ended December 31, 2010

								2010
	General Government	Protection to persons and property	Transporation services	Environmental services	Health and social services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating revenue</b>								
Grants	4,925	112,799	5,433,111	-	-	187,763	-	<b>5,738,598</b>
Tax revenues	41,348,582	-	-	-	-	-	-	<b>41,348,582</b>
Other revenues	6,009,172	3,532,254	3,614,914	292,600	279,183	9,725,621	838,673	<b>24,292,417</b>
Contributed tangible capital assets	-	-	1,625,039	1,588,710	-	949,792	-	<b>4,163,541</b>
<b>Total operating revenue</b>	<b>47,362,679</b>	<b>3,645,053</b>	<b>10,673,064</b>	<b>1,881,310</b>	<b>279,183</b>	<b>10,863,176</b>	<b>838,673</b>	<b>75,543,138</b>
<b>Operating expenses</b>								
Salaries and wages	5,966,540	9,644,529	5,358,876	9,711	156,211	9,011,320	2,564,449	<b>32,711,636</b>
Operating materials and supplies	1,887,515	1,002,181	4,092,476	14,249	66,256	4,562,744	915,181	<b>12,540,602</b>
Contracted services	961,366	249,495	553,155	230,851	-	573,413	378,120	<b>2,946,400</b>
Rent and financial expenses	150,590	-	-	-	-	21,551	-	<b>172,141</b>
External transfers to others	-	-	-	-	-	412,689	-	<b>412,689</b>
Amortization expense	710,622	877,050	9,644,709	908,559	426	3,100,818	4,801	<b>15,246,985</b>
Interest on net long-term liabilities	208,724	-	-	-	-	1,346,915	-	<b>1,555,639</b>
<b>Total operating expenses</b>	<b>9,885,357</b>	<b>11,773,255</b>	<b>19,649,216</b>	<b>1,163,370</b>	<b>222,893</b>	<b>19,029,450</b>	<b>3,862,551</b>	<b>65,586,092</b>
<b>Annual surplus (deficit)</b>	<b>37,477,322</b>	<b>(8,128,202)</b>	<b>(8,976,152)</b>	<b>717,940</b>	<b>56,290</b>	<b>(8,166,274)</b>	<b>(3,023,878)</b>	<b>9,957,046</b>

# The Corporation of The Municipality of Clarington

Consolidated schedule of segmented information - Schedule 2  
year ended December 31, 2009

								<b>2009</b>
	<b>General Government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environmental services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and development</b>	<b>Total</b>
	\$	\$			\$	\$	\$	\$
<b>Operating revenue</b>								
Grants	120,419	131,356	-	-	-	442,293	-	694,068
Tax revenues	39,499,612	-	-	-	-	-	-	39,499,612
Other revenues	6,340,898	591,958	6,200,925	86,448	3,254,442	6,456,892	709,745	23,641,308
Contributed tangible capital assets	-	-	3,531,607	2,201,194	-	15,020	-	5,747,821
<b>Total operating revenue</b>	<b>45,960,929</b>	<b>723,314</b>	<b>9,732,532</b>	<b>2,287,642</b>	<b>3,254,442</b>	<b>6,914,205</b>	<b>709,745</b>	<b>69,582,809</b>
<b>Operating expenditures</b>								
Salaries, wages & employee benefits	5,284,353	9,578,836	5,053,215	3,543	133,065	8,615,014	2,558,721	31,226,747
Materials and supplies	1,646,366	896,746	5,366,605	7,342	64,330	4,979,919	1,024,237	13,985,545
Contracted services	706,149	365,576	629,797	155,832	-	476,857	1,396,272	3,730,483
Rent and financial expenses	149,343	-	-	-	32	20,962	-	170,337
External transfers to others	-	-	-	-	-	273,015	-	273,015
Amortization expense	605,067	862,354	9,218,211	878,289	101	2,901,339	4,801	14,470,162
Interest on net long-term liabilities	244,575	-	-	-	-	1,443,477	-	1,688,052
<b>Total operating expenditures</b>	<b>8,635,853</b>	<b>11,703,512</b>	<b>20,267,828</b>	<b>1,045,006</b>	<b>197,528</b>	<b>18,710,583</b>	<b>4,984,031</b>	<b>65,544,341</b>
<b>Annual (surplus) deficit</b>	<b>37,325,076</b>	<b>(10,980,198)</b>	<b>(10,535,296)</b>	<b>1,242,636</b>	<b>3,056,914</b>	<b>(11,796,378)</b>	<b>(4,274,286)</b>	<b>4,038,468</b>