
Consolidated financial statements of
The Corporation of
the City of Pickering

December 31, 2020

Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-30

Independent Auditor's Report

To the Members of Council of
The Corporation of the City of Pickering

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Pickering (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2020, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 30, 2022

The Corporation of the City of Pickering
Consolidated statement of financial position
As at December 31, 2020

	Notes	2020 \$	2019 \$
Financial assets			
Cash and cash equivalents		81,028,753	109,398,651
Investments	3	115,753,076	67,962,213
Taxes receivable		26,165,724	20,714,593
Accounts receivable		3,134,923	4,612,282
Note receivable	17	2,973,217	3,255,916
Investment in Elexicon Corporation	4 (b)	68,318,936	68,264,803
Promissory notes receivable	5	25,069,000	25,069,000
		322,443,629	299,277,458
Liabilities			
Accounts payable and accrued liabilities		37,814,573	26,038,475
Other current liabilities		156,871	170,507
Deferred revenue	6	94,209,378	84,272,006
Long-term liabilities	9	29,118,644	30,819,986
Post-employment benefits	8 (a)	7,505,863	6,871,681
WSIB benefit liabilities	8 (b)	2,691,240	1,968,663
		171,496,569	150,141,318
Net financial assets		150,947,060	149,136,140
Non-financial assets			
Tangible capital assets	10	288,596,364	273,099,664
Prepaid expenses		2,019,080	2,033,298
Inventory		478,129	484,538
		291,093,573	275,617,500
Accumulated surplus	11	442,040,633	424,753,640

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

The Corporation of the City of Pickering
Consolidated statement of operations
Year ended December 31, 2020

	Notes	2020 Budget \$	2020 Actual \$	2019 Actual \$
		Note 18		
Revenue				
Residential and farm taxation		55,595,792	56,949,868	53,264,567
Commercial and industrial taxation		11,607,053	11,667,761	11,322,827
Taxation from other governments		8,082,227	8,144,562	8,272,139
User charges		13,289,989	10,202,955	14,363,170
Government grants and fees		7,029,225	4,303,265	5,005,505
Other contributions and donations		7,099,905	923,088	1,346,399
Development charges and developer contributions earned		111,561,354	7,160,454	4,884,843
Contributed tangible capital assets	10(i)	—	4,522,900	359,732
Investment income		665,000	1,164,835	2,084,515
Penalties and interests on taxes		2,265,000	2,694,486	2,907,048
Fines		942,000	771,141	973,255
Interest on promissory notes	5(c)	1,035,350	1,035,350	1,083,797
Gain on sale of land		—	101,294	113,001
Equity share of Elexicon Corporation earnings	4(b)	—	3,206,200	14,194,675
Other		284,004	389,420	891,874
		219,456,899	113,237,579	121,067,347
Expenses				
General government	19	21,334,499	21,056,822	20,311,428
Protection to persons and property		29,582,373	27,230,041	26,308,172
Transportation services		13,831,314	14,342,228	14,667,697
Environmental services		4,368,914	2,895,227	2,672,331
Social and family services		1,065,943	746,248	907,917
Recreational and cultural services		31,412,483	26,222,267	29,001,910
Planning and development		3,895,050	3,406,437	3,200,426
Loss on disposal of tangible capital assets		—	51,316	2,576,719
		105,490,576	95,950,586	99,646,600
Annual surplus		113,966,323	17,286,993	21,420,747
Accumulated surplus, beginning of year		424,753,640	424,753,640	403,332,893
Accumulated surplus, end of year		538,719,963	442,040,633	424,753,640

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

The Corporation of the City of Pickering
Consolidated statement of change in net financial assets
Year ended December 31, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Notes			
	Note 18		
Annual surplus	113,966,323	17,286,993	21,420,747
Acquisition of tangible capital assets	(244,532,005)	(29,021,454)	(53,394,975)
Amortization of tangible capital assets	11,459,462	11,958,685	12,162,640
Loss on disposal of tangible capital assets	—	51,316	2,576,719
Proceeds on disposal of tangible capital assets	—	223,481	385,334
	(119,106,220)	499,021	(16,849,535)
Transfer of assets under construction to tangible capital assets	—	1,237,667	24,913,528
Assets under construction expensed	—	53,605	136,444
	—	1,291,272	25,049,972
Acquisition of inventory of supplies	—	(732,948)	(794,130)
Use of inventory of supplies	—	739,357	681,819
Acquisition of prepaid expenses	—	(312,406)	(2,024,710)
Use of prepaid expenses	—	326,624	222,874
	—	20,627	(1,914,147)
Change in net financial assets	(119,106,220)	1,810,920	6,286,290
Net financial assets, beginning of year	149,136,140	149,136,140	142,849,850
Net financial assets, end of year	30,029,920	150,947,060	149,136,140

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

The Corporation of the City of Pickering
Consolidated statement of cash flows
Year ended December 31, 2020

	2020 \$	2019 \$
Operating transactions		
Annual surplus	17,286,993	21,420,747
Non-cash items		
Amortization of tangible capital assets	11,958,685	12,162,640
Loss on disposal of tangible capital assets	51,316	2,576,719
Equity share of Elexicon Corporation earnings	(3,206,200)	(14,194,675)
Contributed tangible capital assets recorded in revenue	(4,522,900)	(359,732)
Change in non-cash operating items		
Taxes receivable	(5,451,131)	(1,373,973)
Accounts receivable	1,477,359	(419,731)
Accounts payable and accrued liabilities	11,776,098	(6,526,161)
Other current liabilities	(13,636)	(1,129,825)
Deferred revenue	9,937,372	6,789,078
Post-employment benefit liability	634,182	611,487
WSIB benefit liabilities	722,577	51,484
Inventory	6,409	(112,311)
Land held for resale	—	4,144,903
Prepaid expenses	14,218	(1,801,836)
	40,671,342	21,838,814
Capital transactions		
Acquisition of tangible capital assets (net of transfers and contributions)	(23,207,282)	(27,985,271)
Proceeds on disposal of tangible capital assets	223,481	385,334
	(22,983,801)	(27,599,937)
Investing transactions		
(Increase) decrease in investments	(47,790,863)	10,418,352
Dividends received from Elexicon Corporation	3,152,067	2,446,708
	(44,638,796)	12,865,060
Financing transactions		
Proceeds from debentures issued	1,856,000	4,531,000
Principal repayment of debentures	(3,557,342)	(3,129,987)
Decrease in note receivable	282,699	274,170
	(1,418,643)	1,675,183
(Decrease) increase in cash and cash equivalents	(28,369,898)	8,779,120
Cash and cash equivalents, beginning of year	109,398,651	100,619,531
Cash and cash equivalents, end of year	81,028,753	109,398,651
Cash and cash equivalents consists of		
Cash	33,395,753	11,245,966
Cash equivalents	47,633,000	98,152,685
	81,028,753	109,398,651

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

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 government business enterprise

The City's investment in Elexicon Corporation (formerly Veridian Corporation until March 31, 2019) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards for investments in government business enterprises. Under the modified equity basis, Elexicon 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 Elexicon 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 Elexicon Corporation and other capital transactions are reflected as adjustments in the investment asset account.

(iii) Operations of School Boards and the Regional Municipality of Durham

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality 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 Fund Balance 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.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(iii) Investments

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

(iv) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to the 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 the straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is available for use as follows:

Buildings	5 to 50 years
Machinery and equipment	various
Vehicles	7 to 15 years
Infrastructure - Roads	10 to 75 years
Infrastructure - Storm sewers	50 to 100 years
Infrastructure - Sidewalks	15 to 75 years
Infrastructure - Parks	10 to 100 years
Information technology hardware	4 to 10 years
Library collection materials	4 to 7 years
Furniture and fixtures	various

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 tangible capital 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, with the corresponding amount 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 revenue represents contributions, 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 revenue in the fiscal year the services are performed. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(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 City's actuary determined the 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 ARSP of 15 years.

(viii) Inventory

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

(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.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(xii) Contaminated sites (continued)

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 consolidated 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 meets 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 consolidated 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.

2. Operations of school boards and the Regional Municipality of Durham

Further to Note 1(a)(iii), requisitions are made by the Regional Municipality 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:

	2020		2019	
	Region	School board	Region	School board
	\$	\$	\$	\$
Taxation	123,410,198	50,621,485	116,785,587	48,958,047
Payments in lieu of taxes	5,912,908	358,363	6,038,586	369,346
	129,323,106	50,979,848	122,824,173	49,327,393

3. Investments

	2020		2019	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Investments	115,753,076	116,513,133	67,962,213	68,033,818

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

4. Investment in government business enterprise

- (a) Until March 31, 2019, the City held a 41% interest in Veridian Corporation, which was owned by the City of Pickering, Town of Ajax, Municipality of Clarington, and the City of Belleville. Effective April 1, 2019, Veridian Corporation amalgamated with Whitby Hydro Electric Corporation to form Elexicon Corporation. Elexicon Corporation is owned by the legacy owners of Veridian Corporation, and the Town of Whitby. The City holds a 27.88% interest in Elexicon Corporation.

Elexicon Corporation, as a government business enterprise, is accounted for on the modified equity basis in these financial statements. Elexicon Corporation serves as the electrical distribution utility for a number of communities including the five 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, 2020

4. Investment in government business enterprise (continued)

(a) (continued)

The following table provides condensed supplementary consolidated financial information for Elexicon Corporation and its subsidiaries as at and for the year ended December 31, 2020 (nine-month period ended December 31, 2019 in 2019). The amounts are disclosed in thousands of dollars:

	2020 (000's) \$	2019 (000's) \$
Assets		
Current	98,525	84,933
Capital and intangibles	535,401	506,254
Other	161	256
Total assets	634,087	591,443
Regulatory balances	26,912	15,145
Total assets and regulatory balances	660,999	606,588
Liabilities		
Current	88,743	87,413
Long-term debt	214,502	180,360
Other	110,913	91,408
Total liabilities	414,158	359,181
Shareholders' equity		
Share capital	97,692	97,692
Contributed capital	25	25
2019 Contributed Surplus	79,301	79,301
Accumulated other comprehensive loss	(1,815)	(816)
Retained earnings	69,802	68,597
Total equity	245,005	244,799
Regulatory balances	1,836	2,608
Total liabilities, equity and regulatory balances	660,999	606,588
	2020 (000's)	9 months ended Dec 31, 2019 (000's) \$
Comprehensive income		
Commodity revenue	473,986	305,445
Commodity expenses	(480,262)	(311,627)
Distribution revenue	79,380	58,759
Operating expenses	(64,189)	(49,195)
Other expense	(8,955)	(5,253)
Accumulated other comprehensive loss	(999)	(500)
Net movements in regulatory balances, net of tax	12,539	9,180
Total comprehensive income for the year	11,500	6,809

4. Investment in government business enterprise (continued)

(a) (continued)

Comparative financial information for Veridian Corporation for the period January 1 to March 31, 2019 are as follows:

	January 1 to March 31, 2019 (000's) \$
Comprehensive income	
Commodity revenue	66,011
Commodity expenses	(68,925)
Distribution revenue	13,691
Operating expenses	(13,259)
Other expense	(1,507)
Accumulated other comprehensive loss	(263)
Net movements in regulatory balances, net of tax	<u>2,903</u>
Total comprehensive income for the period	<u>(1,349)</u>

(b) Equity in Elexicon Corporation and amalgamation adjustments

In fiscal year 2019, the amalgamation of Veridian Corporation and Whitby Hydro Electric Corporation was accounted for as an acquisition by legacy Veridian Corporation. On amalgamation, the change in the City's ownership percentage as well as the issuance of additional shares resulted in the following amalgamation adjustments:

	\$
Change in investment valuation due to decrease in ownership percentage on amalgamation	(17,744,144)
Increase in share valuation on amalgamation	<u>30,593,560</u>
Total amalgamation adjustments	<u>12,849,416</u>

The City's equity in Elexicon Corporation is as follows at the end of 2020:

	2020 \$	2019 \$
Balance, beginning of year	96,376,823	84,628,856
Equity share of net earnings from Elexicon Corporation		
- for the year ended December 31, 2020	3,206,200	—
- for the period April 1, 2019 to December 31, 2019	—	1,898,349
Equity share of net loss from Veridian Corporation		
- for the period January 1, 2019 to March 31, 2019	—	(553,090)
Amalgamation adjustments	—	12,849,416
Dividend received	(3,152,067)	(2,446,708)
Balance, end of year	96,430,956	96,376,823

4. Investment in government business enterprise (continued)

(c) City of Pickering's investment is represented by:

	2020	2019
	\$	\$
Promissory notes receivable (Note 5)	25,069,000	25,069,000
Investments in Elexicon Corporation (formerly Veridian)		
Initial investment in shares of the Corporation	30,496,196	30,496,196
Amalgamation adjustments	12,849,416	12,849,416
Accumulated earnings	60,181,853	56,975,653
Accumulated dividends received	(36,024,237)	(32,872,170)
Adjustment to value of investment	815,708	815,708
	68,318,936	68,264,803

(d) Contingencies and guarantees of Elexicon 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 \$164,885,000 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, Elexicon Energy Inc. ("EEI") (formerly Veridian Connections Inc.), is party to a connection and cost recovery agreement with HONI related to the construction by HONI of a transformer station designated to meet EEI's anticipated electricity load growth. Construction of the project was completed during 2007 and EEI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenues, EEI is obligated to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to EEI. The construction costs allocated to EEI for the project are \$19,950,000.

Hydro One has performed a true-up based on actual load at the end of the tenth anniversary of the in-service date and the Corporation has paid \$637,000 to Hydro One and recognized the same as an intangible asset. The Corporation has also recorded a current liability and a corresponding intangible asset for \$1,533,000 as at December 31, 2019, based on management's best estimate of the future transformation connection revenues shortfall. Hydro One is expected to perform another true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

4. Investment in government business enterprise (continued)

(d) (continued)

(iii) Prudential support

Purchasers of electricity in Ontario, through the Independent Electricity System Operator ("IESO"), are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. The Corporation has provided a \$64,000,000 guarantee to the IESO on behalf of EEI. Additionally, the Corporation has provided a \$6,900,000 letter of credit to the IESO for prudential support.

(iv) 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:

	\$
2021	940
2022	90,108
2023	1,013
2024	91,051
2025	1,091
Thereafter	31,239
	<u>215,442</u>

5. Promissory notes receivable

	2020 \$	2019 \$
Elexicon Corporation (formerly Veridian Corporation)	7,095,000	7,095,000
Elexicon Energy Inc. (formerly Veridian Connections Inc.)	17,974,000	17,974,000
	<u>25,069,000</u>	<u>25,069,000</u>

(a) Maturity

The promissory notes were issued by the legacy Veridian Corporation and Veridian Connections Inc. and were assumed by Elexicon Corporation and Elexicon Energy Inc. upon amalgamation on April 1, 2019. The promissory notes under Elexicon Corporation and Elexicon Energy Inc. are due on demand. The City has agreed not to demand repayment of the notes prior to December 31, 2021.

5. Promissory notes receivable (continued)

(b) Interest rate

Commencing April 1, 2019 for a ten-year period, interest on the notes will be determined based on the deemed long-term interest rate prescribed by the Ontario Energy Board in its most recent cost of capital parameter update ("OEB rate"). As of April 1, 2019, the OEB rate was determined at 4.13%.

On the tenth year anniversary of the note, the interest rate will be adjusted to the OEB rate in effect at that time. Thereafter, the interest rate will be adjusted to the OEB rate in effect at the earlier of:

- (i) The five year anniversary of the most recent interest rate adjustment of these notes, and
- (ii) The date on which Elexicon Energy Inc. files a cost of service application with the Ontario Energy Board.

The City may demand full or partial repayment with sixty days' notice of the principal and accrued interest.

(c) Interest revenue

Interest revenue earned from these notes receivable totaled \$1,035,350 (\$1,083,797 in 2019).

6. Deferred revenue

	2020	2019
	\$	\$
Obligatory reserve funds		
Development charges	69,376,247	62,598,255
Parkland	8,321,222	7,385,482
Federal gas tax	8,063,995	7,680,187
Third party/Developer's contributions reserve fund	3,218,778	2,724,805
	88,980,242	80,388,729
Other unearned revenues	5,229,136	3,883,277
	94,209,378	84,272,006

Continuity of deferred revenue is as follows:

	2020	2019
	\$	\$
Balance, beginning of year	84,272,006	77,482,928
Restricted funds received	16,968,168	13,992,779
General funds received	3,414,767	513,922
Interest earned (restricted funds)	1,385,545	1,559,577
	21,768,480	16,066,278
Earned restricted revenue transferred to operations	9,762,200	8,517,235
Earned revenue transferred to operations	2,068,908	759,965
	11,831,108	9,277,200
Balance, end of year	94,209,378	84,272,006

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 0.50% to 2.64% and various payment terms ranging from 2 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:

	2020	2019
	\$	\$
Roads	768,398	434,074
Community facilities, libraries and parks	515,265	561,212
Protection services	173,385	254,792
Stormwater system	—	261,985
	1,457,048	1,512,063

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, 2020.

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

	2020	2019
	\$	\$
Accrued benefits liability, beginning of year	6,871,681	6,260,194
Current service costs	599,463	566,466
Interest on accrued benefits	417,634	415,007
Amortization of actuarial losses	564,657	538,257
Benefits paid during the year	(947,572)	(908,243)
Accrued benefits liability, end of year	7,505,863	6,871,681
Accrued benefit obligation	11,367,498	11,310,985
Unamortized actuarial losses	(3,861,635)	(4,439,304)
Accrued benefits liability, end of year	7,505,863	6,871,681

8. Post-employment benefits liability (continue)

(a) Post-employment benefits liability (continued)

The main actuarial assumptions employed in the actuarial valuations for the post-employment benefits are as follows:

(i) Discount rate

The present value as at December 31, 2020 of the future benefits was determined using a discount rate of 3.00% (3.75% in 2019).

(ii) Dental costs

The dental cost trend rate was 3.75% (3.75% in 2019) increase per annum.

(iii) Health costs

Health costs were assumed to increase at 5.76% (6.09% in 2019) and decrease by 0.33% (0.33% in 2019) 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, 2020.

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

	2020	2019
	\$	\$
Accrued WSIB liability, beginning of year	1,968,663	1,917,179
Survivor Award	674,288	—
Current service cost	136,396	132,391
Interest on accrued benefits	91,793	91,023
Amortization of actuarial losses	30,254	30,254
Benefits paid during the year	(210,154)	(202,184)
	2,691,240	1,968,663
Accrued benefit obligation	3,042,327	2,331,706
Unamortized actuarial losses	(351,087)	(363,043)
Accrued benefits liability, end of year	2,691,240	1,968,663

In the current year, the City awarded firefighter survivor benefits resulting in a one-time increase in current service cost of \$674,288.

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

(i) Discount rate

The present value as at December 31, 2020 of the future benefits was determined using a discount rate of 3.0% (4.0% in 2019).

(ii) Inflation rate

The rate of inflation was assumed to be 2.50% (1.75% in 2019) per annum.

8. Post-employment benefits liability (continued)

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

(iii) *WSIB Administration Rate*

Liabilities for WSIB benefits have been increased 27% to reflect the administration rate charged by WSIB.

A WSIB Reserve Fund was established in 2001. The Reserve Fund balance as at December 31, 2020 (Note 11) was \$4,090,017 (\$3,930,110 as at December 31, 2019). 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:

	2020	2019
	\$	\$
The City 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	29,118,644	30,819,986

(b) The above long-term liabilities have maturity dates of July 12, 2021 and 2022, September 29, 2021, October 16, 2023, July 2, 2029, October 17, 2021, 2026 and 2031, October 13, 2022, 2027, 2032 and 2037, September 14, 2023, 2028, 2033 and 2038, November 29, 2024, 2029 and 2039 and October 2, 2030 with various interest rates ranging from 0.45% to 5.12%. Principal repayments are summarized as follows:

	\$
2021	3,944,385
2022	2,986,998
2023	2,795,597
2024	2,307,801
2025	2,284,889
Thereafter	<u>14,798,974</u>
	<u>29,118,644</u>

(c) Long-term liabilities include principal sums of \$952,000 (\$952,000 in 2019) 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 \$840,892 (\$820,812 in 2019).

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 2020 amounted to \$4,522,900 (\$359,732 in 2019).

(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 to support 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 consolidated 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 consolidated financial statements.

(iv) Other

The net book value of tangible capital assets not being amortized because they are under construction is \$20,141,455 (\$12,912,198 in 2019).

During the year, there were nil write-downs of assets (nil in 2019) and nil interest was capitalized during the year (nil in 2019).

The Corporation of the City of Pickering
Notes to the consolidated financial statements
December 31, 2020

10. Tangible capital assets (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure	Information technology hardware	Library collection materials	Furniture and fixtures	Assets under construction	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Balance, beginning of year	56,131,344	116,110,819	11,474,029	15,322,005	294,284,392	2,315,390	2,173,665	1,219,298	12,912,198	511,943,140
Add										
Additions during the year	6,644,029	1,451,112	858,786	1,577,624	9,460,780	190,288	251,132	67,174	8,520,529	29,021,454
Less										
Disposals/transfers during the year	—	1,882,084	484,094	348,673	1,077,784	403,401	413,253	—	1,291,272	5,900,561
Balance, end of year	62,775,373	115,679,847	11,848,721	16,550,956	302,667,388	2,102,277	2,011,544	1,286,472	20,141,455	535,064,033
Accumulated amortization										
Balance, beginning of year	—	49,821,890	5,792,731	7,434,250	172,643,999	1,595,204	1,117,646	437,756	—	238,843,476
Add										
Amortization	—	4,520,314	911,820	1,238,895	4,596,414	256,309	356,688	78,245	—	11,958,685
Less										
Accumulated amortization on disposals	—	1,765,944	477,694	346,056	928,144	403,401	413,253	—	—	4,334,492
Balance, end of year	—	52,576,260	6,226,857	8,327,089	176,312,269	1,448,112	1,061,081	516,001	—	246,467,669
Net book value of tangible capital assets	62,775,373	63,103,587	5,621,864	8,223,867	126,355,119	654,165	950,463	770,471	20,141,455	288,596,364

The Corporation of the City of Pickering
Notes to the consolidated financial statements
December 31, 2020

10. Tangible capital assets (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure	Information technology hardware	Library collection materials	Furniture and fixtures	Assets under construction	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Balance, beginning of year	55,997,456	83,923,046	10,439,756	13,307,132	292,450,399	2,092,391	2,250,862	884,410	31,236,184	492,581,636
Add										
Additions during the year	143,759	32,584,403	1,557,732	3,198,795	8,259,343	245,587	344,482	334,888	6,725,986	53,394,975
Less										
Disposals/transfers during the year	9,871	396,630	523,459	1,183,922	6,425,349	22,588	421,680	—	25,049,972	34,033,471
Balance, end of year	56,131,344	116,110,819	11,474,029	15,322,005	294,284,393	2,315,390	2,173,664	1,219,298	12,912,198	511,943,140
Accumulated amortization										
Balance, beginning of year	—	46,014,835	5,427,167	7,594,919	170,764,482	1,374,250	1,155,683	370,946	—	232,702,282
Add										
Amortization	—	4,176,541	849,043	1,016,786	5,426,276	243,542	383,642	66,810	—	12,162,640
Less										
Accumulated amortization on disposals	—	369,486	483,479	1,177,455	3,546,759	22,588	421,679	—	—	6,021,446
Balance, end of year	—	49,821,890	5,792,731	7,434,250	172,643,999	1,595,204	1,117,646	437,756	—	238,843,476
Net book value of tangible capital assets	56,131,344	66,288,929	5,681,298	7,887,755	121,640,394	720,186	1,056,018	781,542	12,912,198	273,099,664

The Corporation of the City of Pickering
Notes to the consolidated financial statements
December 31, 2020

11. Accumulated surplus

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

	2020 \$	2019 \$
Capital fund	14,090,956	18,495,702
Operating fund	125,247	125,253
Equity in Elexicon Corporation	96,430,956	96,376,823
Tangible capital assets	288,596,364	273,099,664
Post-employment benefits liability	(7,326,863)	(6,692,681)
Interfund loans	(1,457,048)	(1,512,063)
Net long-term liabilities	(29,118,644)	(30,819,986)
Note receivable soccer facility	2,973,217	3,255,916
WSIB benefit liabilities	(2,691,240)	(1,968,663)
Reserves set aside for special purposes by Council		
Working capital	400,000	400,000
Self insurance	420,031	677,642
Replacement of capital equipment	1,530,567	1,997,241
Contingencies	1,842,591	1,772,591
Rate stabilization	22,036,265	19,370,349
City's share for development charge	9,647,683	7,275,413
Continuing studies	295,448	429,451
Vehicle replacement	2,214,904	2,046,341
Easement settlement	—	390
Land purchase	14,403	14,403
Seaton development review	1,437,822	1,437,822
Financial systems	398,308	273,308
Senior centre	2,100,000	1,400,000
Accessibility initiatives	62,740	31,944
Winter control	700,000	700,000
Sustainability initiatives	398,576	300,455
Duffin Heights	1,972,765	3,201,585
Facilities	588,401	566,162
Accelerated infrastructure program	519,500	519,500
Fence	420,000	180,000
Minor buildings replacement	1,100,000	700,000
Tennis Courts	688,565	796,325
Major Equipment	1,335,265	275,000
Museum Collection	12,799	2,388
Recreation Complex	75,000	75,000
Library Building	180,000	80,000
Elected Officials Insurance	140,000	—
Public Art	71,120	—
Reserve funds set aside for special purpose by Council		
Recreation programs and facilities	391,332	385,178
Acquisition of tangible capital assets	308,706	303,851
WSIB	4,090,017	3,930,110
Animal shelter	914,795	682,863
Men's slow pitch	—	1,638
Operations Centre	13,919,376	14,286,624
Roads & bridges	4,398,400	4,422,806
Stormwater management	3,425,064	2,944,126
Ontario Community Infrastructure Fund	743,892	1,505,939
Seaton infrastructure	259,854	232,703
Seaton Financial Impact Agreement	1,363,499	1,174,527
	442,040,633	424,753,640

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 496,000 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, 2020. The results of this valuation disclosed total actuarial liabilities as at that date of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 were \$4,243,661 (\$4,128,799 in 2019).

13. Trust Funds

Trust funds administered by the City amounting to \$376,695 (\$373,033 in 2019) 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

Elexicon Corporation

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

	2020	2019
	\$	\$
Transactions		
Revenue		
Interest on promissory notes	1,035,350	1,083,797
Property taxes levied	34,702	42,020
Expenses		
Electrical energy and services	1,618,380	1,957,649
Balances		
Accounts payable and accrued liabilities	328,978	393,589
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.
- (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 note 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.

17. Contractual arrangement (continued)

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.

18. Budget figures

The 2020 Budget adopted by Council on February 24, 2020 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian 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 24, 2020 with adjustments as follows:

	2020			2020
	Council approved budget	Non TCA expenditures from capital	Post-employment benefits/amortization	Budget presented in statements
	\$	\$	\$	\$
Revenue				
Taxation	75,285,072	—	—	75,285,072
Capital	124,257,294	—	—	124,257,294
Other	19,914,533	—	—	19,914,533
	<u>219,456,899</u>	<u>—</u>	<u>—</u>	<u>219,456,899</u>
Expenditures				
General government	19,291,595	857,000	1,185,904	21,334,499
Protection to persons and property	28,084,095	500,000	998,278	29,582,373
Transportation services	10,054,317	—	3,776,997	13,831,314
Environmental services	2,399,605	—	1,969,309	4,368,914
Social and family services	1,065,943	—	—	1,065,943
Recreational and cultural services	27,173,205	30,000	4,209,278	31,412,483
Planning and development	3,892,884	—	2,166	3,895,050
	<u>91,961,644</u>	<u>1,387,000</u>	<u>12,141,932</u>	<u>105,490,576</u>
Annual surplus	127,495,255	(1,387,000)	(12,141,932)	113,966,323
Capital expenditures	(245,919,005)	1,387,000	—	(244,532,005)
Transfers from reserves and reserve funds	9,154,192			
Dividend from Elexicon Corporation	3,153,228			
Principal repayment of debt	(4,830,250)			
Principal repayment of PSC note	232,000			
Debt proceeds	110,589,580			
Prior year operating fund deficit	<u>(125,000)</u>			

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.

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, 2020

19. Segmented information (continued)

							2020
	Protection to persons and property	Public works services	Recreational and cultural	Planning and development	Social and family services	General government	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Grants	60,113	2,921,453	1,031,829	—	106,842	183,028	4,303,265
User charges	5,075,820	108,864	2,258,972	2,007,863	41,862	709,574	10,202,955
Tax related revenues	—	—	—	—	—	79,456,677	79,456,677
Developer revenue	755,543	2,122,472	3,207,850	132,471	6,000	1,859,206	8,083,542
Contributed tangible capital assets	—	3,993,726	—	—	—	529,174	4,522,900
Income from government business enterprise	—	—	—	—	—	3,206,200	3,206,200
Other revenues	810,550	—	18,356	—	—	2,633,134	3,462,040
	6,702,026	9,146,515	6,517,007	2,140,334	154,704	88,576,993	113,237,579
Expenses							
Salaries and wages	23,091,692	5,884,913	15,298,073	2,913,716	290,651	11,924,042	59,403,087
Materials and supplies	2,491,930	3,783,806	5,215,226	192,592	118,546	6,764,494	18,566,594
Contracted services	582,160	1,376,837	695,766	288,802	254,012	1,241,387	4,438,964
Amortization	941,872	5,769,408	4,239,925	1,180	—	1,006,300	11,958,685
Other	122,387	422,491	773,277	10,147	83,039	120,599	1,531,940
Loss (gain) on disposal of tangible capital assets	(8,518)	123,094	16,495	—	—	(79,755)	51,316
	27,221,523	17,360,549	26,238,762	3,406,437	746,248	20,977,067	95,950,586
Annual (deficit) surplus	(20,519,497)	(8,214,034)	(19,721,755)	(1,266,103)	(591,544)	67,599,926	17,286,993

The Corporation of the City of Pickering
Notes to the consolidated financial statements
December 31, 2020

19. Segmented information (continued)

							2019
	Protection to persons and property \$	Public works services \$	Recreational and cultural \$	Planning and development \$	Social and family services \$	General government \$	Consolidated \$
Revenue							
Grants	255,970	2,948,471	1,159,068	—	135,612	506,384	5,005,505
User charges	5,380,226	57,852	6,584,649	1,409,635	67,247	863,561	14,363,170
Tax related revenues	—	—	—	—	—	75,766,581	75,766,581
Developer revenue	1,475,077	1,731,969	1,141,931	147,731	7,700	1,726,834	6,231,242
Contributed tangible capital assets	—	235,826	109,009	—	—	14,897	359,732
Income from government business enterprise	—	—	—	—	—	1,345,259	1,345,259
Change in valuation of interest in government business enterprise on amalgamation	—	—	—	—	—	12,849,416	12,849,416
Other revenues	978,841	—	64,408	—	—	4,103,193	5,146,442
	<u>8,090,114</u>	<u>4,974,118</u>	<u>9,059,065</u>	<u>1,557,366</u>	<u>210,559</u>	<u>97,176,125</u>	<u>121,067,347</u>
Expenses							
Salaries and wages	21,782,707	5,675,823	17,182,003	2,726,454	335,965	10,239,791	57,942,743
Materials and supplies	2,508,884	4,203,023	6,240,451	206,532	147,177	5,037,529	18,343,596
Contracted services	1,027,378	1,101,831	621,912	255,236	341,838	3,524,714	6,872,909
Amortization	860,474	5,897,131	4,159,102	2,359	—	1,243,574	12,162,640
Other	128,729	462,220	798,442	9,845	82,937	265,820	1,747,993
(Gain) loss on disposal of tangible capital assets	(158,613)	2,764,458	(22,424)	—	—	(6,702)	2,576,719
	<u>26,149,559</u>	<u>20,104,486</u>	<u>28,979,486</u>	<u>3,200,426</u>	<u>907,917</u>	<u>20,304,726</u>	<u>99,646,600</u>
Annual (deficit) surplus	<u>(18,059,445)</u>	<u>(15,130,368)</u>	<u>(19,920,421)</u>	<u>(1,643,060)</u>	<u>(697,358)</u>	<u>76,871,399</u>	<u>21,420,747</u>

20. Significant event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the consolidated financial position, results of operations and cash flows of the City in future periods.