

Consolidated financial statements of

**The Corporation of  
the City of Pickering**

December 31, 2017

# The Corporation of the City of Pickering

December 31, 2017

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## Independent Auditor's Report

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation of the City of Pickering

We have audited the accompanying consolidated financial statements of the Corporation of the City of Pickering, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, 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 Consolidated 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 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Corporation of the City of Pickering as at December 31, 2017 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 18, 2018

# The Corporation of the City of Pickering

## Consolidated statement of financial position as at December 31, 2017

	2017	2016
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	89,766,742	78,673,206
Investments (Note 3)	82,226,068	48,857,964
Taxes receivable	16,571,391	15,733,430
Accounts receivable	4,780,330	3,089,630
Note receivable (Note 17)	3,796,946	4,055,276
Investment in Veridian Corporation (Note 4 (b))	53,393,124	51,307,386
Promissory notes receivable (Note 5)	25,069,000	25,069,000
Land held for resale	294,531	-
	<b>275,898,132</b>	<b>226,785,892</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	26,414,563	19,683,527
Other current liabilities	4,694,538	133,307
Deferred revenue (Note 6)	65,194,413	60,501,567
Long-term liabilities (Note 9)	31,412,982	21,455,816
Post-employment benefit liability (Note 8 (a))	5,609,656	4,959,500
WSIB benefit liabilities (Note 8 (b))	1,862,876	1,806,100
	<b>135,189,028</b>	<b>108,539,817</b>
Net financial assets	<b>140,709,104</b>	<b>118,246,075</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	240,256,987	223,836,631
Prepaid expenses	295,196	248,303
Inventory	427,332	222,512
	<b>240,979,515</b>	<b>224,307,446</b>
<b>Accumulated surplus (Note 11)</b>	<b>381,688,619</b>	<b>342,553,521</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Corporation of the City of Pickering

Consolidated statement of operations  
year ended December 31, 2017

	Budget	2017	2016
	(Note 18)	Actual	Actual
	\$	\$	\$
<b>Revenue</b>			
Residential and farm taxation	47,281,909	47,468,880	44,950,264
Commercial and industrial taxation	10,798,600	10,793,717	10,845,299
Taxation from other governments	8,383,281	8,644,938	8,740,388
User charges	9,576,564	11,082,163	10,825,327
Government grants and fees	6,230,677	6,356,344	3,218,352
Other contributions and donations	2,601,000	2,189,348	1,022,571
Development charges and developer contributions earned	11,182,834	1,468,880	2,099,895
Contributed tangible capital assets	-	5,014,463	3,480,656
Investment income	320,000	941,197	565,808
Penalties and interests on taxes	2,315,000	2,362,493	2,379,422
Fines	852,000	855,391	839,035
Interest on promissory notes	1,229,138	1,229,138	1,229,138
Sale of land	2,650,000	-	-
Equity share of Veridian Corporation earnings (Note 4 (c))	-	4,179,608	4,252,377
Other	320,626	358,861	1,206,986
Gain on disposal of tangible capital assets	-	22,927,289	-
	<b>103,741,629</b>	<b>125,872,710</b>	<b>95,655,518</b>
<b>Expenses (Note 19 )</b>			
General government	17,963,501	16,298,488	15,638,335
Protection to persons and property	24,934,241	23,979,527	22,938,397
Transportation services	13,277,102	12,296,200	12,032,596
Environmental services	3,722,393	3,624,256	3,441,978
Social and family services	816,363	765,708	793,371
Recreational and cultural services	27,166,151	27,190,180	26,572,990
Planning and development	3,508,811	2,583,253	2,682,724
Loss on disposal of tangible capital assets	-	-	214,114
	<b>91,388,562</b>	<b>86,737,612</b>	<b>84,314,505</b>
Annual surplus	12,353,067	39,135,098	11,341,013
Accumulated surplus, beginning of year	342,553,521	342,553,521	331,212,508
<b>Accumulated surplus, end of year</b>	<b>354,906,588</b>	<b>381,688,619</b>	<b>342,553,521</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Corporation of the City of Pickering

## Consolidated statement of change in net financial assets year ended December 31, 2017

	Budget (Note 18)	2017 Actual	2016 Actual
	\$	\$	\$
<b>Annual surplus</b>	<b>12,353,067</b>	<b>39,135,098</b>	11,341,013
Acquisition of tangible capital assets	<b>(44,594,580)</b>	<b>(31,772,704)</b>	(21,134,606)
Amortization of tangible capital assets	<b>10,119,677</b>	<b>10,800,559</b>	10,169,146
(Gain) loss on disposal of tangible capital assets	-	<b>(22,927,289)</b>	214,114
Proceeds on disposal of tangible capital assets	-	<b>23,501,156</b>	36,100
	<b>(22,121,836)</b>	<b>18,736,820</b>	625,767
Transfer of assets under construction to tangible capital assets	-	<b>3,762,471</b>	2,523,484
Assets under construction expensed	-	<b>215,451</b>	25,591
	-	<b>3,977,922</b>	2,549,075
Acquisition of inventory of supplies	-	<b>(818,222)</b>	(532,060)
Use of inventory of supplies	-	<b>613,402</b>	639,544
Acquisition of prepaid expenses	-	<b>(295,196)</b>	(248,906)
Use of prepaid expenses	-	<b>248,303</b>	367,985
	-	<b>(251,713)</b>	226,563
Change in net financial assets	<b>(22,121,836)</b>	<b>22,463,029</b>	3,401,405
Net financial assets, beginning of year	<b>118,246,075</b>	<b>118,246,075</b>	114,844,670
<b>Net financial assets, end of year</b>	<b>96,124,239</b>	<b>140,709,104</b>	118,246,075

# The Corporation of the City of Pickering

## Consolidated statement of cash flows year ended December 31, 2017

	2017	2016
	\$	\$
<b>Operating transactions</b>		
Annual surplus	39,135,098	11,341,013
Non cash items		
Amortization of tangible capital assets	10,800,559	10,169,146
(Gain) loss on disposal of tangible capital assets	(22,927,289)	214,114
Equity share of Veridian Corporation	(4,179,608)	(4,252,377)
Contributed tangible capital assets recorded in revenue	(5,014,463)	(3,480,656)
Change in non-cash operating items		
Taxes receivable	(837,961)	(213,466)
Accounts receivable	(1,690,700)	(438,051)
Accounts payable and accrued liabilities	6,731,036	3,422,472
Other current liabilities	4,561,231	10,103
Deferred revenue	4,692,846	4,234,046
Post-employment benefit liability	650,156	295,700
WSIB benefit liabilities	56,776	33,000
Inventory	(204,820)	107,484
Land held for resale	(294,531)	-
Prepaid expenses	(46,893)	119,079
	<b>31,431,437</b>	<b>21,561,607</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets (net of transfers and contributions)	(22,780,319)	(15,104,875)
Proceeds on disposal of tangible capital assets	23,501,156	36,100
	<b>720,837</b>	<b>(15,068,775)</b>
<b>Investing transactions</b>		
(Increase) decrease in investments	(33,368,104)	565,194
Dividends received from Veridian Corporation	2,093,870	1,947,090
	<b>(31,274,234)</b>	<b>2,512,284</b>
<b>Financing transactions</b>		
Proceeds from debentures issued	12,941,000	6,473,000
Principal repayment of debentures	(2,983,834)	(2,734,714)
Decrease in note receivable	258,330	251,018
	<b>10,215,496</b>	<b>3,989,304</b>
Increase in cash and cash equivalents	11,093,536	12,994,420
Cash and cash equivalents, beginning of year	78,673,206	65,678,786
<b>Cash and cash equivalents, end of year</b>	<b>89,766,742</b>	<b>78,673,206</b>
<b>Cash and cash equivalents consists of</b>		
Cash	11,376,673	18,182,861
Cash equivalents	78,390,069	60,490,345
	<b>89,766,742</b>	<b>78,673,206</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 1. Significant accounting policies

The consolidated financial statements (“the financial statements”) of The Corporation of the City of Pickering (the “City”) are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board (“PSAB”) of Chartered Professional Accountants of Canada (CPA Canada). Significant accounting policies adopted by the City are as follows:

#### (a) Reporting entity

##### (i) Consolidated financial statements

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of the activities of all committees of Council and the City of Pickering Public Library Board which is controlled by the City.

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

##### (ii) Investment in Veridian Corporation

The City’s investment in Veridian Corporation is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards for investments in government business partnerships. Under the modified equity basis, Veridian Corporation’s accounting policies are not adjusted to conform to those of the City and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual earnings or loss of Veridian Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Dividends that the City may receive from Veridian Corporation and other capital transactions are reflected as adjustments in the investment asset account.

##### (iii) Operations of School Boards and the Region of Durham

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Durham (the “Region”) are not reflected in these consolidated financial statements.

##### (iv) Trust funds

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds Statement of Financial Activities and Statement of Financial Position.

#### (b) Basis of accounting

##### (i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

##### (ii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash equivalents have a short-term maturity of three months or less from the date of acquisition.

##### (iii) Investments

Long-term investments are recorded at cost and any loss in value which is considered other than temporary is recorded as appropriate. Any premium or discount at purchase of an investment is amortized over the life of the investment.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 1. Significant accounting policies (continued)

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

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

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for use as follows:

Buildings	15 to 45 years
Machinery and equipment	2 to 25 years
Vehicles	5 to 15 years
Infrastructure - Roads	10 to 50 years
Infrastructure - Storm sewers	5 to 100 years
Infrastructure - Sidewalks	20 to 40 years
Infrastructure - Parks	10 to 40 years
Information technology hardware	4 to 8 years
Library collection materials	4 to 7 years
Furniture and fixtures	10 to 50 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Land is not amortized.

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

##### (v) Accounting for Property Tax Capping Provisions resulting from the Ontario Fair Assessment System

The net impact on property taxes as a result of the application of the capping provisions does not affect the Consolidated Statement of Operations as the full amounts of the property taxes were levied. However, the capping adjustments are reported on the Consolidated Statement of Financial Position as a receivable/payable from/to the Region.

##### (vi) Deferred revenue

Deferred revenues represent 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 deferred until the related expenditures are made.

##### (vii) Post-employment benefits

The present value of the cost of providing employees with future benefit programs is recognized as employees earn these entitlements through service. Actuarial gains and losses are amortized over the average remaining service period ("ARSP"). The actuary determined ARSP to be between 11 to 13 years, depending on the employee group.

For WSIB benefit obligations that arise from specific events that occur from time to time, the cost is recognized immediately in the period the events occur. Actuarial gains and losses are amortized over the average remaining service period of 15 years.

##### (viii) Inventory

Inventory is valued at the lower of cost and replacement cost. Cost is determined on a weighted-average basis.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 1. Significant accounting policies (continued)

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

##### (ix) Government transfers

Government transfers are recognized as revenue by the City in the period in which the transfers are authorized and any eligibility criteria are met, unless they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer or discharge the liability. For such transfers, revenue is recognized when the stipulation has been met.

##### (x) Tax revenue

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property tax values included in the tax roll or property tax values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City's own purposes in the period for which the tax is levied.

##### (xi) Intangible assets

Intangible assets are not recognized as assets in the financial statements.

##### (xii) Contaminated sites

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

A liability is recorded only for sites that are not in productive use or if there was an unexpected event that resulted in contamination. Changes in estimates are recorded in the City's statement of operations. The City does not have any liability for contaminated sites recorded in the consolidated financial statements.

##### (xiii) Land held for resale

Land permanently removed from service that meet the criteria for inventory held for resale are recorded as "land held for resale" on the Consolidated Statement of Financial Position and is recorded at the lower of cost and net realizable value. Those that do not meet these criteria continue to be recorded as part of "tangible capital assets" on the Consolidated Statement of Financial Position.

##### (xiv) 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 in the financial statements and accompanying notes. Accounts involving significant estimates include allowance for doubtful accounts, certain accrued liabilities, post-employment benefits liability, WSIB liabilities and estimates relating to the useful lives of tangible capital assets. Actual results could differ from these estimates.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 2. Operations of school boards and the Region of Durham

Further to Note 1 (a) (iii) requisitions are made by the Region of Durham and School Boards requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	2017		2016	
	Region	School board	Region	School board
	\$	\$	\$	\$
Taxation	106,559,478	45,352,981	102,922,914	44,092,112
Payments in lieu of taxes	6,457,366	381,700	6,603,046	389,819
	<b>113,016,844</b>	<b>45,734,681</b>	109,525,960	44,481,931

### 3. Investments

	2017		2016	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Investments	82,226,068	81,919,658	48,857,964	48,824,214

Investments are comprised of deposit notes, bonds, and guaranteed investment certificates.

### 4. Investment in Veridian Corporation

(a) Veridian Corporation is owned by the City of Pickering, Town of Ajax, Municipality of Clarington and the City of Belleville. The City has a 41 per cent interest in Veridian Corporation. Veridian Corporation, as a government business partnership, is accounted for on the modified equity basis in these consolidated financial statements. Veridian Corporation serves as the electrical distribution utility for a number of communities including the four noted above and conducts non-regulated utility service ventures through its subsidiaries.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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#### 4. Investment in Veridian Corporation (continued)

The following table provides condensed supplementary consolidated financial information for the corporation and its subsidiaries for the year ended December 31. All amounts in tables are disclosed in thousands of dollars:

	2017 (000's)	2016 (000's)
	\$	\$
<b>Assets</b>		
Current	77,555	89,713
Capital and intangibles	269,380	252,736
Other	1,097	4,058
	<b>348,032</b>	346,507
Regulatory balances	2,852	2,530
	<b>350,884</b>	349,037
<b>Liabilities</b>		
Current	116,129	101,166
Long-term debt	65,021	85,532
Other	29,765	26,814
	<b>210,915</b>	213,512
<b>Shareholders' equity</b>		
Share capital	67,260	67,260
Contributed capital	25	25
Accumulated other comprehensive loss	(316)	(340)
Retained earnings	63,258	58,195
	<b>130,227</b>	125,140
Regulatory balances	9,742	10,385
	<b>350,884</b>	349,037
<b>Comprehensive income</b>		
Commodity revenue	280,206	338,009
Commodity expenses	(277,975)	(331,487)
Distribution revenue	52,225	52,264
Other income	2,630	3,171
Operating expenses	(41,620)	(40,220)
Other expense	(2,593)	(4,469)
Other comprehensive income (loss)	24	(77)
Net movements in regulatory balances, net of tax	965	(3,372)
Income tax expense	(3,668)	(3,448)
	<b>10,194</b>	10,371

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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#### 4. Investment in Veridian Corporation (continued)

(b) *City of Pickering's investment represented by:*

	2017	2016
	\$	\$
Promissory notes receivable (Note 5)	<b>25,069,000</b>	25,069,000
Investments in Veridian Corporation		
Initial investment in shares of the Corporation	<b>30,496,196</b>	30,496,196
Accumulated earnings	<b>50,579,682</b>	46,400,074
Accumulated dividends received	<b>(28,498,462)</b>	(26,404,592)
Adjustment to value of investment	<b>815,708</b>	815,708
	<b>53,393,124</b>	51,307,386

(c) *Equity in Veridian Corporation*

	2017	2016
	\$	\$
Balance, beginning of year	<b>79,419,406</b>	77,114,119
Equity share of net earnings for the year	<b>4,179,608</b>	4,252,377
Dividend received from Veridian Corporation	<b>(2,093,870)</b>	(1,947,090)
Balance, end of year (Note 11)	<b>81,505,144</b>	79,419,406

(d) *Contingencies and guarantees of Veridian Corporation (the "Corporation") as disclosed in their consolidated 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 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. ("HONI")*

The Corporation's subsidiary, Veridian Connections Inc. ("VCI"), is party to a connection and cost recovery agreement with HONI related to the construction by HONI 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 obligated 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. HONI 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 City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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#### 4. Investment in Veridian Corporation (continued)

(d) *Contingencies and guarantees of Veridian Corporation (the "Corporation") as disclosed in their consolidated financial statements are as follows: (continued)*

(iii) *General claims*

From time to time, the Corporation is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Corporation's consolidated financial position and results of operations or cash flows.

(e) *Lease commitments*

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

	\$ (000's)
2018	41
2019	33
2020	32
2021	24
2022	2
Thereafter	58
	<hr/> 190

#### 5. 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	7,095,000	7,095,000
Promissory note receivable from Veridian Connections Inc. maturing November 1, 2039 and bearing interest at the Ontario Energy Board deemed long-term debt rate for each successive five year period thereafter (4.47% effective January 1, 2015)	17,974,000	17,974,000
	<hr/> 25,069,000	<hr/> 25,069,000

Interest revenue earned from these notes receivable totaled \$1,229,138 (2016 - \$1,229,138). 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 City. The note from Veridian Connections Inc. is no longer convertible but the City may demand full or partial repayment with six months' notice with certification that the funds are required for municipal purposes. The City has signed an inter-creditor agreement confirming the subordinated ranking of these promissory notes to the senior debt financing issued by Veridian.

On November 20, 2014, the Ontario energy Board's deemed long-term rate has been established for the five year period commencing January 1, 2015 until December 31, 2019 at 4.47%. This rate will be reset on January 1, 2020.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

### 6. Deferred revenue

	2017	2016
	\$	\$
Obligatory Reserve Funds		
Development charges	48,100,585	43,318,105
Parkland	4,532,056	3,994,401
Federal gas tax	5,654,549	8,261,976
Third party/Developer's Contributions Reserve Fund	2,957,593	2,962,791
Public benefits	141,387	-
	<b>61,386,170</b>	58,537,273
Other unearned revenues	3,808,243	1,964,294
	<b>65,194,413</b>	60,501,567

Continuity of deferred revenue is as follows:

	2017	2016
	\$	\$
Balance, beginning of year	60,501,567	56,267,521
Restricted funds received	9,169,370	7,879,649
General funds received	2,900,813	873,338
Interest earned (restricted funds)	830,571	856,244
	<b>12,900,754</b>	9,609,231
Earned restricted revenue transferred to operations	7,151,044	4,660,574
Earned revenue transferred to operations	1,056,864	714,611
	<b>8,207,908</b>	5,375,185
Balance, end of year	<b>65,194,413</b>	60,501,567

### 7. Interfund loans

As a means of funding various capital acquisitions, funds are borrowed by the Capital Fund from Development Charges deferred revenue (obligatory reserve funds). These funds are secured by promissory notes with interest rates ranging from 1.83% to 2.64% and various payment terms ranging from 5 years to 10 years. The financing arrangements and ultimate repayment are approved by Council through the current budget process. Although these notes have payment terms as noted above, they are repayable on demand. The following is a summary of the related interfund loans:

	2017	2016
	\$	\$
Roads and streetlights	1,226,910	773,631
Community facilities, libraries and parks	1,385,745	1,700,707
Protection services	337,226	64,004
Stormwater system	645,360	943,771
	<b>3,595,241</b>	3,482,113

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 8. Post-employment benefits liability

#### (a) Post-employment benefits liability

The City makes available to qualifying employees who retire before the age of 65, the opportunity to continue their coverage for benefits such as post-retirement extended healthcare benefits. Coverage ceases at the age of 65. The City also provides full time and permanent part-time employees a sick time entitlement and any unused entitlement is accumulated year to year. This accumulated entitlement is not vested and is forfeited at the time of retirement or termination. The most recent actuarial valuation of the post-employment benefits was performed at December 31, 2017.

In the current year, a plan amendment was made to provide dental benefits to union retirees effective July 12, 2017. The impact of this plan addition has been recognized immediately as a plan amendment cost and shown as part of the prior period cost line in the table below.

Information about the City's benefits liability is as follows:

	2017	2016
	\$	\$
Accrued benefits liability, beginning of year	4,959,500	4,663,800
Plan amendment	384,991	-
Current service costs	416,276	402,200
Interest on accrued benefits	223,108	226,800
Amortization of actuarial losses	186,200	186,200
Benefits paid during the year	(560,419)	(519,500)
Accrued benefits liability, end of year	<b>5,609,656</b>	4,959,500
Accrued benefit obligation	<b>11,126,073</b>	6,446,600
Unamortized actuarial losses	<b>(5,516,417)</b>	(1,487,100)
Accrued benefits liability, end of year	<b>5,609,656</b>	4,959,500

The main actuarial assumptions employed in the actuarial valuations are as follows:

#### (i) Discount rate

The present value as at December 31, 2017 of the future benefits was determined using a discount rate of 3.75% (2016 - 3.5%).

#### (ii) Dental costs

The dental cost trend rate was 3.75% (2016 - 3.75%) increase per annum.

#### (iii) Health costs

Health costs were assumed to increase at 6.75% (2016 - 6.50%) and decrease by 0.33% (2016 - 0.25%) increments per year to an ultimate rate of 3.75% per year in 2027 and thereafter.

#### (b) Workplace Safety and Insurance Board (WSIB) benefit liabilities

Effective January 1, 2001, the City became a Schedule II employer under the Workplace Safety & Insurance Act and follows a policy of self-insurance for the risk associated with paying benefits for workplace injuries for all its employees. The WSIB administers the claims related to workplace injuries and is reimbursed by the City. The most recent actuarial valuation of the WSIB benefits was performed at December 31, 2016.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 8. Post-employment benefits liability (continued)

#### (b) Workplace Safety and Insurance Board (WSIB) benefit liabilities (continued)

Information about the City's WSIB liability is as follows:

	2017	2016
	\$	\$
Accrued WSIB liability, beginning of year	1,806,100	1,773,100
Current service cost	124,773	108,600
Interest on accrued benefits	89,144	63,400
Amortization of actuarial losses	30,254	-
Benefits paid during the year	(187,395)	(139,000)
	<b>1,862,876</b>	1,806,100
Accrued benefit obligation	2,286,427	2,259,905
Unamortized actuarial losses	(423,551)	(453,805)
Accrued benefits liability, end of year	<b>1,862,876</b>	1,806,100

The main actuarial assumptions employed in the actuarial valuations are as follows:

#### (i) Discount rate

The present value as at December 31, 2017 of the future benefits was determined using a discount rate of 4.0% (2016 - 3.5%).

#### (ii) Inflation rate

The rate of inflation was assumed to be 1.75% (2016 - 2.0%) per annum.

#### (iii) WSIB Administration Rate

Liabilities for WSIB benefits have been increased 38% to reflect the administration rate charged by WSIB.

A WSIB Reserve Fund was established in 2001. The Reserve Fund balance at December 31, 2017 was \$3,209,349 (2016 - \$3,001,701). In addition, the City purchased two insurance policies that protect the City against significant claims. The occupational accident insurance pays loss claims up to \$500,000 per work related accident. The excess workers compensation indemnity insurance has a \$500,000 deductible and will pay for claims up to and including \$15,000,000 per work related accident.

### 9. Long-term liabilities

#### (a) The balance of long-term liabilities is made up of the following:

	2017	2016
	\$	\$
The municipality is responsible for the payment of principal and interest charges on long-term liabilities issued by the Regional Municipality of Durham on the City's behalf. At the end of the year the outstanding principal amount of this liability is	<b>31,412,982</b>	21,455,816

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 9. Long-term liabilities

- (b) The above long-term liabilities have maturity dates of July 12, 2021 and 2022, November 21, 2018, October 15, 2020, September 29, 2021, October 16, 2018 and 2023, July 2, 2019 and 2029, October 17, 2021, 2026 and 2031 and October 13, 2022, 2027, 2032 and 2037 with various interest rates ranging from 1.10% to 5.20%. Principal repayments are summarized as follows:

	\$
2018	5,598,009
2019	2,693,986
2020	2,720,344
2021	2,883,385
2022	1,907,998
Thereafter	15,609,260
	<hr/> 31,412,982

- (c) Long-term liabilities include principal sums of \$582,000 (2016 - \$582,000) which may be refinanced by the issuance of debentures over a further period not to exceed 10 years, and \$2,415,000 (2016 - \$2,415,000) which may be refinanced by the issuance of debentures over a further period not to exceed 5 years.
- (d) The above long-term liabilities have been approved by Council by-law. 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.
- (e) Interest expense recorded in the year relating to these long-term liabilities is \$715,544 (2016 - \$625,740).

### 10. Tangible capital assets

Information relating to tangible capital assets is as follows:

(i) *Contributed tangible capital assets*

The City records tangible capital assets contributed by an external party at fair value on the date contributed. Typical examples are roads, storm sewers and sidewalks installed by a developer as part of a subdivision or development agreement. Contributions of tangible capital assets in 2017 amounted to \$5,014,463 (2016 - \$3,480,656).

(ii) *Tangible capital assets recognized at nominal value*

Land under roads are assigned a nominal value of one Canadian dollar because this land only supports or is intended to support road infrastructure and the majority of land acquired supporting road allowances was acquired at no cost.

(iii) *Works of art and historical treasures*

The City has a museum which holds various historical treasures and historical buildings pertaining to the heritage and history of the City of Pickering. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made. Any acquisition or betterment of these assets is recognized as an expense in the financial statements.

(iv) *Other*

The net book value of tangible capital assets not being amortized because they are under construction is \$18,379,602 (2016 - \$11,233,428).

During the year, there were no write-downs of assets (2016 - \$Nil) and no interest was capitalized during the year (2016 - \$Nil).

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

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## 10. Tangible capital assets

### (v) *Gain on sale of tangible capital assets*

The gain on disposal of tangible capital assets includes the sale of multiple City land parcels, for net proceeds of \$23,379,228, which had carrying values of \$459,852 at the time of the sales, resulting in a total gain of \$22,919,376.

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

## 10. Tangible capital assets (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure				Information technology hardware	Library collection materials	Furniture and fixtures	Assets under construction	2017
					Roads	Storm sewers	Sidewalks	Parks					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cost													
Balance, beginning of year	55,691,303	80,777,919	9,045,684	13,167,746	127,621,696	90,761,058	15,217,739	33,672,422	1,565,764	2,466,112	646,134	11,233,428	441,867,005
Add													
Additions during the year	470,067	1,275,576	973,931	768,350	12,800,729	3,035,362	302,273	347,717	242,427	347,502	84,674	11,124,096	31,772,704
Less													
Disposals/transfers during the year	498,379	409,126	869,665	592,738	2,778,560	3,055	268	38,818	23,070	455,245	-	3,977,922	9,646,846
<b>Balance, end of year</b>	<b>55,662,991</b>	<b>81,644,369</b>	<b>9,149,950</b>	<b>13,343,358</b>	<b>137,643,865</b>	<b>93,793,365</b>	<b>15,519,744</b>	<b>33,981,321</b>	<b>1,785,121</b>	<b>2,358,369</b>	<b>730,808</b>	<b>18,379,602</b>	<b>463,992,863</b>
Accumulated amortization													
Balance, beginning of year	-	42,337,115	5,143,393	6,931,337	81,649,995	56,123,754	9,152,519	14,104,952	1,052,167	1,252,263	282,879	-	218,030,374
Add													
Amortization	-	2,095,387	658,435	940,521	3,035,202	2,119,588	350,855	933,755	200,817	427,924	38,075	-	10,800,559
Less													
Accumulated amortization on disposals	-	397,886	821,391	592,738	2,762,586	3,055	268	38,818	23,070	455,245	-	-	5,095,057
<b>Balance, end of year</b>	<b>-</b>	<b>44,034,616</b>	<b>4,980,437</b>	<b>7,279,120</b>	<b>81,922,611</b>	<b>58,240,287</b>	<b>9,503,106</b>	<b>14,999,889</b>	<b>1,229,914</b>	<b>1,224,942</b>	<b>320,954</b>	<b>-</b>	<b>223,735,876</b>
<b>Net book value of tangible capital assets</b>	<b>55,662,991</b>	<b>37,609,753</b>	<b>4,169,513</b>	<b>6,064,238</b>	<b>55,721,254</b>	<b>35,553,078</b>	<b>6,016,638</b>	<b>18,981,432</b>	<b>555,207</b>	<b>1,133,427</b>	<b>409,854</b>	<b>18,379,602</b>	<b>240,256,987</b>

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

## 10. Tangible capital assets (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure			Information technology hardware	Library collection materials	Furniture and fixtures	Assets under construction	2016	
					Roads	Storm sewers	Sidewalks						Parks
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Cost</b>													
Balance, beginning of year	55,672,263	78,333,857	8,497,113	11,278,173	124,662,143	88,496,409	14,913,523	33,085,186	1,446,463	2,538,389	598,173	7,170,032	426,691,724
Add													
Additions during the year	73,037	3,690,764	683,111	3,001,372	3,266,409	2,264,649	320,230	636,658	119,301	418,643	47,961	6,612,471	21,134,606
Less													
Disposals/transfers during the year	53,997	1,246,702	134,540	1,111,799	306,856	-	16,014	49,422	-	490,920	-	2,549,075	5,959,325
<b>Balance, end of year</b>	<b>55,691,303</b>	<b>80,777,919</b>	<b>9,045,684</b>	<b>13,167,746</b>	<b>127,621,696</b>	<b>90,761,058</b>	<b>15,217,739</b>	<b>33,672,422</b>	<b>1,565,764</b>	<b>2,466,112</b>	<b>646,134</b>	<b>11,233,428</b>	<b>441,867,005</b>
<b>Accumulated amortization</b>													
Balance, beginning of year	-	41,401,394	4,665,193	7,105,511	79,340,650	54,041,057	8,783,732	13,256,658	881,303	1,296,189	249,577	-	211,021,264
Add													
Amortization	-	2,028,126	610,959	937,625	2,598,611	2,082,697	348,662	911,306	170,864	446,994	33,302	-	10,169,146
Less													
Accumulated amortization on disposals	-	1,092,405	132,759	1,111,799	289,266	-	7,606	35,281	-	490,920	-	-	3,160,036
<b>Balance, end of year</b>	<b>-</b>	<b>42,337,115</b>	<b>5,143,393</b>	<b>6,931,337</b>	<b>81,649,995</b>	<b>56,123,754</b>	<b>9,124,788</b>	<b>14,132,683</b>	<b>1,052,167</b>	<b>1,252,263</b>	<b>282,879</b>	<b>-</b>	<b>218,030,374</b>
<b>Net book value of tangible capital assets</b>	<b>55,691,303</b>	<b>38,440,804</b>	<b>3,902,291</b>	<b>6,236,409</b>	<b>45,971,701</b>	<b>34,637,304</b>	<b>6,092,951</b>	<b>19,539,739</b>	<b>513,597</b>	<b>1,213,849</b>	<b>363,255</b>	<b>11,233,428</b>	<b>223,836,631</b>

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

## 11. Accumulated surplus

The City's accumulated surplus is comprised of the following:

	2017	2016
	\$	\$
Capital fund	25,169,415	19,827,450
Operating fund	125,237	125,234
Equity in Veridian Corporation	81,505,144	79,419,406
Tangible capital assets	240,256,987	223,836,631
Post-employment benefits liability	(5,430,656)	(4,780,500)
Internal loans	(3,595,241)	(3,482,113)
Net long-term liabilities	(31,412,982)	(21,455,816)
Note receivable soccer facility	3,796,946	4,055,276
WSIB benefit liabilities	(1,862,876)	(1,806,100)
Reserves set aside for special purposes by Council		
Working capital	400,000	400,000
Self insurance	869,293	869,293
Replacement of capital equipment	1,804,790	1,321,737
Contingencies	1,632,591	1,616,554
Rate stabilization	16,823,997	15,053,798
City's share for development charge	6,884,793	4,018,582
Continuing studies	448,190	362,088
Vehicle replacement	1,426,438	1,247,455
Easement settlement	390	390
Eastern branch	-	67,458
Land purchase	99,403	99,403
Seaton development review	1,641,805	1,741,987
Financial systems	1,068,647	861,638
Senior centre	450,000	375,000
Accessibility initiatives	31,944	31,944
Winter control	700,000	700,000
Sustainability initiatives	51,376	43,585
Duffin Heights	3,660,177	3,889,593
Facilities	258,645	203,345
Accelerated infrastructure program	519,500	557,000
Fence	150,000	-
Minor buildings replacement	100,000	-
Financial Impact Agreement	210,745	-
Reserve funds set aside for special purpose by Council		
Recreation programs and facilities	174,873	172,615
Acquisition of tangible capital assets	293,371	289,583
WSIB	3,209,349	3,001,701
Animal shelter	417,706	369,306
Men's slow pitch	152,227	150,262
Operations Centre	25,773,590	6,771,136
Roads & bridges	2,417,954	2,039,410
Stormwater management	1,354,597	559,190
Ontario Community Infrastructure Fund	55,761	-
Seaton infrastructure	54,493	-
	<b>381,688,619</b>	<b>342,553,521</b>

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 12. Pension agreement

The City makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

OMERS provide pension services to over 482,000 active and retired members and about 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension (the "Plan") by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to-date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2017. The results of this valuation disclosed total actuarial liabilities as at that date of \$94,431 million in respect of 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 pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employers. As a result, the City does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the City to OMERS on account of current service for 2017 were \$3,834,325 (2016 - \$3,725,946).

### 13. Trust Funds

Trust funds administered by the City amounting to \$361,263 (2016 - \$355,149) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

### 14. Related party transactions

#### *Veridian Corporation*

The City of Pickering is a principal shareholder in Veridian Corporation (Note 4). The City receives electricity and services from Veridian Corporation and its subsidiary.

	2017	2016
	\$	\$
Transactions		
Revenues		
Interest on promissory notes	1,229,138	1,229,138
Property taxes levied	49,993	44,749
Expenses		
Electrical energy and services	2,153,292	2,723,275
Balances		
Accounts payable and accrued liabilities	468,782	582,917
Promissory notes receivable	25,069,000	25,069,000

### 15. Guarantees

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

- (i) The City has provided indemnities under lease agreements for the use of various facilities or land. Under the terms of these agreements the City 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.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

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### 15. Guarantees (continued)

- (ii) The City indemnifies all employees and elected officials including Library employees and board members for various items including, but not limited to, all costs to settle suits or actions due to association with the City, subject to certain restrictions. The City 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 City. The maximum amount of any potential future payment cannot be reasonably estimated.
- (iii) The City 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 City 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 City 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 City has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

### 16. Contingent liabilities

#### *Litigation*

The City has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these consolidated financial statements for any liabilities which may result.

### 17. Contractual arrangement

The City entered into a provisional license agreement with the Pickering Soccer Club (PSC) for the PSC to occupy and operate the Pickering Indoor Soccer Facility (the Facility). The term of the agreement is 15 years from November 5, 2014 to November 4, 2029. Under the terms of the agreement, the PSC will repay 52.25% of the City's total cost of purchasing the land, constructing the Facility and the related improvements. In 2015, the City recorded a receivable from PSC in the amount of \$4,550,000 based on preliminary project cost figures, with a 15 year repayment term at a variable interest rate ranging from 1.2% to 3.8%. This amount will be adjusted for the total project construction costs, once the agreement is finalized. The City has received all of the required payments to date based on the preliminary figures.

PSC has commenced its soccer program operations and is operating the Facility at its own expense including all repairs and maintenance. Once a final form of agreement is executed the total amount of the PSC's obligation will be re-calculated, as agreed, to reflect any adjustments to the total project construction costs.

# The Corporation of the City of Pickering

## Notes to the consolidated financial statements

December 31, 2017

### 18. Budget figures

The 2017 Budget adopted by Council on February 27, 2017 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis of accounting. The budget figures treated all tangible capital asset acquisitions as expenditures and did not include amortization expense on tangible capital assets or post-employment benefits expenses on a full accrual basis. As a result, the budget figures presented in the Consolidated Statements of Operations and Change in Net Financial Assets represent the budget adopted by Council on February 27, 2017 with adjustments as follows:

	2017			2017
	Council approved budget	Non TCA expenditures from capital	Post-employment benefits/ amortization	Budget presented in statements
	\$	\$	\$	\$
Revenue				
Taxation	66,463,790			66,463,790
Capital	21,492,334			21,492,334
Other	15,785,505			15,785,505
	<b>103,741,629</b>	-	-	<b>103,741,629</b>
Expenditures				
General government	17,086,342	270,500	606,659	17,963,501
Protection to persons and property	24,066,123	40,000	828,118	24,934,241
Transportation services	9,555,184	-	3,721,918	13,277,102
Environmental services	1,600,051	-	2,122,342	3,722,393
Social and family services	816,363	-	-	816,363
Recreational and cultural services	23,729,013	239,000	3,198,138	27,166,151
Planning and development	3,507,909	-	902	3,508,811
	<b>80,360,985</b>	<b>549,500</b>	<b>10,478,077</b>	<b>91,388,562</b>
Annual surplus (deficit)	23,380,644	(549,500)	(10,478,077)	12,353,067
Capital expenditures	(45,144,080)	549,500	-	(44,594,580)
Transfers from reserve and reserve funds	17,502,408			
Dividend from Veridian Corporation	1,927,000			
Principal repayment of debt	(4,124,472)			
Principal repayment of PSC note	212,000			
Debt proceeds	6,121,500			
Prior year operating fund surplus	(125,000)			

### 19. Segmented information

The City of Pickering is a diversified municipal government that provides a wide range of services to its residents. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### *General government*

This item relates to revenues and expenses of the City itself and cannot be directly attributed to a specific segment.

#### *Protection to persons and property*

Protection includes fire services, animal control, bylaw services, building inspection and enforcement of the building code to ensure the safety and protection of all citizens and their property.

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

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## 19. Segmented information (continued)

### *Public works services*

Public works includes construction and maintenance of the City's roadways, including snow removal, sidewalk repairs, street lighting and maintenance of the storm water system.

### *Social and family services*

Social services for assistance or services for seniors.

### *Recreation and culture services*

Recreation and cultural services include recreation programs, maintenance and rental of facilities and parks, operation of the City's museum and library services.

### *Planning and development*

Planning and development provides a number of services including municipal planning and review of all property development plans.

Segmented information has been provided in the following pages.

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

## 19. Segmented information (continued)

							2017
	Protection to persons and property	Public works services	Recreational and cultural	Planning and development	Social and family services	General government	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Grants	9,877	5,489,553	583,045	-	159,605	114,264	6,356,344
User charges	3,848,727	45,432	5,655,740	711,842	54,457	765,965	11,082,163
Tax related revenues	-	-	-	-	-	69,270,028	69,270,028
Developer revenue	199,275	741,431	424,006	17,700	-	86,468	1,468,880
Contributed tangible capital assets	-	4,564,443	450,020	-	-	-	5,014,463
Equity share of Veridian Corporation	-	-	-	-	-	4,179,608	4,179,608
Gain (loss) on disposal of tangible capital assets	(19,810)	32,435	31,646	-	-	22,883,018	22,927,289
Other revenues	1,205,633	1,220,210	597,655	54,598	-	2,495,839	5,573,935
	<b>5,243,702</b>	<b>12,093,504</b>	<b>7,742,112</b>	<b>784,140</b>	<b>214,062</b>	<b>99,795,190</b>	<b>125,872,710</b>
Expenses							
Salaries and wages	20,074,847	4,771,298	15,744,394	2,220,477	349,285	9,692,750	52,853,051
Materials and supplies	2,194,303	3,606,212	6,481,518	214,166	149,187	4,817,022	17,462,408
Contracted services	808,517	1,273,691	731,558	136,700	90,440	990,566	4,031,472
Amortization	731,859	6,042,866	3,480,211	2,065	-	543,558	10,800,559
Other	170,001	226,389	752,499	9,845	176,796	254,592	1,590,122
	<b>23,979,527</b>	<b>15,920,456</b>	<b>27,190,180</b>	<b>2,583,253</b>	<b>765,708</b>	<b>16,298,488</b>	<b>86,737,612</b>
Annual (deficit) surplus	<b>(18,735,825)</b>	<b>(3,826,952)</b>	<b>(19,448,068)</b>	<b>(1,799,113)</b>	<b>(551,646)</b>	<b>83,496,702</b>	<b>39,135,098</b>

# The Corporation of the City of Pickering

Notes to the consolidated financial statements

December 31, 2017

## 19. Segmented information (continued)

							2016
	Protection to persons and property	Public works services	Recreational and cultural	Planning and development	Social and family services	General government	Consolidated
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Grants	8,332	1,192,283	1,627,407	-	170,341	219,989	3,218,352
User charges	3,765,491	56,634	5,506,795	704,719	36,699	754,989	10,825,327
Tax related revenues	-	-	-	-	-	66,915,373	66,915,373
Developer revenue	86,304	1,287,948	625,643	-	-	100,000	2,099,895
Contributed tangible capital assets	-	3,480,656	-	-	-	-	3,480,656
Equity share of Veridian Corporation	-	-	-	-	-	4,252,377	4,252,377
Other revenues	1,347,377	443,115	196,086	53,902	-	2,823,058	4,863,538
	<u>5,207,504</u>	<u>6,460,636</u>	<u>7,955,931</u>	<u>758,621</u>	<u>207,040</u>	<u>75,065,786</u>	<u>95,655,518</u>
<b>Expenses</b>							
Salaries and wages	19,295,191	4,731,624	15,054,280	2,303,012	315,925	8,907,197	50,607,229
Materials and supplies	2,218,542	3,671,262	6,538,346	165,930	207,444	4,824,890	17,626,414
Contracted services	551,701	1,292,939	909,674	202,067	102,551	1,205,822	4,264,754
Amortization	717,316	5,591,869	3,374,699	1,770	-	483,492	10,169,146
Loss (gain) on disposal of tangible capital assets	(18,400)	19,998	216,729	-	-	(4,213)	214,114
Other	155,647	186,880	695,991	9,945	167,451	216,934	1,432,848
	<u>22,919,997</u>	<u>15,494,572</u>	<u>26,789,719</u>	<u>2,682,724</u>	<u>793,371</u>	<u>15,634,122</u>	<u>84,314,505</u>
<b>Annual (deficit) surplus</b>	<u>(17,712,493)</u>	<u>(9,033,936)</u>	<u>(18,833,788)</u>	<u>(1,924,103)</u>	<u>(586,331)</u>	<u>59,431,664</u>	<u>11,341,013</u>